FRANCHISE DISCLOSURE DOCUMENT (UNIT SUBFRANCHISE)

JJ Foods Global, Inc. a California Corporation
11091 Roxboro Rd, San Diego, CA 92131
858-232-0139
qorrha@gmail.com

As a JJ FOODS GLOBAL INC's subfranchisee, you will operate BHC restaurant(s) that showcase the flavors of Korean fried chicken, sandwiches, and other authorized food and beverages.

The initial investment necessary to begin operation of a BHC franchise ranges from $488,100 to $1,523,100. This includes the Initial Subfranchise Fee of $40,000 and the initial deposit of $20,000 and pre-opening inventory of approximately $10,000 to $20,000 that must be paid to us or our affiliates.

This disclosure document summarizes certain provisions of your Subfranchise 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 (JJ FOODS GLOBAL INC) or our affiliates in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jonghyeon Baik at 11091 Roxboro Rd, San Diego, CA 92131, or by email at qorrha@gmail.com.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's homepage 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: May 13, 2026

STATE COVER PAGE
(CALIFORNIA)

The following risk factors are required by the California Department of Financial Protection and Innovation:

SPECIAL RISK FACTORS

Going Concern. The auditor's report on the franchisor's financial statements expresses substantial doubt about the franchisor's ability to remain in business. This means that the franchisor may not have the financial resources to provide services or support to you.

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 BHC Store sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees or subfranchisees. You can find their names and contact information in Exhibit C.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the master franchisee or at the master franchisee's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the master franchisee have the financial ability to provide support to my business?	Item 21 or Exhibit B includes audited 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 BHC Stores.
Will my business be the only JJ Foods Global, Inc. business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the master franchisee and other subfranchisees can compete with you.
Does the master franchisee have a troubled legal history?	Items 3 and 4 tell you whether the master franchisee or its management has been involved in material litigation or bankruptcy proceedings.
What's it like to be a JJ Foods Global, Inc subfranchisee?	Item 20 or Exhibits C and D list current and former subfranchisees.
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 subfranchise opportunity. See the table of contents.

What You Need to Know About Franchising Generally

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

<u>Business model can change</u>. The subfranchise agreement may allow the master franchisee 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.

<u>Supplier restrictions</u>. You may have to buy or lease items from the master franchisee or a limited group of suppliers it designates. These items may be more expensive than similar items you could buy on your own.

<u>Operating restrictions</u>. The subfranchise 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.

<u>Competition from franchisor</u>. Even if the subfranchise agreement grants you a territory, the master franchisee (and/or the franchisor) may have the right to compete with you in your territory.

<u>Renewal</u>. Your subfranchise 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.

<u>When your franchise ends</u>. The subfranchise 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 F.

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 Addendum. See the Table of Contents for the location of the State Specific Addendum.

Special Risks to Consider About This Franchise

Certain states require that the following risks be highlighted:

1. **Out-of-state dispute resolution**. The subfranchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration or litigation only in California. 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 master franchisee in California than in your own state.

2. **Spousal liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the subfranchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

3. **Operating History.** The master franchisee is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

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

JJ Foods Global Inc - UNIT FRANCHISE DISCLOSURE DOCUMENT
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Exhibits

Item 1: The Franchisor, And Any Parents, Predecessors, And Affiliates

To simplify the language, this disclosure document uses "we," "us," or "our" to mean JJ FOODS GLOBAL INC, the Master Franchisee ("Master Franchisee" or "Subfranchisor"). "You" means the individual, corporation, partnership, limited liability company, or other entity buying the BHC franchise. All persons who own not less than 5% of the voting right or equity interest in the franchisee are "Principal Equity Operators".

(1) **The Master Franchisee, Parents and Affiliates.**

We are the Master Franchisee, incorporated on June 20, 2023, as JJ FOODS GLOBAL INC, a California corporation. We are authorized to develop and offer BHC subfranchises within designated territories in the United States. Our principal business address is 11091 Roxboro Road, San Diego, California 92131. The Franchisor, BHC USA LLC ("Franchisor"), a California limited liability company, has granted JJ FOODS GLOBAL INC the rights to act as the Master Franchisee for designated territories in the United States to develop, operate, and offer BHC branded franchise restaurants. A copy of relevant territorial grant under the Master Franchise Agreement with BHC USA LLC is attached as Exhibit B-1. BHC USA, LLC is wholly owned by BHC F&B Co., Ltd. ("BHC Korea"), a corporation organized under the laws of the Republic of Korea, whose principal place of business is 19F, Lotte World Tower, 300 Olympic-ro, Songpa-gu, Seoul, Republic of Korea, and which owns the BHC trademarks and franchise system. We are not controlled by, controlling, or under common control with any other entity that provides goods or services to our franchisees or offers franchises in any line of business.

(2) **Predecessors.**

We have no predecessor.

(3) **Name the Master Franchisee Used or Intends to Use**.

Our legal name is **JJ FOODS GLOBAL INC**, a California corporation. We use **"BHC Chicken"** as our trade name in connection with the operation and development of BHC restaurants. We do not have any registered "doing business as" (DBA) name and do not intend to use any other trade name, fictitious name, or assumed business name in the operation of our business.

(4) **Agent for Service of Process**.

Our agent for service of process is Jonghyeon Baik at 11091 Roxboro Rd, San Diego, CA 92131, 858-232-0139, Qorrha@gmail.com, and (if you are in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin) the state office or official listed in Exhibit F of this disclosure document.

(5) **Type of Business Organization Used by the Master Franchisee**.

We are a California Corporation organized in California.

(6) **The Master Franchisee's Business and Franchises Offered.**

(i) Master Franchisee Operation of the Type Being Franchised.

JJ FOODS GLOBAL INC operates three (3) company-owned BHC restaurants of the type being franchised.

(ii) Master Franchisee's Other Business Activities.

Other than being the BHC master franchisee, we do not engage in other business activities.

(iii) The Business the Franchisee Will Conduct.

We offer to qualified entities (each, a "Subfranchisee") the right to enter into a subfranchise agreement with us ("SFA" or "Subfranchise Agreement") for the operation of a BHC franchise business ("Franchise Business" or "Business") within a specific geographic territory or territories (the "Territory") using the Trademarks, System, and IP Rights (as these terms are defined below).

Under the Subfranchise Agreement, you will be granted the right and license to own and operate a BHC store within the Territory ("BHC Store", as defined below), and to distribute products and other authorized products and items ("BHC Product", as defined below).

"BHC Store" means a single retail dine-in, carry-out and delivery restaurant, serving classic Korean flavor fried chicken (e.g., Korean cheese seasoning, Korean soy sauce, sweet & spicy sauce), sandwiches, and other beverages, food, and related merchandise, products, and accessories, using designated concepts, designs, recipes, authorized equipment, and techniques.

"BHC Products" mean any product or service we authorize to be provided at BHC Stores under the System, as we may amend from time to time, with the understanding that any such products and services, including pre-packaged or ready-to-drink products and/or related merchandise or services, may only be offered and sold from BHC Stores located within the Territory, and not through any other distribution channels.

You will be granted the right to use the "BHC CHICKEN" mark and "BHC" name, as well as such other trademarks, service marks, tradenames logos, designs and identifying slogans, whether registered or not registered, that we specifically designate, in the Subfranchise Agreement otherwise in writing, for use by Subfranchisee from time to time (collectively, the "Trademarks"). In addition, under the Subfranchise Agreement, you will be granted the right to use the System and our "IP Rights" (in accordance with our manuals and other requirements for the operation of Franchise Businesses.

The "System" is characterized by a distinctive layout, service style, design, signs, décor, furnishings, recipes, procedures, and techniques that is a unique system for the sourcing, distribution, offer and sale of Korea style fried chicken and sandwich, beverage products, other foods, certain complementary products, accessories, and services under the Trademarks, which includes operating and service procedures, management practices, techniques, methods, knowledge, expertise, skill and proprietary information relating to the operation of a food and beverage business, layout and other systems and procedures in relation to the Franchise Business and the operation of BHC Stores, as well as any amendments, and improvements we or our affiliates make to such System or any of the foregoing from time to time.

The form of the Subfranchise Agreement is attached as Exhibit A.

(iv) General Market for BHC Products and Services.

The general market in which you will operate the business involves dine-in, carry-out and delivery fried chicken and sandwiches and other full service and quick serve restaurants that serve fried chicken and/or sandwiches. Your BHC Store will offer BHC Products and services to the general public throughout the year and compete with other fried chicken chains (local, regional, and national), restaurants, grocery stores, and food service businesses. The market for BHC Products is all individuals within a reasonable proximity to the BHC Store. This type of business is fully developed, does not involve sale primarily to a certain group and is not seasonal.

(v) Industry Specific Laws or Regulations

We know of no trade or license regulations which specifically affect the fried chicken and sandwiches industry. Laws exist in every state that govern the food-service industry (including health, sanitation, and safety regulations regarding food storage, preparation, and safety). You must comply with all local, state, and federal laws that apply to your BHC Store's operation, including health, sanitation, EEOC, OSHA, discrimination, employment, and sexual harassment laws. The Americans with Disability Act of 1990 requires readily accessible accommodation for disabled persons and therefore may affect your building construction. You must obtain real estate permits (such as zoning permits), and operational licenses. You also must comply with all PCI Data Security Standards. There are also regulations that pertain to sanitation, labeling, food preparation, food handling, and food service. You will be required to comply with all applicable federal, state, and local laws and regulations during the operation of your BHC Store. You should consult with an attorney concerning those and other local laws and ordinances that may affect to your BHC Store's operation.

(vi) Competition

The fried chicken and sandwich restaurant market is very well developed and highly competitive. You will compete with many other fried chicken and sandwich chains and individual fried chicken and sandwich restaurants.

(7) Prior Experience of Master Franchisee, Predecessors and Affiliates

The BHC restaurant system was founded in 2004 in the Republic of Korea by the principal owner of BHC F&B Co., Ltd. ("BHC Korea"). The name BHC stands for "Better, Happier & Choice" and reflects three guiding principles - Cleaner, Friendlier, and Tastier - that represent the brand's mission to deliver flavors that bring happiness anytime and anywhere. We, JJ FOODS GLOBAL INC, were incorporated in California on June 20, 2023, and currently operate three (3) company-owned BHC restaurants of the type being franchised in California. We have not yet offered or sold subfranchises of this type of business, and we do not offer franchises in any other lines of business or engage in other business activities.

Item 2: Business Experience

The individual at JJ FOODS GLOBAL INC who has management responsibilities are as follows:

Chief Executive Officer: Jonghyeon Baik

Mr. Jonghyeon Baik has served as Chief Executive Officer of JJ FOODS GLOBAL INC. since June 2023 and is responsible for overseeing the company's overall operations and business development.

Item 3: Litigation

No litigation is required to be disclosed in this Item.

Item 4: Bankruptcy

No bankruptcy is required to be disclosed in this Item.

Item 5: Initial Fees

The Initial Subfranchise Fee for a single BHC Store is $40,000 and is due and payable in full to us when you sign the Subfranchise Agreement. The Initial Subfranchise Fee must be paid in a lump sum and is non-refundable under any circumstances.

In addition, the Initial Deposit for a single BHC Store is $20,000 ("Initial Deposit") and is due and payable in full to us when you sign the Subfranchise Agreement. The purpose of the Initial Deposit is to secure against non-payment of your obligations under the Subfranchise Agreement. The Initial Deposit must be paid in a lump sum and is refundable within sixty (60) days of the expiration or termination of the Subfranchise Agreement if and only if you are in full compliance with your obligations set forth in the Subfranchise Agreement, including, without limitation, your post termination obligations set forth in Section 15 thereof.

Before you open your BHC Store, you must purchase opening inventory of merchandise and supplies that includes certain proprietary products that you must purchase from us and our affiliates. We estimate that your cost of pre-opening inventory will be between $10,000 to $20,000. You must also pay for Site Design Review Fee and Site Review Fee. We estimate your costs will be between $4,500 to $6,500.

There are no other initial fees or payments for services or goods received from us or our affiliates before your BHC Store opens.

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

Item 6: Other Fees

OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	4.5% of Gross Revenue (2)	Payable monthly on the following 5th days for the previous month (unless that day is a banking holiday, in which case the	Paid to us. We require payment by electronic funds transfer ("EFT").

Type of Fee	Amount	Due Date	Remarks
		Royalties are due and payable on the next business day). Royalties will be calculated on the Gross Revenues received.	
Marketing and Promotion Fees (3)	2.5% of Gross Revenue	On the 14th of each month	Paid to us. However, we are not requiring this contribution at this time because we do not anticipate brand marketing until BHC USA, LLC (Franchisor) has at least 50 BHC Stores in operation. Any expenses for local marketing must be paid by you directly to the vendors. We reserve the right to require payment of this fee (2.5% of Gross Revenue) once we have more than 50 BHC Stores in operation.
Architectural Design Development and Permitting	\$15,000 to \$30,000	As arranged	Paid to vendors.
Leasehold improvement	Actual Costs	As arranged	Paid to vendors.
Franchise Ad Co-op Fee	None	Not applicable	At this time, there is no advertising council of franchisees that advises us regarding advertising and promotional programs or policies for BHC Stores generally. We do not currently require subfranchisees to participate in a local or regional advertising cooperative. No local or regional advertising cooperative exists in our system at this time.
Post-Opening Training	\$4,000 per person	After the training	We provide our training program after opening upon Subfranchisee's request.
Transfer Review Fee	A non-refundable fee of \$3,500, or such greater amount as is	Upon submission of your request to transfer	Subfranchise Agreement defines what events constitute "transfer" requiring payment of a fee.

Type of Fee	Amount	Due Date	Remarks
	necessary to reimburse Master Franchisee's out of pocket costs associated with the transfer / assignment, including attorneys' fees		
Transfer Fee	$40,000 (100% of our then-current Initial Franchise Fee per BHC Store)	Upon our approval of your transfer request	Subfranchise Agreement defines what events constitute "transfer" requiring payment of a fee.
Alternative Supplier Testing Fee	$500 to $1,000	When approval of an alternate supplier is requested by you.	This covers the Actual Costs plus the costs of testing new products or inspecting new suppliers you propose.
Audit	$10,000 to $20,000	On receipt of invoice	You will pay us the costs of an audit to be performed if you fail to provide monthly financial statements, or if a random audit shows an understatement of Gross Revenue in excess of 2%. (5)
Late payment	$100 per occurrence, plus, the lesser of the daily equivalent of 10% per year ("Interest").	Upon demand	Interest is payable on entire overdue amount beginning with the date payment is due until payment, late charge and interest is paid in full.
Failure to Submit Required Report Fee	$200 per week	Your bank account will be debited for failure to submit any requested report within ten (10) days of request	Payable if you fail to submit any required report or financial statement when due. Fines collected are paid to the Marketing and Promotion Fees contribution, if established, or us. You will continue to incur this fee until you submit the required reports. (6)
Dishonored Item Fee	The lesser of $100 per occurrence, or the highest amount allowed by law	As incurred	Payable if any check or EFT payment is not successful due to insufficient funds, stop payment, or any similar event.
Indemnification	Will vary under circumstances	As incurred	You reimburse losses we suffer from the operation of your business.

Type of Fee	Amount	Due Date	Remarks
Costs and Attorney's Fees	Will vary under circumstances	As incurred	Payable to us, to reimburse us for fees incurred by us in obtaining injunctive or legal relief for the enforcement of any item of the Subfranchise Agreement or for costs incurred for arbitration proceedings.
Insurance	Will vary under circumstances	As incurred	You must be fully covered in all areas of operating a business. If you do not procure and maintain the required insurance coverage we may, but are not required to, procure insurance coverage on your behalf and to charge the costs to you together with a reasonable fee for the expenses we incur. (7)
Management Fee	Reimbursement of our costs, plus a 15% administration charge	As incurred.	Payable if we manage the BHC Store because of death or incapacity.
Liquidated Damages Upon Termination for Your Default	See Note 8 for formula	Effective date of termination	Payable in lieu of any damages for our lost future revenue as a result of your default; but this is in addition to any other damages, costs, and expenses to which we may be entitled.

Notes:

(1) All fees are payable to us and are non-refundable. At this time, we impose fees uniformly, unless otherwise indicated.

(2) "Gross Revenue" means the gross amount of revenue, whether for cash, by redemption of gift cards or certificates or for credit, regardless of collection, earned or received by you from any source in connection with the operation of the BHC Store or with any similar or related activity, whether on or off your business premises, arising directly or indirectly from whatever source, including but not limited to sales from delivery or deliver services such as Door Dash, Uber Eats, Postmates, etc. Gross Revenue also includes any amount received from business insurance proceeds. "Gross Revenue" does not include: (i) the amount of any tax imposed by any governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and is in fact paid by you to the appropriate governmental authority; (ii) the amount of any bona fide customer refunds; (iii) tips or gratuities paid or payable to your employees, and (iv) fees collected by third party delivery services or aggregators prior to remitting payment to you.

(3) We are not requiring contribution of marketing and promotion fees at this time because we do not anticipate brand marketing until BHC USA, LLC (Franchisor) has at least 50 BHC Stores in operation. Any expenses for local marketing must be paid by you directly to the vendors.

(4) "Actual Costs", as used in this Disclosure Document, include our then-current daily allowance, travel, meals, and boarding expenses for our staff per our then-current daily allowance policy. Actual Costs will vary for each franchise and each location depending on several factors. Payments to us are not refundable. We are not able to represent whether amounts that you may pay to third parties are refundable. Further, we do not offer direct or indirect financing to subfranchisees for any items.

(5) We and our designated agents also have the right upon 10 days prior notice to examine, copy and audit the books and records relating to the BHC Store and your operation of the Business. If an examination or audit discloses any underpayment of any fee, you must promptly pay the deficient amount plus interest calculated daily from the due date until paid at an APR of 18% (unless interest rates on delinquent payments in the state in which Subfranchisee's BHC Store is located are limited by law to a lower APR, in which case that lower APR will apply). If an examination or audit discloses an underpayment or understatement of any amount due us by 2% or more, or if the examination or audit is made necessary by your failure to furnish required information or documents to us in a timely manner, or it takes our auditors an unreasonable amount of time (more than eight hours) to assemble your records for audit, you must reimburse us for the cost of having your books and records examined or audited (this remedy will be in addition to any other rights or remedies we have under this Agreement or otherwise, including our right to terminate the Subfranchise Agreement).

(6) Not later than ten (10) business days after our request, you must submit to us financial or statistical reports, records, statements, or information as required in the Operations Manual or otherwise by us in writing. All financial or statistical information you provide to us must be accurate and correct in all material respects. Within 90 days after the end of each of your fiscal years (or any permitted extension for filing same), you must submit to Master Franchisee a copy of the Schedule C (Form 1040 Profit or Loss From Business) or equivalent portion of your federal tax return that relates to the BHC Store and your operation of the Business.

(7) Insurance includes all risk or all peril coverage, business interruption insurance, comprehensive general liability insurance and other forms of insurance we require. You pay insurance merchandise directly to our required third-party insurer. You must deliver to us upon commencing leasehold improvement of your BHC Store, and thereafter annually or at our request, a proper certificate evidencing the existence of the required insurance coverage. Such insurance certificate must contain a statement to the effect the certificate cannot be canceled without 30 days prior written notice to you and us.

(8) Liquidated damages are calculated as follows: (a) your average royalty fees, advertising fees, and technology fees payable each month over the 12-month period immediately preceding the date of termination (or, if the BHC Store has been open less than 12 months, the average monthly royalty fees and advertising fees payable for the period the BHC Store was open); (b) multiplied by the lesser of (i) 36 months, or (ii) the number of months then remaining in the then-current term of the Subfranchise Agreement. If no BHC Store has been opened at the time of termination, Master Franchisee's lost future revenues as a result of Subfranchisee's breach shall be an amount equal to the average monthly royalty fees, advertising fees, and additional fees payable by other similarly situated franchisees within twenty-five (25) miles of Subfranchisee's proposed location multiplied by the lesser of thirty-six (36) months or the number of months then remaining in the then-current term of this Agreement.

Item 7: Estimated Initial Investment:

YOUR ESTIMATED INITIAL INVESTMENT:
Unit Subfranchise Agreement

Type of Expenditure	Amount**	Method of Payment	When Due	To Whom Payment Is to Be Made
Initial Subfranchise Fee (1)	$40,000	Lump sum; non-refundable	At signing of Subfranchise Agreement	Master Franchisee
Initial Deposit (2)	$20,000	Lump sum; refundable at expiration of Subfranchise Agreement	At signing of Subfranchise Agreement	Master Franchisee
Grand Opening Marketing	$10,000 to $13,000	Lump sum; non-refundable	During the first 60 days of opening	Advertisers and Vendors
Site Design Review Fee	$2,500	Lump sum; non-refundable	Upon Submission of floor plan	Paid to Master Franchisee/Vendor
Site Review Fee	$2,000 to $4,000	Lump sum; non-refundable	When Incurred	Master Franchisee
Architectural Design Development and Permitting	$15,000 to $30,000	As arranged	When Incurred	Approved Architect / Designer/Engineer
Lease: Initial Rent / Deposits (3)	$7,000 to $20,000	As arranged	When Incurred	Landlord
Leasehold improvement, remodeling (4)	$200,000 to $1,000,000	As arranged	When Incurred	General Contractor / Suppliers / Architect / Engineer
Furniture, Equipment and Fixtures (5)	$75,000 to $150,000	As arranged	When Incurred	Master Franchisee and/or Approved Suppliers
Initial Training Fee (6)	$8,000	Lump sum; non-refundable	When Incurred	Master Franchisee
Opening Inventory and Supplies, Uniforms (7)	$10,000 to $20,000	As arranged	When Incurred	Master Franchisee and/or Approved Suppliers
Insurance (8)	$7,000 to $10,000	As arranged	When Incurred	Insurance Provider
Computer System (POS) (9)	$7,000 to $10,000	As arranged	When Incurred	Approved Suppliers
Computer System Service Fees	$4,000 to $10,000	As arranged	When Incurred	Approved Suppliers
Signage (10)	$10,000 to $15,000	As arranged	When Incurred	Approved Suppliers

Type of Expenditure	Amount**	Method of Payment	When Due	To Whom Payment Is to Be Made
Utility Deposit, Business licenses (11)	$5,000 to $10,000	As arranged	When Incurred	Government and agencies
Professional Fees	$5,000 to $10,000	As arranged	When Incurred	Attorneys and accountants
Additional Funds – 3 months (12)	$60,000 to $150,000	As arranged	When Incurred	Employees and Approved Suppliers, etc.
TOTAL (13)	**$488,100 to $1,523,100**			

Notes:

Payments to us are non-refundable. We are not able to represent whether amounts that you may pay to third parties are refundable. Further, we do not offer direct or indirect financing to subfranchisees for any items.

(1) Initial Subfranchise Fee. This chart estimates your initial investment for one BHC Store located in an in-line/in-cap location in a shopping or retail center, with approximately 1,500 to 3,500 square feet for the BHC Store. The Initial Subfranchise Fee is $40,000 for an individual franchise. Subject to state law, the Initial Subfranchisee is due and payable in full to us.

(2) The Initial Deposit for a single BHC Store is $20,000. Subject to state law, the Initial Deposit is due and payable in full to us. The purpose of the Initial Deposit is to secure against non-payment of your obligations under the Subfranchise Agreement. The Initial Deposit must be paid in a lump sum when you sign the Subfranchise Agreement and is refundable within sixty (60) days of the expiration or termination of the Subfranchise Agreement if and only if you are in full compliance with your obligations set forth in the Subfranchise Agreement, including without limitation, your post termination obligations set forth in section 15 thereof.

(3) Real Estate. A BHC Store occupies about 1,500 to 3,500 square feet of space. Rent depends on geographic location, size, local rental rates, businesses in the area, site profile, and other factors and could be considerably higher in large metropolitan areas than in more suburban or small-town areas. BHC Stores can be located in strip shopping centers, shopping malls, free-standing units, and other venues in commercial areas and in residential areas. We anticipate that you will rent the BHC Store's premises. Costs may vary considerably depending on such factors as material and labor costs in your area. These estimates are for new leasehold improvement and do not include tenant improvement allowances, if any. If you remodel an existing facility, we expect your remodeling costs to be lower depending on the condition of the premises. If you choose to purchase the land or building, you will incur substantial additional costs and expenses, which we cannot meaningfully estimate.

(4) Leasehold improvement / Remodeling. Leasehold improvement / remodeling costs, including floor coverings, wall treatments, counters, ceilings, painting, window coverings, electrical, carpentry, and similar work, and contractor's fees depend on the site's condition, location, and size; the demand for the site among prospective lessees; the site's previous use; the build-out required to conform the site for your BHC Store; and any leasehold improvement or other allowances the landlord grants. The

lower figure assumes that you have a unique real estate model; the higher figure assumes a high square footage model. The estimates included in the table above reflect the average deduction provided by landlords for tenant improvements and other allowances. These figures presume that you will lease the BHC Store premises; if you choose to purchase the land or building, you will incur substantial additional costs and expenses, which we cannot meaningfully estimate. Costs may vary considerably depending on such factors as material and labor costs in your area. These estimates are for new leasehold improvement and do not include tenant improvement allowances, if any. If you remodel an existing facility, we expect your remodeling costs to be lower depending on the condition of the premises. You must, at your sole expense, employ a leasehold improvement company, architect, kitchen designer, interior designer, and signage company reasonably acceptable to us as may be necessary to complete, adapt, or modify the sample plans and specifications for your BHC Store.

(5) Furniture, Fixtures and Equipment. These amounts include the fried chicken making machines that you must purchase and the cost for refrigerators, freezers, and other equipment, such as office equipment and furniture and a telephone system.

(6) Training Fee. You are responsible for all accommodation, transportation, meals, daily allowances and other costs and expenses for the Master Franchisee's trainer(s) to train your personnel at your BHC Store or other location designated by us. The amount in the table represents the estimated costs and expenses for our trainer(s) and additional expenses that you will incur for you and one additional person to attend our initial training program.

(7) Opening Inventory. This includes food and beverage products, paper products, cleaning supplies, promotional material, and other supplies.

(8) Insurance. You must carry insurance policies protecting you, us, and our affiliates. The insurance policy or policies must meet the standards and specifications (including minimum coverage amounts) outlined in writing by us from time to time, and, at a minimum, must include the following (except as different coverages and policy limits may be specified for all franchisees from time to time in writing): (i) "special" causes of loss coverage forms (sometimes called "All Risk coverage" or "All Peril coverage") on the BHC Store, BHC Store improvements, furniture, fixtures, equipment, supplies and other property used in the operation of the BHC Store, for full repair and replacement value, except that an appropriate deductible clause is permitted; (ii) business interruption insurance covering a minimum 12 months loss of income, including coverage for our Royalty Fees (for example, in the event of a fire or destruction of the premises, the insurance must cover our average royalty payments (based on the previous 12 month timeframe, or if a shorter timeframe, the total operations timeframe for the BHC Store) during the rebuilding process); (iii) comprehensive general liability insurance, including product liability insurance and contractual liability insurance; (iv) workers' compensation covering all of your employees; (v) motor vehicle insurance; (vi) umbrella liability insurance which also includes employers liability; (vii) "Per Location" aggregate limits when multiple BHC Store locations are insured under one comprehensive general liability and umbrella liability policy(cies); (viii) we must be named as an additional insured on all liability policies; (ix) severability of interests or separation of insureds provisions must be included in the liability policies and all policies must be primary and non-contributing with any insurance policy carried by us; and (x) any other such insurance coverages or amounts as required by law or other agreement related to the BHC Store. We may from time to time modify the required minimum limits (including an increase to the umbrella policy referenced in (vi) above) and require additional insurance coverages by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the System, standards of liability and higher damage awards. The insurance coverages referenced above must commence as of the date you sign a lease or purchase agreement for the BHC Store. You must deliver to us upon execution of the lease for the BHC Store, but before commencing leasehold improvement of your BHC Store, and thereafter annually or at

our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this subparagraph. The insurance certificate must show our status as an additional insured (as noted above) and provide that the certificate cannot be canceled, terminated, or materially changed without 30-day prior written notice to you and us. You must also notify us in writing immediately regarding any cancellation, non-renewal or reduction in insurance coverage or limits. If you do not procure and maintain the required insurance coverage (including any modifications referenced in the preceding sentence), we have the right, but not the obligation, to procure insurance coverage and to charge the costs to you, together with a reasonable fee for the expenses we incur in doing so.

(9) Computer System (POS) and Computer System Service Fee. You must purchase a Computer System that meets our specifications and requirements. As more fully described in Item 11, you must obtain the "POS System" as detailed in the Operation Manual. The POS System must be connected via a high-speed connection at all times and be capable of accessing the Internet. You must obtain certain Information Systems that we specify. You must also obtain related service contracts, support contracts and other similar arrangements. We have not included the costs of required hardware and software maintenance agreements, if any. This figure does not include any technical support costs associated with operating the hardware or software.

(10) Signage. This includes inside and outside signage.

(11) Utility Deposits and Business Licenses. You must obtain business licenses as dictated by local regulations. You will need to provide monies for deposits for utilities.

(12) Additional Funds. This item estimates your minimum expenses during the initial period (first three months) of operation of your BHC Store (other than the items identified separately in the table). In compiling these estimates, we rely on the experience of our affiliate in the leasehold improvement and development of BHC Stores. These amounts are the minimum recommended levels to cover your operating expenses for 3 months, including rent, utilities, wages, and payroll expenses for a minimum staff. However, we cannot guarantee that such an amount will be sufficient. The estimate of additional funds does not include an owner's salary or draw, or any financing costs if you have borrowed any funds to begin your business. The additional funds required will vary by your area; how much you follow our methods and procedures; your management skills, experience, and business acumen; the relative effectiveness of your staff; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and the sales level reached during the initial period. You must provide security deposits for utilities and rent (and possibly for other items).

(13) Total. We relied on our experience in operating as BHC Store to compile these estimates.

Item 8: Restrictions on Sources of Products and Services

You must advertise, sell, and serve all and only the products we authorize. You must purchase, and maintain inventory as needed to meet reasonably anticipated consumer demand of the BHC Products. You must also purchase and sell ancillary products, which may include books, specialty foods, packaged foods, books, hats, t-shirts, and novelty items, as we periodically specify, for sale at your BHC Store ("**Ancillary Products**"). To ensure highest degree of consistency, service, and quality, you must practice and conform to the standards, operating procedures, specifications, and rules we have established for the operation of a BHC Store, as modified by us from time to time including specifications as to ingredients, brand names, preparation, and presentation ("**Standards**"). You must purchase all products that you offer from your BHC Store, including products which bear any of our trademarks, solely and exclusively from us, or our designated supplier.

Required Purchases of Goods or Services, including Computer and Point of Sale System

In order to ensure a uniform image and uniform quality of products and services throughout the System, you must maintain and comply with our Standards.

From time to time we, an affiliate or a third-party vendor or supplier may be the only approved supplier for certain products.

As of the date of this Disclosure Document, there are designated suppliers who are the only source for equipment, gift cards and merchandising materials, sauce mix, inventory items, signage, Computer System, and uniforms.

Master Franchisee or its Affiliates Acting as Approved Suppliers

As of the date of this Disclosure Document, we are not the only approved supplier for any goods or services.

Approved Suppliers and Approval of Alternative Suppliers

We provide you with a list of approved manufacturers, suppliers, and distributors ("**Approved Suppliers List**") and approved inventory products, fixtures, furniture, equipment, signs, stationery, supplies and other items or services necessary to operate the BHC Store ("**Approved Supplies List**"). The Approved Supplies List may specify a required manufacturer or supplier of a specific product or piece of equipment. We reserve the right to designate a required source of supply for certain products and supplies, and we or an affiliate may be a required source. The lists also may include other specific products without reference to a particular manufacturer or supplier, or they may set forth the specifications and/or standards for other approved products. A copy of the current list of Approved Supplies List is attached as Exhibit G. We may revise the Approved Suppliers List and Approved Supplies List. We and the Approved Suppliers may make changes to the prices, delivery terms, and other terms relating to their respective sale of Approved Supplies to you on 30 days' notice to you. We and the Approved Suppliers reserve the right to discontinue the sale of any Approved Supplies (or any part thereof) at any time we or the Approved Suppliers determine, in our or their sole judgment, that the continued sale of such item has become unfeasible, unprofitable, or otherwise undesirable. We give you the approved lists as we deem advisable. We generally do not give these lists to approved suppliers. We will provide contact information for your distributors and/or manufacturers of all products offered at the BHC Store. Except where we identify a sole single source, if you propose to use in the operation of your BHC Store any product, supply, material, furnishing or equipment which has not yet been approved by us as conforming to our specifications and quality and system standards ("**Alternative Supplies**") and/or from a supplier not yet approved in writing by us ("**Alternative Supplier**"), you must first notify us in writing and must submit to us, upon request, sufficient information, specifications, and samples so that we can determine whether the item or service complies with System standards or the supplier meets our supplier criteria. We will provide you with written approval or disapproval within a reasonable time period (typically 30 days).

You may not use any product, supply, material, furnishing or equipment that we have not approved. Supplier approval will depend on product quality, delivery frequency and reliability, service standards, financial capability, customer relations, concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier's willingness to pay us or our affiliates for the right to do business with our System. We may inspect or re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier fails to continue to meet our criteria and specifications.

As a condition of approval, you and/or any supplier must reimburse us for all costs and expenses incurred by us associated with any testing, including travel and lodging expenses together with daily allowance incurred where we deem it necessary to visit a supplier's facilities.

Nothing contained in this Disclosure Document or in Subfranchise Agreement requires us to approve an inordinate number of suppliers of a given item or approve suppliers, which, in our reasonable judgment, would result in higher costs to our franchisees or prevent, in our sole judgment, our effective and economical supervision of suppliers.

We and our affiliates have the right to receive payments, rebates, and other forms of consideration from suppliers based upon your (and other franchisees') purchases of goods, products, and services as described in this Item 8, as well as in connection with any future purchases of any goods, products, and services. Most of these payments are calculated as an amount based on products sold to you and our affiliate-owned BHC Stores. We will retain and use such payments as we deem appropriate or as required by the vendor or by manufacturers.

We may negotiate prices for numerous products for the benefit of the System but not on behalf of individual franchisees. Currently, there is no purchasing or distribution cooperative, but we reserve the right to create a cooperative and require you to participate. We may receive volume discounts for the System which we will pass through to our franchisees. Beyond these discounts, we do not provide material benefits to you because of your use of approved suppliers.

Issuance of Specifications and Standards

We issue specifications and Standards regarding authorized BHC Products and services to its franchisees through the Operations Manual and other communications in writing or by email. We also issue specifications and Standards regarding authorized BHC Products to our designated and approved suppliers in writing or by email. We may modify these specifications and standards at any time but only after delivering written notification of the modifications and providing its franchisees or suppliers a reasonable amount of time to implement the modifications.

Revenue from Subfranchisee Purchases

In 2025, we did not derive revenue, rebates, or other material consideration as a result of required purchases or leases by BHC franchisees or as rebates.

Cooperatives

We are not presently involved in any purchasing or distribution cooperatives.

Negotiated Purchase Arrangements

We do not negotiate purchase arrangements or price terms with suppliers for the benefit of franchisees, although we may do so in the future.

Material Benefits Based on Subfranchisee Purchases

We do not provide material benefits to you based on your use of designated Approved Suppliers but doing so is one of your obligations under the Subfranchise Agreement and we may either require you to purchase replacement products from a designated Approved Supplier or terminate your Subfranchise agreement if you purchase from unapproved sources in violation of your Subfranchise Agreement.

Ownership Interest By an Officer of the Master Franchisee

None of our officers owns an interest in any supplier.

Required Purchases

The estimated proportion of your required purchases from Approved Suppliers and leases by you to all purchases from Approved Suppliers and lease by you of good and services in establishing your Franchise Business is 70% to 80% and operating your Franchise Business is 30% to 40%.

Item 9: Subfranchisee's Obligations.

SUBFRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Subfranchise Agreement 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 Subfranchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	7.1, 7.2	6,11
b. Pre-opening purchases/leases	7.2, 7.3	8
c. Site development and other pre-opening requirements	7.1, 7.2	6, 7, 11
d. Initial and ongoing training	6.1-6.3	11
e. Opening	7.1, 7.2, 7.3	11
f. Fees	4.1-4.8, 5.1, 5.2, 12.2	5, 6, 7
g. Compliance with standards and policies/ operating	8.1-8.5	11
h. Trademarks and proprietary information	8.8, 9.1-9.5	13,14
i. Restrictions on products/services offered	3.2, 3.4, 8.1, 8.13	16
j. Warranty and customer service requirements	3.3, 8.1	11
k. Territorial development and sales quotas	Not applicable	12
l. Ongoing product/service purchases	7.3	8
m. Maintenance, appearance, and remodeling	5.2, 7.2, 8.5	11
n. Insurance	8.9	6, 8
o. Advertising	4.4, 8.8, 8.12,10.1, 10.2	6,11
p. Indemnification	16.2	6
q. Owner's participation/ management / staffing	3.6, 6.1, 6.2, 8.1, 12.4	11,15
r. Records and reports	8.7	6
s. Inspections and audits	8.7, 8.10	6,11
t. Transfer	12.1-12.6	17
u. Renewal	5.2	17

v. Post-termination obligations	11.2, 15.1, 15.2	17
w. Non-competition covenants	11.1-11.3	17
x. Dispute resolution	14.1-14.5	17
y. Compliance with anti-terrorism and other federal laws	16.12	Not applicable
z. No Subfranchising rights	3.4	12

Item 10: Financing

We do not offer any direct or indirect financing. We do not guarantee your notes, leases, or any obligation. We are unable to estimate if you will be able to obtain financing from third parties and, if so, the terms and conditions of financing.

Item 11: Assistance, Advertising, Computer Systems, And Training

Except as listed below, Master Franchisee is not required to provide you with any assistance.

(1) Pre-Opening Assistance

Before you open your business, we will:

(i) Not assist you in locating a site and negotiating the purchase or lease of the site.

(ii) Not provide assistance with conforming the premises to local ordinances and building codes and obtaining any required permits.

(iii) Provide you with a general plan for the layout, constructing, remodeling, and furnishing your BHC Store. You are responsible for the costs of preparing architectural, engineering and leasehold improvement drawings and site plans, which you must submit to us for our review and approval before you begin leasehold improvement of your BHC Store. You are responsible for the costs of leasehold improvement and remodeling. Unless we notify you in writing that the plans and modifications are accepted, they will be deemed rejected. You may not open your BHC Store until you receive written authorization from us to do so, which may be subject to our satisfactory inspection of your BHC Store.

(iv) Train your Principal Equity Operators, General Manager (both as defined in the Subfranchise Agreement), and your manager-level employees to operate a BHC Store. We will provide approximately six (6) days of training (although the specific number of days depends on our opinion of your experience and needs) at your BHC Store or another location we designate. The below training instructors we provide are starting their initial year with the Master Franchisee but will have had approximately 7-10 years of experience in the field with regard to each subject being taught. You must attend the entire training program. You also must pay for all daily allowance, travel, meals, and living expenses that we incur for training. These costs will vary for each franchise and each location depending on a number of factors. Training will occur after you sign the Subfranchise agreement and while you are developing the BHC Store. You and your attendees must complete the entire training program to our satisfaction at least one (1) day before you may open your BHC Store. If you or your attendees do not successfully graduate our training program, you will have to attend the entire program again at your cost prior the opening of your BHC Store (see section 6.1 of the Subfranchise Agreement). You are responsible for hiring and training your employees.

Training Instructor: Jonghyeon Baik. Jonghyeon Baik has served as Chief Executive Officer of JJ FOODS GLOBAL INC since 2023, where he gained direct operational experience in franchise management and restaurant operations.

(v) Provide you with a written specification of necessary equipment, fixtures, opening inventory, supplies, list of all BHC Products, and other foods, food items and beverages that must be sold at your BHC Store and a list of approved and designated suppliers (see section 7.3 of the Subfranchise Agreement). We do not deliver or install the necessary equipment and fixtures.

(2) Length of Time to Open the BHC Store

We estimate the typical length of time between the signing of the Subfranchise Agreement (when you make your first payment to us for the franchise), and the opening of your BHC Store will be fourteen (14) months. Factors that may affect this time period include the ability to obtain an appropriate lease, financing or building permits, zoning and local ordinances, weather conditions, shortages, delayed installation of equipment, fixtures and signs, or satisfactory completion of initial training by your designated attendees. If we consent to the site for your BHC Store but you do not begin operating your BHC Store within fourteen (14) months after you sign the Subfranchise Agreement, we can cancel the Subfranchise Agreement (see section 7.2(b) of the Subfranchise Agreement). We are not obligated to refund your Initial Subfranchise Fee under the Subfranchise Agreement.

(3) Post-Opening Assistance

During the operation of the Franchised Business, we will:

(i) Assist in developing BHC Products and services that you will offer to your customers.

(ii) Assist in periodically offering refresher training courses as we determine necessary and require you to attend. However, we do not provide you with assistance in hiring, supervising, or discharging employees, nor do we provide any advice on employment law or regulations, except to strongly recommend you engage the services of an attorney competent to advise you on employment law matters in your state.

(iii) Make periodic visits to your BHC Store as we reasonably determine necessary to provide consultation and guidance to improve and develop the Franchised Business. We will advise you of any problems arising out of the operation of your BHC Store as disclosed by the report or by our inspection. If you request assistance and we agree to provide it, you must reimburse us for all accommodation, transportation, meals, daily allowances, and other costs and expenses for our trainer(s). We may also, at our discretion, charge an additional training fee of the actual costs per day for optional BHC training courses, seminars, conferences, or other programs that you or your representatives attend. The nature, frequency, and duration of this assistance by our representatives will be in our sole discretion. (See section 6.2 of the Subfranchise Agreement).

(iv) Recommend retail prices for specific BHC Products and other products and services we authorize for sale at your BHC Store. You may not advertise or promote retail prices that are inconsistent with these recommended prices. (See section 8.1I of the Subfranchise Agreement).

(v) Establish guidance in using administrative, bookkeeping, accounting, and inventory control procedures of your BHC Store (see section 8.1, 8.2, 8.3, and 8.7 of the Subfranchise Agreement).

(vi) Resolve operating problems you encounter by notifying you if the general state of repair, appearance or cleanliness of your BHC Store or its fixtures, equipment or signs do not meet our Standards, and specify the action you must take to correct the deficiency (see section 8.10 of the Subfranchise Agreement).

(4) Advertising Program for the Franchise System

(i) We have no obligation to conduct advertising. If we conduct advertising, you must pay us a Marketing and Promotion Fee of 2.5% of your monthly Gross Revenue (section 4.4(a) of the Subfranchise Agreement). However, we are not requiring this contribution at this time because we do not anticipate brand marketing until we have at least 50 BHC Stores in operation. Once BHC starts to require payment, Marketing and Promotion Fees collected from BHC franchisees less a 15% administration fee will be spent for national and regional advertising and promotional campaigns designed to promote and enhance the value of the BHC trademarks and their general public recognition and acceptance. We need not ensure that any particular franchisee benefits directly or proportionately from the Marketing and Promotion Fee.

(ii) We will provide general advertising programs and sales promotion, campaign, and sample advertising materials. You may develop advertising materials for your own use, at your own cost. But we must approve all advertising materials in advance and in writing. You grant us the right to use the name, image and likeness of you, all Principal Equity Operators and any of your affected employees, for commercial purposes in connection with the marketing and promotion of the Marks, BHC Products, and the System. (See section 9.1(d) of the Subfranchise Agreement.)

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

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

(v) We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us for your "click through" subpage.

(vi) At this time, there is no advertising council of franchisees that advises us regarding advertising and promotional programs or policies for BHC Stores generally.

(vii) We do not currently require franchisees to participate in a local or regional advertising cooperative. No local or regional advertising cooperative exists in our system at this time. We may establish advertising cooperatives comprised of groups of franchisees within regions or areas we designate and may modify boundaries of these groups in our discretion, effective on written notice. You must participate in any advertising cooperative which encompasses your territory. The members of each cooperative will adopt governing rules and voting procedures and determine procedures for assessing members; however, we may approve these rules and procedures and any amendments. If any of our affiliates owns a BHC Store within the boundaries of a cooperative, it will contribute to the cooperative at the lowest percentage contribution rate that any BHC franchisee in the same cooperative then pays and will have the same voting rights as franchisee members.

(viii) We may require a cooperative to merge with another cooperative servicing an adjacent or proximate area, or to subdivide a cooperative into smaller groupings. We may dissolve a cooperative when we simultaneously dissolve all advertising cooperatives. For example, we may determine it is preferable to centralize all group advertising activities under the Marketing and Promotion Fee. Advertising cooperatives must prepare quarterly and annual financial statements, which need not be audited, and make them available to all cooperative members and us. We have no present plan to sell goods or services to any advertising cooperative.

(ix) The Marketing and Promotion Fee may be used to meet all costs of administering, directing, preparing, placing, and paying for national, regional, or local advertising to promote and enhance the image, identify or patronage of BHC Stores owned by us or our affiliates and by franchisees. We will either transfer such Marketing and Promotion Fee to a separate entity to which we have delegated the responsibility to operate and maintain it or administratively segregate on our books and records the fees we receive from franchisees ("Fund"). However, we are not required to maintain the fees paid by you or other franchises to the Fund and income earned by the Fund in a separate account.

(x) We may not use this money principally to solicit new franchise sales for any purposes other than those provided for in the Subfranchise Agreement. We may include information regarding acquiring a franchise on or as a part of materials and items produced by or for the Marketing and Promotion Fee.

(xi) We may spend in any fiscal year an amount greater or less than the aggregate contributions to the Marketing and Promotion Fee in that year and may cause it to borrow funds to cover deficits or invest in surplus funds. If we spend less than the total of all contributions to the fund during any fiscal year, we may accumulate those sums for use in later years. If we or an affiliate advances money to the Fund beyond what it contributes on account of our company or affiliate-owned BHC Store, we will be entitled to reimbursement. Any interest earned on monies held in the Fund may be retained by us for our own use, in our discretion.

(xii) Although we intend the Fund to be perpetual, we can terminate the Fund for the Marketing and Promotion Fee. We will not terminate the Fund until it has spent all money in the fund for advertising and promotional purposes.

(xiii) In 2025, we neither collected nor expended any Marketing and Promotion Fees.

(xiv) We require you to spend at least $10,000 to $15,000 on the initial opening advertising and promotion event in connection with the opening of your BHC Store sometime during the first 60 days after your BHC Store opens (see section 4.4(c) of the Subfranchise Agreement). Not later than 75 days after the Opening Date, you must provide us with a report itemizing your expenditures on the initial opening advertising and promotion of your BHC Store.

(xv) Also, beginning the 3rd full calendar month after your BHC Store opens for business, we require that you spend at least 1% of your annual Gross Revenue during the periods of January 1 through December 31 on the local advertising and promotion of your BHC Store using marketing and promotional materials pre-approved or otherwise authorized in writing by us ("**Local Advertising**") (see section 4.4(d)) of the Subfranchise Agreement). You must submit to us a Local Advertising plan which details the Local Advertising for the next 12-month period for our approval. Within thirty (30) days after the end of each of the above-mentioned periods, we will provide a template to you and you must submit to us, a fully completed marketing report for the immediately preceding concluded period in form and substance specified by us, including evidence to verify such expenditure during such period.

(xvi) On a regional and system-wide basis, we may impose an assessment on all affected BHC franchisees for special advertising or promotional activities if franchisees owning two-thirds of all affected franchised BHC Stores agree to this assessment, confirmed in writing by each franchisee (see section 4.4(e) of the Subfranchise Agreement).

(xvii) You are obligated to maintain and occasionally refurbish the BHC Store to conform to our currently effective "Trade Dress" (as defined in the Subfranchise Agreement) and color standards for BHC franchised BHC Stores. This maintenance and refurbishment may require expenditures by you on structural changes, installing new equipment, remodeling, redecoration, and modifications, or to accommodate new BHC Products. You must maintain all equipment and furnishings used at the BHC Store in good working order and make repairs or perform maintenance as needed. You also must make all upgrades to equipment and any technology used in the BHC Store that we may require, and we may periodically require you to update the Trade Dress (possibly including installation of new color schemes, logos, signage, or other visual elements) used at the BHC Store. Details on Trade Dress updates will be contained in the Operations Manual or as otherwise provided to you in writing. We anticipate that Trade Dress updates will be required no more frequently than once every five years.

(4) <u>Electronic Cash Registers and Computer Requirements</u>

You must purchase and use in your BHC Store the specified Computer System we require (see section 8.4 of the Subfranchise Agreement).

(i) The Computer System will generate reports on the sales and expenses of the BHC Store, and it currently costs between $7,000 and $10,000.

(ii) You will be solely responsible for the acquisition, operation, maintenance, and upgrading of the Computer System. Neither we, nor any affiliate or third party, is obligated to provide ongoing maintenance, repairs, upgrades, or updates for the Computer System.

(iii) We currently do not require that you purchase a maintenance, repair, upgrade, or update service contract for the Computer System, but we reserve the right to do so in the future.

(iv) The current annual cost of a service contract is approximately $4,000 to $10,000 per year. We reserve the right to change the point-of-sale cash register system and back-of-office computer at any time but will not require you to replace these items more than three times during the initial term of the Subfranchise Agreement. We reserve the right to change the software each year. At such time as we designate the change or enhancement to the Computer System you may be required to make certain payments to us or our designated suppliers. You must install and commence using the changed or enhanced Computer System within such time as stated in our notice to you. You must acquire the right to use hardware, software, peripheral equipment, and accessories, and arrange for installation, maintenance, and support services of the initial, changed, or enhanced Computer System all at your cost. There are no contractual limitations on the frequency and cost of this obligation. We reserve the right to develop proprietary software. You may be required to license the proprietary software from us, an affiliate or a third party, and you also may be required to pay a software licensing or use fee in connection with your use of the proprietary software. All right, title and interest in the software will remain with the licensor of the software. We may independently access the Computer System and retrieve, analyze, download, and use all software, data and files stored or used on the Computer System.

(v) We may access the Computer System through our intranet, in your BHC Store or from other locations. You must store all data and information that we designate and report data and information in the manner we specify, including through our intranet or other online communications. You also must maintain a phone line and a separate modem dedicated for the sole use of allowing our computer system to interface and communicate with your Computer System and you may need to purchase software designated by us for this to occur. You also must have your BHC Store connected to the Internet using a connection method we approve, currently DSL or Cable modem. You must have a permanent Internet email account. You understand that the data storage, phone line, modem, communication software, Internet access, Internet email account and all additional hardware and software needed to implement and maintain these services is at your cost. The Computer System will allow us to communicate with you, and poll and review the results of your BHC Store's operations, including without limitation, sales data, consumer trends, food and labor costs, and other financial information. You must provide accurate, complete, and full disclosure of the books and accounts and give us direct access to any third parties through which revenue is generated, including but not limited to, Uber Eats, Postmates, Eat24, and Door Dash. We may distribute the collected data on a confidential basis to our network of franchisees. We reserve the right to replace our designated supplier(s) for the Computer System as we deem necessary at our discretion.

(5) <u>Operations Manual</u>

We will loan you one copy of our Operations Manual ("Operations Manual") (containing a total of 145 pages) and other applicable manuals during the relevant phases of initial training (see section 8.2 of the Subfranchise Agreement). The Operations Manual contains mandatory and suggested specifications, standards, and procedures for operation of your BHC Store.

We will modify the Operations Manual, and you must comply with these changes when you receive them. This Operations Manual is confidential and remains our property. If you lose or allow the unauthorized duplication of the Operations Manual or any other confidential manuals or proprietary materials loaned to you by us, you will be deemed to be in violation of this Agreement and all other agreements you have with us (see section 8.2 of the Subfranchise Agreement) and we would be entitled to recover damages from you).

The following is the Table of Contents of the Operations Manuals as of the date of this disclosure document:

TABLE OF CONTENTS

Currently, we have no policy under which we will render services to you not required by your Subfranchise Agreement (or other agreements with us) or the Operations Manual.

(6) Training Program

As of the date of this Disclosure Document, we provide the following training:

Item 11 Table

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of Training On-The-Job	Location

Administration (POS, Sales, Financial Reporting) / Marketing	9	0	Master Franchisee Facility
Introduction (History, Store Concept), Customer Relations	5	0	Master Franchisee Facility
Food Safety, Personal Hygiene, Health Inspections	4	0	Master Franchisee Facility and Franchised Location
Menu and Products	9	0	Master Franchisee Facility and Franchised Location
Restaurant Operation Opening / Closing	0	9	Master Franchisee Facility and Franchised Location
Kitchen Training & Menu Selection	0	9	Master Franchisee Facility and Franchised Location
Service Training & Hall Operation	0	9	Master Franchisee Facility and Franchised Location
TOTALS:	**27**	**27**	

Before you open your BHC Store, we will train you and your manager-level employees to operate a BHC Store. We will provide approximately six (6) days of training (although the specific number of days depends on our opinion of your experience and needs) at your BHC Store or another location we designate ("Initial Training" specified in Section 6.1 of the Subfranchise Agreement). You must attend the entire Initial Training. You must pay all the expenses incurred by your trainees and attendees in connection with the Initial Training and any other training, conferences, conventions, or other meetings your trainees attend, including, for example, their daily allowance, transportation costs, and other living expenses (section 6.1(e) of the Subfranchise Agreement).

Training will occur after you sign the Subfranchise agreement and while you are developing the BHC Store. You and your attendees must complete the entire Initial Training to our satisfaction before you may open your BHC Store. If you or your attendees do not successfully graduate our Initial Training, you will have to attend the entire program again at your cost prior the opening of your BHC Store. We reserve the right to vary the length and content of the Initial Training based upon the experience and skill level of the individual attending the Initial Training. Master Franchisee is not obligated to renew Franchisee's rights granted under this Agreement for an additional term if one or more of the following applies or occurs.

No additional training programs or refresher courses are required but may be provided by us. However, you can request additional on-site training or assistance at any time. We may provide this training or assistance at our option, but the Subfranchise agreement does not require us to do so.

We may periodically conduct an annual conference, convention, or training session, and if we do, we will determine its duration, curriculum, and location (section 6.2 of the Franchise Agreement). Attendance of at least one Principal Equity Operator at these meetings will be mandatory (and is highly recommended for your General Manager and all other Principal Equity Operators).

Site Selection and Approval

We use available demographic information to evaluate the site and the area in which it is located, and analyze area income figures, traffic patterns, visibility, population density, competition, zoning, parking, accessibility, and other related, relevant circumstances. Premises acceptable to us where the BHC Store will be operated must be located and secured by you and reviewed and consented to by us within four (4) months after the signing the Subfranchise Agreement. If we do not approve the proposed site within 30 days after you complete submission of the requested information (or 15 days after you provide any supplemental information we request), the site will be deemed rejected. If we disapprove, you must promptly propose an alternative location. If you do not locate a site for your BHC Store that is acceptable to us within four (4) months after signing the Subfranchise Agreement, we may cancel the Subfranchise agreement based on your failing to find an acceptable site.

Item 12: Territory

We grant you a subfranchise for a specific location, which we must approve according to site selection procedures described in Item 11 of this Disclosure Document. You will not receive an exclusive territory. You may face competition from other franchisees, from BHC Stores that we own, or from other channels of distribution or competitive brands that we control. All territories granted by us are subject to exceptions and reservations.

Our authority to offer and grant subfranchises within California arises from a Multi-Unit Master Franchise Agreements between BHC USA LLC, the Franchisor and JJ Foods Global Inc., the Master Franchisee. A copy of the relevant territorial schedules from those agreements is attached as Exhibit B-1 to this Disclosure Document.

You may relocate your BHC Store with our written consent, which will not be unreasonably withheld. Not less than 90 days before the desired date of relocation (unless prior notice is impractical because of a required relocation in which event your notice must be given as soon as possible), you must make a written request for consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new location. Within 20 business days after we receive your request, we will either approve or disapprove in writing such closure or relocation in our sole discretion. If we disapprove of a proposed relocation, you may request an alternative proposed new location.

We do not currently, nor do we have any plans in the future to, operate or franchise businesses under a different trademark that will sell goods or services like those you will offer. However, we reserve the right to develop other systems involving similar or dissimilar services or goods, under dissimilar service marks, trademarks and trade names belonging to us, without necessarily granting you any rights in those systems. We reserve all rights to market and sell BHC Products and Ancillary Products under our Proprietary Trademarks or different trademarks at venues other than BHC Stores and through other channels of distribution (including the Internet), within your Territory and anywhere else. We are not required to pay you compensation for soliciting or accepting orders in your Territory at venues other than BHC Stores or through other channels of distribution.

Although we have no current plans to do so, we and our affiliated companies reserve the right to offer and sell other types of franchises that are not directly competitive with the BHC franchise.

The continuation of your franchise rights to the Territory does not depend on your attaining a minimum level of sales, revenues or market penetration or another contingency. The Territory granted by the

Subfranchise Agreement may be altered except if you and we mutually agree. You will maintain rights to your Territory even if the population in those geographic areas increases.

Item 13: Trademarks

The Subfranchise Agreement will grant you the non-exclusive rights to use the Proprietary Marks (defined below) in connection with your BHC Store. BHC F&B has registered the following Proprietary Mark, along with all required affidavits, on the Principal Register of the United States Patent and Trademark Office (USPTO) and/or the World International Property Organization:

Mark	Registration / Serial No.	International Class of Goods/Services	Date Registration or Application
bhc CHICKEN	79346992 1676892 (International Registration No.)	029 Chicken; chicken nuggets; canned chicken; croquettes 043 Restaurants; cafes; self-service restaurants	October 31, 2023 (Registration)
bhc	5993339 1284544 (International Registration No.)	029 Fruit salads; Chicken; chicken nuggets; canned chicken; chicken croquettes; pickles 043 Restaurants; cafes; self-service restaurants	February 25, 2020 (Registration)

BHC Korea owns the Proprietary Marks and, as described in Item 1, has licensed these marks to BHC USA LLC (the Franchisor), which in turn has sublicensed them to us. Subfranchisee acknowledges that all rights in and to the Marks are owned exclusively by Franchisor and that Master Franchisee's right to grant this sublicense is derived solely from the Master Franchise Agreement between Master Franchisee and Franchisor. Your use of the mark identified above as well as other trademarks, service marks, trade names and commercial symbols we may authorize in the future (collectively, the "Marks" or "Proprietary Marks"), and any goodwill is pursuant to a license granted to you under the Subfranchise Agreement and you retain no further rights in the Marks. You also retain no rights in the Marks upon expiration or termination of your Subfranchise Agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing. We may change the System presently identified by the Marks, including the adoption of new Marks, new products, new equipment or new techniques and you must adopt the changes in the System. You must comply within a reasonable time if we notify you to discontinue or modify your use of any Mark. We will have no liability or obligation as to your modification or discontinuance of any Mark.

There are currently no effective material determinations by the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Marks. There are currently no agreements in effect that significantly limit our rights to use or license the use of any Marks in any manner material to the franchise, except for the trademark License Agreement between us and BHC Korea.

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

The license to use the Marks granted in the Subfranchise Agreement is non-exclusive to you. We have and retain certain rights in the Marks including the following:

1. To grant other licenses for the use of the Marks in addition to those licenses already granted or to be granted to subfranchisees;

2. To develop and establish other systems using the Marks or other names or marks, and to grant licenses or franchises in those systems without providing any rights to you; and

3. To engage, directly or indirectly, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services, and (b) the use of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics we may develop for that purpose.

Item 14: Patents, Copyrights, And Proprietary Information

As of the date of this Disclosure Document, we do not own any rights in or to any patents, patent applications or copyrights that are material to the franchise. We claim copyright protection for our Operations Manual and other publications and promotional materials, although we have not registered any of the materials with the U.S. Copyright Office. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the Subfranchise Agreement, Operations Manual, and other communications that we provide to you. We reserve the right to register any of our copyrighted materials at any time we deem appropriate.

There currently are no effective determinations of the Copyright Office (Library of Congress), United States Patent & Trademark Office, Board of Patent Appeals & Interferences, or any court, or any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any patents or copyrights.

There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. We are not required by any agreement to protect or defend any patent, trademark, or copyright. We know of no superior prior rights or infringing uses that could materially affect your use of the copyrights in the state where your franchise business will be located.

Our Operations Manual and other materials contain our confidential information (some of which constitutes trade secrets under applicable law). This information includes site selection criteria; recipes; training and operations materials; methods, formats, specifications, standards, systems, procedures, food preparation techniques, sales and marketing techniques, knowledge, and experience used in developing and operating BHC Stores; marketing and advertising programs for BHC Stores; any computer software or similar technology that is proprietary to us or the system; knowledge of specifications for and suppliers of Approved Suppliers and other products and supplies; knowledge of the operating results and financial performance of BHC Stores other than your BHC Store; and graphic designs and related intellectual property. All ideas, concepts, techniques, or materials concerning a BHC Store, whether protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the system, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you assign ownership of that item, and all related rights to that item, without compensation, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item. You may not use our confidential information in an unauthorized manner. You must take reasonable steps to prevent improper disclosure to others and use non-disclosure and noncompetition agreements with those having access. We may regulate the form of agreement that you use and will be a third-party beneficiary of that agreement with independent enforcement rights.

You must notify us immediately when you learn about an infringement of or challenge to your use of our Marks. We will take the action we think appropriate. We will have sole discretion to take the action we deem appropriate and will have the right to control exclusively any litigation or U.S. Patent and Trademark Office proceeding arising out of any infringement, challenge or claim relating to any principal trademark. You must sign all documents, render assistance, and do all things that our counsel deems necessary to protect our interests in any litigation or U.S. Patent and Trademark Office proceeding or otherwise to protect our interests in the principal trademarks.

While we are not required to defend you against a claim against your use of our Marks, we will reimburse you for your liability and reasonable costs in connection with defending our Marks. To receive reimbursement, you must have notified us immediately when you learned about the infringement or challenge.

You must modify or discontinue the use of a principal trademark if we modify or discontinues it. If this happens, we will reimburse you for your tangible costs of compliance (for example, changing signs). You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

Item 15: Obligation to Participate in The Actual Operation of The Franchise Business

We are seeking subfranchisees whose Principal Equity Operators plan personally participate in the direct "on premises" management and operation of your BHC Store. Each Principal Equity Operator (and their spouse if applicable) signs a Guarantee of Subfranchise Agreement (attached as Exhibit 3 of the Subfranchise Agreement) requiring them to ensure that all obligations of the subfranchisee under the Subfranchise Agreement (including provisions related to payments to Master Franchisee, confidentiality, and non-competition) are fulfilled.

The day-to-day operations of your BHC Store must be always managed by you or a "General Manager" who has satisfactorily completed our training program. Your General Manager need not have an equity interest in the business but must agree in writing not to compete against us and to preserve confidential information to which they have access and not to compete with you, us, and other subfranchisees. We may regulate the form of agreement that you use and be a third-party beneficiary of that agreement with independent enforcement rights.

You are required to inform us immediately of a change of the General Manager of your business operation.

You must attend any annual meeting, convention or conference of subfranchisees and all meetings related to new products or product preparation procedures, new operational procedures or programs, training, management, sales or sales promotion or similar topics that we offer, at your own expense. As of the date of this Disclosure Document, we do not anticipate requiring subfranchisees to attend meetings for more than ten days during any calendar year. You are responsible for all related travel and living expenses associated with attending any additional meetings, conventions, or conferences.

As of the date of this Disclosure Document, the location, duration, frequency and content of any additional meetings, conventions, or conferences we require you to attend is unknown and will depend on the frequency with which new products or services are introduced to the System. If you are, or at any time during the term become, a business corporation, partnership, limited liability company, or other legal entity, you must designate a "Principal Operator." Your Principal Operator must be an individual who (a) devote full time and best efforts solely to operation of the BHC Store and to no other business activities; (b) owns and controls not less than 5% of the equity and voting rights; (c) has completed our initial training program; (d) meet our educational, experience, financial and such other reasonable criteria for such individual, as set forth in the Operations Manual or otherwise in writing by us; and (c) has the power and authority to bind you in all dealings with us. If you are a corporation, limited liability company, or partnership, your owners must personally guarantee your obligations under the Subfranchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. The Guarantee of Subfranchise Agreement is included with your Subfranchise Agreement as Exhibit 3.

Item 16: Restrictions on What the Franchisee May Sell

You must offer and sell all BHC Products and perform all services that we require for a BHC Store. You may not offer or sell any products or perform any services that we have not authorized. We have the unlimited right to change the required and/or authorized products and services you may offer. You also may not offer for sale any BHC Products or other products through the Internet or other online programming or marketing. You are not otherwise limited in the customers to whom you may sell products or services.

We may add to, modify, or discontinue the approved list of BHC Products, ingredients, preparation processes, or other goods and services you must offer. We communicate changes by written bulletin or revisions to the Operations Manual. There is no limit on our right to impose these modifications. You will be given reasonable time (at least 30 days) after notice from us to implement changes and stop selling particular items which we delete from the approved list.

You may not establish an account or participate in any social networking sites (including, without limitation, Facebook, Twitter or any other social or professional networking site or blog) or mention or discuss the BHC Franchise, us, or any of our affiliates, without our prior written consent and as subject to our online policy. Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use. You may not sell products or services through other Alternative Distribution Channels

Item 17: Renewal, Termination, Transfer, And Dispute Resolution

<u>THE FRANCHISE RELATIONSHIP</u>

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreement attached to this Disclosure Document. You should refer to your state's specific addendum attached to this Disclosure document for exceptions to this Item 17.

Provision	Section in Subfranchise Agreement	Summary
a. Length of the franchise term	5.1	The initial term of a Subfranchise Agreement is Ten (10) years from the Effective Date.
b. Renewal or extension of the term	5.2	If you are in good standing, you can add additional 10-year terms upon written notice delivered to us not less than 120 days before the end of the existing Subfranchise Agreement term. However, we are not obligated to renew your franchise if one or more of the conditions in section 5.2© of the Subfranchise Agreement apply to you.
c. Requirements for franchisee to renew or extend	5.2	Not later than 90 days before the expiration of the Term, sign our then current Subfranchise Agreement modified for renewal ("Renewal Franchise Agreement") or an addendum to your existing Subfranchise Agreement extending its term, remodel your BHC Store (if necessary) and pay the $5,000 renewal fee. You are qualified for renewal if you are in full compliance with your operating requirements, all fees due to us are paid and you are not in breach of any term of your Subfranchise Agreement. The Renewal Subfranchise Agreement may have materially different terms and conditions than your original Subfranchise Agreement.
d. Termination by franchisee	13.1	If we are in material breach (beyond any applicable cure periods), you can terminate your Subfranchise Agreement.
e. Termination by Master Franchisee without cause	Not applicable	Not applicable.
f. Termination by Master Franchisee with cause	13.1	We can terminate the Subfranchise Agreement if you are in material breach of that agreement (This provision is subject to state law.)
g. "Cause" defined – curable defaults	13.3	You have 30 days after notice to cure monetary defaults and other defaults (including defaults under a lease for your BHC Stores) that can be cured. (This provision is subject to state law.)
h. "Cause" defined – non-curable defaults	13.2	Non-curable defaults: your bankruptcy or insolvency; your abandonment of the franchised business; you make material misrepresentations relating to your acquisition of the franchise or you engage in conduct that reflects materially and unfavorably upon the operation and reputation of the franchised business or the BHC System; you and us agree in writing to terminate the franchise; you fail, for a period of 10 days after notification of noncompliance, to comply with any federal, state or local

Provision	Section in Subfranchise Agreement	Summary
		law or regulation applicable to the operation of the franchise; after curing any default, you engage in the same noncompliance whether or not such noncompliance is corrected after notice; you repeatedly fail to comply with one or more material requirements of the Subfranchise Agreement, whether or not corrected after notice; the franchised business or your BHC Store is seized, taken over, or foreclosed by a government official, creditor, lien holder or lessor, or that a final judgment against you remains unsatisfied for 30 days; you are convicted of a felony or any other criminal misconduct that is relevant to the operation of the franchise; an audit or investigation conducted by us reveals that you knowingly maintained false books or records; or submitted false reports to us, or knowingly understated your Gross Revenue or withheld the reporting of any of your Gross Revenue (see further information in Section 13.2(a)(x)); we make a reasonable determination that your continued operation of the franchise will result in an imminent danger to public health or safety (This provision is subject to state law).
i. Franchisee's obligations on termination or non- renewal	15.1	Obligations include removal of our Marks and other trademarks, return of all confidential and proprietary information and erasure of all copies of confidential and proprietary information and payment of amounts due (also see section "s" in this Table, below).
j. Cross-Default	15.3	Any default by you shall be deemed to be a material default of each and every said agreement, and furthermore, in the event of termination, for any cause, of this Agreement, or any other agreement between the parties hereto, including, but not limited to, a Subfranchise Agreement, between the parties hereto, Master Franchisee may, at its option, terminate any and all said agreements. No right or remedy which Master Franchisee may have (including termination) is exclusive of any other right or remedy provided under law or equity and Master Franchisee may pursue any rights and/or remedies available.
k. Assignment of contract by Master Franchisee	12.1	No restriction on our right to assign.

Provision	Section in Subfranchise Agreement	Summary
l. "Transfer" by franchisee – defined	1	Means "voluntarily or involuntarily assign, sell, or encumber any interest in or ownership or control of, the BHC Store, substantial assets of the BHC Store, of this Agreement or any interest in the legal entity which owns the BHC Store, by operation of law or otherwise".
m. Master Franchisee's approval of transfer by franchisee	12.2	Not allowed without Master Franchisee's prior written consent and, except for any transfer of a non-controlling interest, subject to Master Franchisee's right of first refusal provided for in section 12.3 of the Subfranchise Agreement. Within 60 days after the receipt of all necessary information and documentation required, we will notify you of the approval or disapproval of the proposed assignment.
n. Conditions for . Master Franchisee's approval of transfer	12.2	Existing franchisee's full compliance with the obligations set forth in the Subfranchise Agreement, new franchisee qualifies, transfer fee paid, purchase agreement approved, training arranged, release signed by you, and current Subfranchise Agreement signed by new franchisee. Within 60 days after our receipt of all necessary information and documentation required under the Subfranchise Agreement, or as specified by written agreement between us and you, we will notify you of the approval or disapproval of the proposed transfer of the franchise by you.
o. .Master Franchisee's right of first refusal to acquire franchisee's business	12.3	We can match any legitimate offer for your business, but we have no right of first refusal if the transfer is (i) made to your heir, personal representatives, or conservators in case of your death or legal incapacity as provided in Section 12.4 of the Subfranchise Agreement.
p. . Master Franchisee's option to purchase franchisee's business	15.2(d)	Within 30 days after the termination, expiration or non-renewal of the Subfanchise Agreement, we have the option, but not an obligation, to purchase all or any portion of your reusable inventory, apparel containing the Marks, proprietary equipment, parts, fixtures, and furnishings owned and used by you in your franchised operation. (This provision is subject to state law.)

Provision	Section in Subfranchise Agreement	Summary
q. Death or disability of franchisee	12.4	Franchise must be assigned by estate to approved buyer within 270 days. During any period of your incapacity or until the business is sold, we can operate the BHC Store on your behalf for a period of up to 90 days, renewable as Master Franchisee deems necessary for up to one year, we can place an interim manager in your BHC Store, and you must pay us the manager's salary, transportation, lodging and related living expenses, and our management administration fee of 15%.
r. Non-competition covenants during the term of the franchise	11.1, 11.3	No involvement in competing business anywhere.
s. Non-competition covenants after the franchise is terminated or expires	11.2, 11.3	No competing business for two years within 25 miles of your BHC Store or any other BHC Store or other retail location (this obligation also applies to you if you assign your franchise).
t. Modification of the agreement	8.2, 16.14(c)	No modifications generally, but the Operations Manual subject to change. (This provision is subject to state law.)
u. Integration/merger clause	16.14	Only the Subfranchise Agreement and other agreements you sign with us and the requirements, procedures, and policies in the Operations Manual are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Subfranchise Agreement may not be enforceable. Nothing in the Subfranchise Agreement, or in any related agreement disclaims or is intended to disclaim representations made in this Franchise Disclosure Document.
v. Dispute resolution by arbitration or mediation	14.1-14.5	Except for certain claims, the parties agree in the Subfranchise Agreement to submit disputes (not including your failure to pay us sums due or an act of yours allowing us to immediately terminate the Subfranchise Agreement) initially to a meeting in person of our executive officers and your Principal Equity Operators at our principal executive office (without our respective legal counsel) within five business days after a party requests this meeting to conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement. If this meeting does not resolve the dispute (or the meeting does not occur), within 10 business days after the meeting takes place (or should have taken place), the parties may submit the dispute to a mutually acceptable mediator who is a State Bar of California Board of Legal Specialization

Provision	Section in Subfranchise Agreement	Summary
		Certified Specialist in Franchise and Distribution Law. If a mediation takes place but does not resolve the dispute or if no mediation occurs, the dispute will be resolved by arbitration by and before JAMS, Inc., in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than $250,000 - https://www.jamsadr.com/rules-streamlined-arbitration/) or its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is $250,000 or more - https://www.jamsadr.com/rules-comprehensive-arbitration/). Or, if the parties mutually agree, the dispute may be submitted to arbitration conducted by and before another mutually acceptable arbitrator.
w. Choice of forum	14.1-14.3	Arbitration proceedings will take place in San Diego County or other county where Master Franchisee's headquarters is then located. Mediation proceedings may take place at any mutually agreed location. Any litigation proceedings will take place in an appropriate court in California.
x. Choice of law	16.13	California law governs the arbitration of disputes under the Subfranchise Agreement

Item 18: Public Figures

We do not currently pay or provide any other benefit to any other public figure for the right to use his or her name to promote the sale of BHC franchises.

Item 19: Financial Performance Representations

The FTC's Franchise Rule permits a Master Franchisee to provide information about the actual or potential financial performance of its franchised and/or company-owned BHC Stores, if there is a reasonable basis for 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 Master Franchisee provides the actual records of an existing BHC Store you are considering buying; or (2) a Master Franchisee supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representation about a subfranchisee's future financial performance or the past financial performance of company-owned or subfranchised BHC Stores. 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 BHC Store, however, we may provide you with the actual records of that BHC Store. If you receive any other financial performance information or projections of your future income, you should report it to the Master Franchisee's management by contacting the Franchise Development Department at 3435 Wilshire Blvd., Suite 460, li, CA 90010, 323-424-3733, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20: BHC Stores and Franchisee Information

As of the application date, we had no BHC Store Subfranchisees. All BHC Stores reflected in Table No. 1 through Table No. 5 are company-owned and operated by JJ FOODS GLOBAL INC. Therefore, no subfranchisees had a BHC Store terminated, canceled, transferred, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our subfranchise agreement, and no subfranchisee has failed to communicate with us within ten weeks prior to the application date.

Table No. 1
System Wide BHC Stores Summary
(All BHC Stores listed below are company-owned. There are no subfranchised BHC Stores.)

SYSTEMWIDE BHC STORE SUMMARY For years 2023, 2024 and 2025				
BHC Store Type	**Year**	**BHC Stores at the Start of the Year**	**BHC Stores at the End of the Year**	**Net Change**
Franchised	2025	0	0	0
	2024	0	0	0
	2023	0	0	0
Company Owned	2025	1	3	2
	2024	0	1	1
	2023	0	0	0
Total BHC Stores	2025	1	3	2
	2024	0	1	1
	2023	0	0	0

Note:
As of December 31, 2024, JJ Foods Global Inc. operated one (1) company-owned BHC restaurant located in San Diego, California. During 2025, the Company opened two (2) additional company-owned BHC restaurants located in Rancho Bernardo and Carlsbad, California, resulting in a total of three (3) company-owned BHC restaurants in operation as of December 31, 2025. As of April 1, 2026, JJ FOODS GLOBAL INC. is in the process of expanding its company-owned operations. A fourth company-owned BHC restaurant, located at 22430 Van Buren Boulevard #300, Riverside, CA 92518, is expected to open on or about April 10, 2026. A fifth company-owned BHC restaurant, located at 133 N Twin Oaks Valley Rd, Suite #100, San Marcos, CA 92069, is also under development and is projected to open in 2026. Because these projected openings will occur after December 31, 2025, they are not included in the totals presented in Table No. 1 through Table No. 4 but are disclosed in Table No. 5 – Projected New BHC Stores. A complete list of all company-owned and projected BHC restaurants, including street addresses and anticipated opening dates, is provided in Exhibit C.

Table No. 2
Transfer of BHC Stores from Franchisees to New Owners

State	Year	Number of Transfers
California	2025	0
	2024	0
	2023	0
Total	2025	0
	2024	0

	2023	0

Table No. 3
Status of Franchised BHC Stores

State	Year	BHC Store at Start of the Year	BHC Store Opened	Termination	Non-Renewal	Reacquired by Master Franchisee	Ceased Operation–Other Reasons	BHC Store at End of the Year
CA	2025	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Total		0	0	0	0	0	0	0

Table No. 4
Status of Company-Owned BHC Stores

State	Year	BHC Stores at Start of the Year	BHC Stores Opened	BHC Stores Reacquired from Franchisee	BHC Stores Closed	BHC Stores Sold to Franchisee	BHC Stores at End of the Year
CA	2025	1	2	0	0	0	3
	2024	0	1	0	0	0	1
	2023	0	0	0	0	0	0
Total	2025	1	2	0	0	0	3
	2024	0	1	0	0	0	1
	2023	0	0	0	0	0	0

A list of the names of all subfranchisees and the addresses and telephone numbers of the subfranchises will be provided in Exhibit C to this disclosure document when applicable. The name, city, state and current business telephone number (or if unknown, the last known telephone number) of every subfranchisee who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit F to this disclosure document when applicable. **If you buy a BHC Store, your contact information may be disclosed to other buyers when you leave the franchise system.** Because the Company has not yet offered or sold any subfranchises, there is no available list of current subfranchisees or any subfranchisee who had a BHC Store terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business during the most recently completed fiscal year or who has not communicated with the Master Franchisee within 10 weeks of the disclosure document issuance date.

Table No. 5
Projected New Franchised BHC Stores as of December 31, 2025

PROJECTED OPENINGS AS OF DECEMBER 31, 2025

State	Subfranchise Agreements Signed but BHC Stores Not Yet Opened	Projected New Subfranchised BHC Stores in The Next Fiscal Year	Projected New Company-Owned BHC Stores in the Next Fiscal Year
California	0	0	2
Total	0	0	2

Item 21: Financial Statements

The independent auditor's report includes explanatory language regarding the financial condition of JJ FOODS GLOBAL INC., as further described in the audited financial statements and notes thereto.
The audited financial statements of JJ FOODS GLOBAL INC. for the fiscal year ended December 31, 2025, together with the independent auditor's report, comparative unaudited financial statements for the fiscal year ended December 31, 2024, and the Management Supplemental Disclosure regarding the 2024 comparative financial information accompanying the audited financial statements, are included in Exhibit B. Our fiscal year-end is December 31.

Item 22: Contracts

The following agreements and other required exhibits are attached to this disclosure document as listed below:

Exhibit A:	Subfranchise Agreement
Exhibit B:	Audited Financial Statements for the Fiscal Year Ended December 31, 2025, including Comparative Unaudited Financial Statements for the Fiscal Year Ended December 31, 2024, together with Management Supplemental Disclosure Regarding 2024 Comparative Financial Information.
Exhibit B-1:	Excerpt from Master Franchise Agreement (Designated Territories)
Exhibit C:	List of Existing and Projected Company-Owned BHC Stores
Exhibit D:	List of Terminated Franchises
Exhibit E:	State Franchise Administrators and Agents for Service of Process
Exhibit F:	State Specific Addendum
Exhibit G:	List of Approved Supplies
Exhibit H:	Acknowledgment and Authorization for Background Check
Exhibit I:	State Effective Dates
Exhibit J:	Receipts

Item 23: Receipts

You will find copies of a detachable receipt in Exhibit J at the very end of this disclosure document.

EXHIBIT “A”

JJ FOODS GLOBAL INC

SUBFRANCHISE AGREEMENT

SUBFRANCHISE AGREEMENT

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List of Exhibits to Subfranchise Agreement:

SUBFRANCHISE AGREEMENT

This Subfranchise Agreement ("Agreement") is made and entered into as of _________________, ______ (the "Effective Date"), by and among Master Franchisee JJ FOODS GLOBAL, INC., a California corporation ("Master Franchisee" or "Subfranchisor") and ___________________("Subfranchisee"), with reference to the following facts:

RECITALS

A. The Master Franchisee has a license from BHC USA LLC, a California limited liability company ("Franchisor") to grant qualified candidates the license to establish and operate BHC Stores which offer Korean flavor fried chicken and related products and services under the BHC Marks.

B. Subfranchisee desires to be subfranchised and licensed by Master Franchisee to use Franchisor's "System" (as defined in Article 1 below), "Marks" (as defined in Article 1 below) and goodwill to conduct the "Subfranchised Business" (as defined in Article 1 below) at a specific "BHC Store" (as defined in Article 1 below and identified in Exhibit 1 attached) operated by Subfranchisee.

C. Master Franchisee is willing to grant Subfranchisee a "Franchise" (as defined in section 3.1 hereof), in accordance with the provisions of this Agreement and the Operations Manual.

1. DEFINITIONS

"Abandoned" means cessation of operation of the Subfranchised Business for a period of five consecutive business days, without Master Franchisee's prior written consent. A repeated pattern of inactivity at Subfranchisee's BHC Store for periods of less than five consecutive business days may result in the Subfranchised Business being deemed Abandoned by Subfranchisee if in Master Franchisee's judgment such inactivity adversely impacts the Subfranchised Business. However, Subfranchisee's BHC Store will not be deemed Abandoned if the inactivity is due to natural disasters or other matters reasonably beyond Subfranchisee's control, provided that Subfranchisee gives Master Franchisee notice of any such closure within five business days after the initial occurrence of the event resulting in such inactivity, and Subfranchisee acknowledges in writing that such inactivity is due to one of the foregoing causes, and provided further that Subfranchisee re-establish the Subfranchised Business and be fully operational within 180 days after the initial occurrence of the event resulting in such inactivity, or such longer period as Master Franchisee may permit.

"**Agreement**" means this Agreement and all instruments amending this Agreement.

"**Competitive Business**" shall mean any business deriving more than 10% of its gross sales receipts from the sale, processing or manufacturing of fried chicken, sandwich, and other products offered in BHC Stores and which constitute 10% or more of the gross retail sales of any BHC Store.

“Confidential Information” means information, know-how, and materials that are of value to Franchisor or Master Franchisee (or other third party, as applicable) and treated as confidential by Franchisor or Master Franchisee and is disclosed or made known or available to Subfranchisee or its employees or agents. Without limiting the generality of the foregoing, the term “Confidential Information” includes, without limitation: (i) the Operations Manual; (ii) all technical and non-technical information, including without limitation, information concerning finances, financing and capital raising plans, accounting or marketing, business opportunities, affiliate lists, business plans, forecasts, predictions, projections, recipes, products, research, development, and know-how; (iii) “Intellectual Property” (as defined in this Article 1), the Marks, BHC Products, insignias, designs, and materials subject to copyright, patent, or trademark registration; (iv) any developments, inventions, improvements, additions, modifications, enhancements, derivatives, ideas, reports, analyses, opinions, studies, data or other materials or work product, whether prepared by Franchisor or Master Franchisee or otherwise, that contain or are based upon the “Proprietary Information” (as defined in this Article 1); (v) information regarding customers and potential customers of the Subfranchised Business, including customer lists, names, needs or desires with respect to the products or services offered, contracts and their contents and parties, the type and quantity of products and services provided or sought to be provided to customers and potential customers of the Subfranchised Business and other non-public information relating to customers and potential customers; (vi) information regarding any of Franchisor or Master Franchisee’s business partners or affiliates and their services, including names, representatives, proposals, bids, contracts and their contents and parties, the type and quantity of products and services received by the discloser, and other non-public information relating to business partners; (vii) information regarding personnel, including compensation and personnel files; and (viii) any other non-public information that a competitor of Franchisor or Master Franchisee could use to the competitive disadvantage of Franchisor or Master Franchisee.

“Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

“Force Majeure.” means a natural disaster (such as tornado, earthquake, hurricane, flood, fire or other natural catastrophe); strike, lockout or other industrial disturbance; war, terrorist act, riot, or other civil disturbance; epidemic; pandemic (e.g., COVID-19), or other similar force which Subfranchisee could not by the exercise of reasonable diligence have avoided; provided however, neither an act or failure to act by any federal, state, county, municipal and local governmental and quasi-governmental agency, commission or authority, nor the performance, non- performance or exercise of rights under any agreement with Subfranchisee by any lender, landlord, or other person will be a Force Majeure, except to the extent such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise a Force Majeure. To avoid any potential misunderstanding, Subfranchisee’s financial inability to perform or insolvency will not be a Force Majeure.

“Subfranchised Business” or “Business” means the sale to retail customers at or delivered from the BHC Store of items from a proprietary menu featuring BHC Products, as well as a selection of other authorized goods and services pursuant to the business methods and procedures set forth by Master Franchisee for the operation of such a retail business, using the recipes, packaging techniques, Marks, operational techniques, service concepts and Proprietary Information owned or authorized to be used by and identified with Franchisor, Master Franchisee and its affiliated companies.

“General Manager” means the individual (may be a Principal Equity Operator) who has been designated by Subfranchisee as the person responsible for the day-to-day operation of the BHC Store, and who has successfully completed “Initial Training” (as defined in this Article 1).

“Gross Revenue” means the gross amount of revenue, whether for cash, by redemption of gift cards or certificates or for credit, regardless of collection, earned or received by you from any source in connection with the operation of the BHC Store or with any similar or related activity, whether on or off your business premises, arising directly or indirectly from whatever source, including but not limited to sales from delivery or deliver services such as Door Dash, Uber Eats, Postmates, etc. Gross Revenue also includes any amount received from business insurance proceeds. “Gross Revenue” does not include: (i) the amount of any tax imposed by any governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and is in fact paid by you to the appropriate governmental authority; (ii) the amount of any bona fide customer refunds; and (iii) the incidental sales of gift certificates/gift cards. (iii) tips or gratuities paid or payable to your employees, and (iii) fees collected by third party delivery services or aggregators prior to remitting payment to you.

“**Initial Subfranchise Fee**” means the fee for a single store ($40,000) that Subfranchisee must pay to Master Franchisee in a lump sum when Subfranchisee signs this Agreement.

“Initial Training” means training in the System provided by Master Franchisee, as described in, and required by section 6.1 hereof.

“Intellectual Property” means creations of the mind, including inventions, literary and artistic works, designs, symbols, names, and images owned by Franchisor or Master Franchisee and used in the Subfranchised Business or at the BHC Store.

“IP Rights” means all past, present, and future rights of the following types, which may exist or be created under the laws of any jurisdiction in the world: (i) rights associated with works of authorship, including exclusive exploitation rights, copyrights and moral rights; (ii) trademark and trade name rights and similar rights; (iii) trade secret rights; (iv) patent and industrial property rights; (v) other proprietary rights in intellectual property of every kind and nature; and (vi) rights in or relating to registrations, renewals, extensions, combinations, divisions, and reissues of, and applications for, any of the rights referred to in clauses (i) through (v) of this paragraph.

“BHC Products” means the Korean flavor of fried chicken, side menus, beverages and other products prepared according to Franchisor’s specified recipes and procedures, as Franchisor may modify and change from time to time.

“Marks” means the proprietary marks that are associated with the System and associated designs in respect of which registrations have been obtained from or applied for with the United States Patent and Trademark Office, as well as all common law trademarks and service marks, trade names, logos, insignias, designs, and other commercial symbols which Franchisor and Master Franchisee now or hereafter is authorized to use and uses or authorizes others to use to identify the Subfranchised Business.

Master Franchisee will provide Subfranchisee with a schedule of Marks Subfranchisee is required or authorized to use under this Agreement and update this schedule as necessary.

"Opening Date" means the day Subfranchisee opens its BHC Store, furnished, inventoried, and equipped in accordance with Master Franchisee's requirements, and Subfranchisee begins operating the Subfranchised Business at Subfranchisee's BHC Store.

"Operations Manual" means the manual or manuals (regardless of title) containing Franchisor or Master Franchisee's trade secrets and the policies and procedures to be adhered to by Subfranchisee in performing under this Agreement, including any amendments, supplements, derivative works, and replacements, whether embodied in electronic or other media.

"Principal Equity Operator" means each person who owns not less than 5% of the voting right or equity interest in Subfranchisee and the individual who will be responsible for the development and operation of the Subfranchised Business. All communication with Subfranchisee shall be through the Principal Equity Operator.

"**Royalty**" or "**Royalties**" means the ongoing fee (calculated as a percentage of Subfranchisee's Gross Revenues) that Subfranchisee must pay Master Franchisee on a biweekly basis as described in and required by section 4.3 hereof.

"BHC Store" means a full fast casual fried chicken restaurant at a location Master Franchisee consents to and which is operated by Subfranchisee and exclusively dedicated to the operation of the Subfranchised Business under the Marks and in accordance with the System.

"System" means, collectively, the valuable operational systems prescribed by Franchisor to be used in the conduct of the Subfranchised Business, as set forth in this Agreement and the Operations Manual. The System includes (i) the Marks, (ii) know-how relating to BHC Products, (iii) advertising, marketing and sales programs and techniques, (iv) training programs, and (vi) related materials, artwork, graphics, layouts, slogans, names, titles, text, and other Intellectual Property that Master Franchisee makes available to Subfranchisee. In its sole discretion, Franchisor may improve or change the System from time to time. All such modifications and improvements become Franchisor's property and a part of Franchisor's Intellectual Property and System.

"Territory" means the designated and agreed geographical area surrounding Subfranchisee's BHC Store as set forth in Exhibit 1 attached hereto.

"Trade Dress" means the unique and distinctive layout, design and color schemes relating to the BHC Store, and the textures, sizes, designs, shapes, and placements of words, graphics, and decorations on products and packaging related to BHC Products.

"Trade Secret" The term "Trade Secret" means information constituting a trade secret within the meaning of the Defend Trade Secrets Act, as amended from time to time.

"Transfer" means to voluntarily or involuntarily assign, sell, or encumber any interest in or ownership or control of, the BHC Store, substantial assets of the BHC Store, of this Agreement or any interest in the legal entity which owns the BHC Store, by operation of law or otherwise.

2. THE SUBFRANCHISED BUSINESS

2.1 Master Franchisee's Business.

Master Franchisee is engaged in the administration, development, operation, and licensing of businesses that operate BHC Stores offering the Subfranchised Business, using the Marks, operational techniques, service concepts and proprietary information owned or authorized to be used by and identified with Franchisor or Master Franchisee and its affiliated companies. Franchisor or Master Franchisee's activities in general, and the System (including proprietary products and services; logos; equipment and operations; designs and layouts for the BHC Stores; marketing and advertising, specialty retail items and promotional activities) are undertaken to develop, maintain and enhance the Marks and Franchisor or Master Franchisee's business reputation.

2.2 The Franchise System.

Franchisor has developed and supervises the System and all BHC retail locations to be operated under the Marks operated in accordance with the provisions of BHC franchise agreements and Franchisor's Operations Manual, as periodically amended.

3. GRANT OF FRANCHISE

3.1 Grant of Franchise.

(a) By their respective signatures below, Master Franchisee hereby grants to Subfranchisee, and Subfranchisee hereby accepts, a non-exclusive license **("Franchise"**) to participate in and use the System to conduct the Subfranchised Business at the BHC Store and within Subfranchisee's Territory as described in Exhibit 1 attached hereto, in strict accordance with this Agreement and the Operations Manual, from the Effective Date until the end of the term hereof, and any additional term unless sooner terminated. So long as Subfranchisee complies with this Agreement, Master Franchisee will not authorize another BHC Subfranchisee to operate, or itself operate, a BHC retail BHC Store in Subfranchisee's Territory, subject to exceptions and reservations provided herein.

(b) Master Franchisee is executing this Agreement in reliance that the Principal Equity Operators and other individuals identified in Exhibit 2 of this Agreement are the sole holders of a legal or beneficial interest in Subfranchisee.

(c) Each Principal Equity Operator (and their respective spouses, if applicable), must execute the Guarantee of Subfranchise Agreement attached as Exhibit 3 of this Agreement.

(d) Subfranchisee acknowledges that Master Franchisee may have granted and may in the future operate or grant other licenses and franchises for other retail and wholesale food service businesses outside the Territory. SUBFRANCHISEE MAY NOT USE FRANCHISOR'S MARKS, OPERATIONAL TECHNIQUES, SERVICE CONCEPTS OR PROPRIETARY INFORMATION IN CONNECTION WITH ANY BUSINESSES OR SERVICES OTHER THAN THE SUBFRANCHISED BUSINESS CONDUCTED BY SUBFRANCHISEE AT THE BHC STORE WITHOUT MASTER FRANCHISEE'S EXPRESS PRIOR WRITTEN PERMISSION, WHICH PERMISSION, IF GRANTED, WILL BRING SUCH BUSINESSES OR SERVICES WITHIN THE SCOPE OF THE SUBFRANCHISED BUSINESS AND SUBJECT REVENUES THEREFROM TO PAYMENT OF ROYALTY AND MARKETING AND PROMOTION FEES.

(e) Upon expiration or termination of this Agreement for any reason whatsoever, Subfranchisee shall have no claim whatsoever against Franchisor or Master Franchisee for compensation for any goodwill associated with the Marks.

3.2 Reserved Rights.

(a) Nothing contained herein accords Subfranchisee any right, title, or interest in or to the Marks, System, marketing and operational techniques, service concepts, proprietary information or goodwill of Franchisor or Master Franchisee or associated with the System, except such rights as may be granted hereunder. THIS AGREEMENT GRANTS SUBFRANCHISEE ONLY THE RIGHT TO OPERATE THE SUBFRANCHISED BUSINESS AT SUBFRANCHISEE'S BHC STORE AND NOWHERE ELSE UNLESS MASTER FRANCHISEE SPECIFICALLY ALLOWS SUBFRANCHISEE TO OFFER BHC PRODUCTS ELSEWHERE. ALL OTHER RIGHTS ARE RETAINED BY AND RESERVED TO MASTER FRANCHISEE.

(b) Master Franchisee reserves the right to develop other systems involving similar or dissimilar services or goods, under dissimilar service marks, trademarks and trade names belonging to Master Franchisee, without necessarily granting Subfranchisee any rights in those systems. Master Franchisee reserves all rights to market and sell BHC Products at venues other than BHC Stores and through other channels of distribution anywhere, including within Subfranchisee's Territory.

3.3 Promotion and Development of Subfranchisee's BHC Store.

Subfranchisee must (i) diligently and effectively promote, market, and engage in the Subfranchised Business at its BHC Store; (ii) develop, to the best of its ability, the potential for future Subfranchised Business within Subfranchisee's Territory; and (iii) devote and focus a substantial portion of Subfranchisee's attentions and efforts to such promotion and development.

3.4 Extent of Grant.

(a) Subfranchisee understands and agrees that Subfranchisee is licensed hereby only for the operation of the Subfranchised Business at and from Subfranchisee's BHC Store and only within Subfranchisee's Territory (unless Master Franchisee specifically agrees otherwise on a case-by-case basis). Subfranchisee must offer and sell at Subfranchisee's BHC Store and in Subfranchisee's Territory only BHC Products and other goods and services that Master Franchisee designates as required or approved for all subfranchisees. Master Franchisee has the right to change and add other authorized goods and services, which Subfranchisee will then be required to offer.

(b) Subfranchisee may not sublicense, sublease, subcontract or enter any management agreement, concession agreement, partnership agreement or joint venture agreement providing for, the right to operate the Subfranchised Business or to use the System granted pursuant to this Agreement.

3.5 Electronic Execution and Copies.

(a) Executed counterparts of this Agreement (or any portion of this Agreement) may be delivered by any of the parties by fax, electrical, digital, magnetic, optical, electromagnetic, or similar capability regardless of the medium of transmission (any such medium is referred to in this section 3.5(a) and the following section 3.5(b) as "electronic"), and such delivery will be effective and binding upon such party, and will not in any way diminish or affect the legal effectiveness, validity or enforceability of this Agreement.

(b) Subfranchisee acknowledges and agrees Master Franchisee may create an electronic record of any or all agreements, correspondence or other communication between Master Franchisee and Subfranchisee or involving third parties, and Master Franchisee may thereafter dispose of or destroy the original of any such document or record. Any such electronic record will be inscribed on a tangible medium or stored in an electronic or other medium and be retrievable in perceivable form and will be maintained in and readable by hardware and software generally available. Notwithstanding any statute, regulation, or other rule of law to the contrary, Subfranchisee agrees any such electronic version of this or any other agreement or correspondence between the parties will have the same legal effect, validity, and enforceability as an original of any such document, even if the original of such document has been disposed of or intentionally destroyed.

3.6 Obligations of Entity Subfranchisee.

(a) If Subfranchisee is an entity, Subfranchisee must provide Master Franchisee at the Effective Date with a copy of its organizational document and by-laws, shareholders' agreement, operating agreement, or other agreement between the equity owners.

(b) If Subfranchisee is an entity, Subfranchisee must place the following legend on all certificates evidencing an equity interest:

"THE TRANSFER OF THE EQUITY INTEREST IN THE ENTITY REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A SUBFRANCHISE AGREEMENT DATED ____________, BETWEEN THIS ENTITY AND JJ FOODS GLOBAL INC. REFERENCE IS MADE TO SUCH SUBFRANCHISE AGREEMENT AND THE RESTRICTIVE PROVISIONS CONTAINED THEREIN AND AS MAY BE OTHERWISE SET FORTH IN THE ORGANIZATIONAL DOCUMENTS AND OPERATING AGREEMENTS OF THIS ENTITY."

(c) If Subfranchisee is an entity, Subfranchisee warrants that:

(i) it is duly organized or formed and validly existing in good standing under the laws of the jurisdiction of its incorporation or formation; and

(ii) it has the necessary consents, approvals, licenses and/or permits to carry out the business activities contemplated by this Agreement.

4. INITIAL AND ON-GOING PAYMENTS BY SUBFRANCHISEE

4.1 Initial Subfranchise Fee.

(a) The "Initial Subfranchise Fee" for a single Subfranchised BHC Store is $40,000.

(b) The Initial Subfranchise Fee (and all other payments to Master Franchisee for goods or services received from Master Franchisee before Subfranchisee's BHC Store opens for business) is due and payable in full, by cashier's check or money order or wire transfer to Master Franchisee. The Initial Subfranchise Fee is fully earned by Master Franchisee when paid.

4.2 Initial Subfranchise Deposit.

The "Initial Subfranchise Deposit" for a single Subfranchised BHC Store is $20,000. The Initial Subfranchise Deposit is due and payable in full, by cashier's check or money order or wire transfer to Master Franchisee. The purpose of the Initial Subfranchise Deposit is to secure against non-payment of Subfranchisee's obligations under this Agreement. The Initial Subfranchise Deposit must be paid in a lump sum and is refundable within sixty (60) days of the expiration or termination of this Agreement if and only if Subfranchisee is in full compliance with Subfranchisee's obligations in this Agreement, including, without limitation, Subfranchisee's post termination obligations set forth in Section 15 thereof.

4.3 Royalty.

(a) Beginning on the Opening Date, Subfranchisee must pay Master Franchisee a "Royalty" of 4.5% of Subfranchisee's Gross Revenues.

(b) Royalties are due and payable on a monthly basis on the following 5th day for the previous month (unless that day is a banking holiday, in which case the Royalties are due and payable on the next business day). Royalties will be calculated on the Gross Revenues received during the prior month. Monthly payments of Royalties are to be accompanied by a revenue report in the form prescribed by Master Franchisee.

4.4 Marketing, Advertising and Promotion.

(a) Beginning on the Opening Date, Subfranchisee must pay Master Franchisee a "Marketing and Promotion Fee" of 2.5% of Subfranchisee's Gross Revenues. However, Master Franchisee is not requiring this contribution at this time because Master Franchisee does not anticipate brand marketing until Franchisor has at least 50 BHC Stores in operation. If established, this fee is due and payable at the same time and in the same manner as the Royalty Fee. Master Franchisee reserves the right to require payment of this fee once Franchisor has more than 50 BHC Stores in operation. Once Franchisor starts to require payment, Marketing and Promotion Fees collected from BHC Subfranchisees less a 15% administration fee will be spent for national and regional advertising and promotional campaigns designed to promote and enhance the value of the BHC trademarks and their general public recognition and acceptance. We need not ensure that any particular Subfranchisee benefits directly or proportionately from the Marketing and Promotion Fee.

(b) When applicable, Marketing and Promotion Fees are due and payable on a monthly basis on the 14th of each month (unless that day is a banking holiday, in which case the Marketing and Promotion Fees are due and payable on the next business day). Marketing and Promotion Fees will be calculated on the Gross Revenues received during the monthly periods ending on the last day of each month.

(c) During the 60 days after the Opening Date, Subfranchisee must spend in Subfranchisee's Territory at least $10,000 to $15,000 on the initial opening advertising and promotion event of Subfranchisee's BHC Store, using the grand opening advertising and promotional program that Master Franchisee approves, including the "soft opening" to be held on or about the Opening Date and the grand opening event. Not later than 75 days after the Opening Date, Subfranchisee must provide Master Franchisee with a report itemizing Subfranchisee's expenditures on the grand opening advertising and promotion of Subfranchisee's BHC Store.

(d) Commencing with the third full calendar month after the Opening Date, Subfranchisee must (i) spend at least 1% of Subfranchisee's annual (January 1 through December 31) Gross Revenues on the local marketing, advertising, and promotion of Subfranchisee's BHC Store, using marketing and promotional materials pre-approved or otherwise authorized in writing by Master Franchisee ("Local Advertising"). Subfranchisee must submit to Master Franchisee a Local Advertising plan which details the Local Advertising for the next 12-month period for Master Franchisee's approval. Within thirty (30) days after the end of each of the above-mentioned periods, Master Franchisee will provide a template to Subfranchisee and Subfranchisee must submit to Master Franchisee, a fully completed marketing report of Subfranchisee's Local Advertising for the preceding concluded period in form and substance specified by Master Franchisee, including evidence to verify such expenditure during such period.

(e) On a regional or system-wide basis, Master Franchisee may impose an additional assessment upon affected Subfranchisees for special designated advertising or promotional activities if two-thirds of all affected Subfranchised BHC Stores agree to such additional assessment by affirmative vote.

(f) Subfranchisee must fully participate with any gift card, customer loyalty, referral and other contests and promotions Master Franchisee arranges for, requires, or authorizes BHC Subfranchisees to participate in. Details regarding such contests and promotions will be set forth in the Operations Manual.

(g) Master Franchisee determines the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location and all other matters relating to regional or system-wide advertising (including advertising paid from Marketing and Promotion Fee contributions), public relations and promotional campaigns.

(h) Subfranchisee agrees to participate in all BHC promotions described in Master Franchisee's website and all Master Franchisee-authorized charitable fundraising and group discount programs.

4.5 Electronic Funds Transfer.

Master Franchisee requires payment of the Royalty and Marketing and Promotion Fees by electronic funds transfer ("EFT"), through the Automated Clearing House ("ACH") electronic network for financial transactions (or such other automatic payment mechanism Master Franchisee may designate) directly from Subfranchisee's account into Master Franchisee's operating account. Subfranchisee must (i) execute and deliver to Master Franchisee's bank required pre-authorized check forms and other instruments or drafts to enable Master Franchisee to draw directly from Subfranchisee's bank account all fees payable under the terms of this Agreement and (ii) open and maintain a single bank account for such payments (with overdraft protection from Subfranchisee's operating account) always keeping the minimum balance in such account as Master Franchisee may reasonably designate. Subfranchisee must not alter or close this account except upon Master Franchisee's prior written approval. Any failure by Subfranchisee to implement such EFT system in strict accordance with Master Franchisee's instructions will constitute a material breach of this Agreement.

4.6 Fees Fully Earned: No Setoff on Payments.

All payments made by Subfranchisee to Master Franchisee pursuant to this Article 4 are fully earned and non-refundable (except as provided in section 4.2 above) when paid. All payments to be made by Subfranchisee to Master Franchisee will made be without setoff, deduction, defense, counterclaim or claims in recoupment.

4.7 Late Fee; Interest on Delinquent Payments.

(a) Any payment of fees, including but not limited to, Royalty and Marketing and Promotion Fees, not received by Master Franchisee when due will be a material breach of this Agreement and will be subject to a late charge of $100 per occurrence, plus the lesser of the daily equivalent of 10% per year ("Interest") of the amount past due. Master Franchisee and Subfranchisee agree that the Interest of the amount past due is reasonable because (i) as a result of any such late payment, Master Franchisee will incur certain costs and expenses (including administrative costs, collection costs, loss of interest, and other direct and indirect costs in an uncertain amount); and (ii) it would be impractical or extremely difficult to fix in advance the exact amount of costs and expenses Master Franchisee would incur.

(b) If any payment is not successful due to insufficient funds, stop payment, or any similar event, Subfranchisee agrees to pay a dishonored item fee of the lesser of $100 per occurrence, or the highest amount allowed by law.

4.8 No Accord or Satisfaction.

If Subfranchisee pays, or Master Franchisee otherwise receives, a lesser amount than the full amount provided for under this Agreement for any payment due hereunder, such payment or receipt will be applied against the earliest amount due Master Franchisee. Master Franchisee may accept any check or payment in any amount without prejudice to Master Franchisee's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere will constitute or be construed as an accord or satisfaction.

5. INITIAL TERM AND RENEWAL TERMS

5.1 Initial Term.

The initial term of this Agreement (applicable solely to the BHC Store Subfranchised hereunder) commences on the Effective Date and expires on the 10th anniversary of the Effective Date, unless sooner terminated pursuant to the provisions of this Agreement. The term of this Agreement will be subject to provisions of the Multi-Unit Agreement between Franchisor and Master Franchisee ("MFA"). Any failure to comply with the obligations set forth in the MFA will result in cross-default in the Subfranchise Agreement. If the MFA is terminated prior to its expiration for cause, all Subfranchise Agreements will be automatically terminated.

5.2 Renewal Terms.

(a) Upon written notice delivered to Master Franchisee not less than 120 days before the end of the existing term hereof, Subfranchisee may renew its rights granted under this Agreement for additional 10-year terms commencing on the expiration date of the previous term, subject to the provisions of sections 5.2(b) through 5.2(g) below.

(b) At the time of renewal, Subfranchisee must (i) then be solvent (which means that Subfranchisee is able to pay its debts as and when promised by Subfranchisee and that Subfranchisee has assets that are greater than its debts), (ii) not have Abandoned the BHC Store, (iii) not be operating the

Franchise in a manner that endangers public health or safety or materially harms the BHC brand or reputation, and (iv) not have knowingly submitted false or incomplete reports to Master Franchisee during the expiring term.

(c) Notwithstanding section 5.2(a) above, Master Franchisee is not obligated to renew Subfranchisee's rights granted under this Agreement for an additional term if one or more of the following applies or occurs:

(i) Subfranchisee gives Master Franchisee written notice of Subfranchisee's intention not to renew this Agreement at least 120 days before the expiration of the initial term or any successor term;

(ii) Termination of this Agreement would be permitted pursuant to sections 13.1 or 13.2 hereof;

(iii) Subfranchisee and Master Franchisee agree not to renew the Franchise;

(iv) Master Franchisee withdraws from distributing its products or services through Franchises in the geographic market served by Subfranchisee.

(v) At the time of renewal, Subfranchisee or any Principal Equity Operator has been convicted of a felony or a crime involving moral turpitude, consumer fraud or any other offense that is reasonably likely, in Master Franchisee's judgment, to have a materially adverse effect on the Marks, the System, or the goodwill associated with the Marks or System; or

(d) As a condition to renewing Subfranchisee's rights, duties and obligations hereunder, not later than 90 days before the end of the term that is expiring, Subfranchisee and Master Franchisee must sign either (i) Master Franchisee's then-current standard Subfranchise Agreement modified by addendum to remove provisions that only apply to a new Subfranchisee, such as Initial Subfranchise Fee and initial training requirements ("Renewal Subfranchise Agreement") or (ii) an addendum to this Agreement extending its term for an additional 10 year term. IN ADDITION TO NOT GRANTING ANY ADDITIONAL RIGHTS BEYOND THOSE GRANTED IN THIS AGREEMENT, THE RENEWAL SUBFRANCHISE AGREEMENT MAY CONTAIN OTHER TERMS THAT ARE SUBSTANTIALLY DIFFERENT FROM THOSE IN THIS AGREEMENT. The Renewal Subfranchise Agreement, when executed, will supersede this Agreement.

(e) At the time of renewal, Subfranchisee must have satisfied all monetary obligations owed by Subfranchisee to Master Franchisee and to Master Franchisee's affiliates and all other material obligations under this Agreement, and Master Franchisee may examine Subfranchisee's books and records to verify compliance with this requirement anytime during normal business hours within 120 days of Subfranchisee's renewal date.

(f) Before or not later than 90 days after Subfranchisee's execution of a Renewal Subfranchise Agreement for an additional term, Subfranchisee must make such physical modifications to Subfranchisee's BHC Store as are reasonably necessary so that they are substantially consistent with the then current System requirements, and so that they can accommodate new BHC Products, if any. Subfranchisee must also bring Subfranchisee's BHC Store and equipment, materials, and supplies into compliance with the standards then applicable to new BHC franchises.

(g) When Subfranchisee signs the Renewal Subfranchise Agreement, Subfranchisee must pay Master Franchisee a "Renewal Fee" of $5,000.

6. TRAINING AND ASSISTANCE

6.1 Initial Training.

(a) It is critically important for Subfranchisee's General Manager and Principal Equity Operators to understand the Subfranchised Business and the System, and for Subfranchisee's General Manager and other key employees to have been trained how to operate the Subfranchised Business. Accordingly, Master Franchisee will provide to Subfranchisee's General Manager and at least one of Subfranchisee's Principal Equity Operators, an initial training program prior to the opening of the BHC Store, which lasts for six (6) days (a number of days may vary depending on the Subfranchisee's experience and needs as determined by Master Franchisee in its sole discretion) ("Initial Training"), providing an orientation to the System and instructions on how to operate the Subfranchised Business. The fee for the Initial Training is $8,000 up to two (2) persons, excluding travel expenses ("Initial Training Fee"). Unless there are extenuating circumstances which, in Master Franchisee's reasonable determination, justify a delay (including Force Majeure), Subfranchisee's required trainees must attend the Initial Training offered by Master Franchisee. Subfranchisee may not open and operate Subfranchisee's BHC Store until Subfranchisee's General Manager has satisfactorily completed Initial Training. Subfranchisee acknowledges and agrees only Master Franchisee may determine whether Subfranchisee's General Manager satisfactorily completes Initial Training.

(b) The failure of Subfranchisee's General Manager to complete Initial Training to Master Franchisee's satisfaction will be grounds for termination of this Agreement; provided, however, before this Agreement is so terminated, Subfranchisee's General Manager who fails to successfully complete Initial Training will be offered the opportunity to retake Initial Training or Subfranchisee may send a replacement General Manager, approved by Master Franchisee, to the next available Initial Training program.

(c) The Initial Training course will be structured to provide practical training in the implementation and operation of the Subfranchised Business and may include such topics as System procedures, standards, marketing and customer service techniques, reports, and equipment maintenance. Master Franchisee will determine the contents and manner of conducting the Initial Training.

(d) The Subfranchisee is responsible for all transportation, daily allowances, and other costs and expenses for the Master Franchisee's trainer(s) to train the Subfranchisee's personnel at BHC Store or such other location as designated by Master Franchisee.

6.2 Training and Assistance after Opening.

(a) After Subfranchisee opens and begins operating the Subfranchised Business at the BHC Store, Master Franchisee will provide Subfranchisee with telephone and e-mail assistance at Subfranchisee's request or otherwise as Master Franchisee deems necessary to instruct in all phases of the operation of the Subfranchised Business. Master Franchisee's representatives may visit Subfranchisee's BHC Store from time to time, but the frequency and duration of any such visits by Master Franchisee's representatives is in Master Franchisee's sole discretion.

(b) After Subfranchisee opens and begins operating the Subfranchised Business at the BHC Store, and upon reasonable notice, Master Franchisee may require attendance of Subfranchisee's designated personnel at training courses, seminars, conferences, or other programs other than Initial Training or mandatory meetings that Master Franchisee deem to be relevant or appropriate to the operation of the Subfranchised Business. Subfranchisee specifically agrees that only persons trained by Master Franchisee or under Master Franchisee's supervision will have overall responsibility for the operation of the BHC Store and Subfranchised Business, and that Subfranchisee will send its General Manager, Principal Equity Operators, and other manager-level employees to Master Franchisee for additional training if Master Franchisee requests this. Subfranchisee shall be responsible for all accommodation, transportation, meals, daily allowances, and other costs and expenses for the Master Franchisee's trainer(s) to train the Subfranchisee's personnel at BHC Store or such other location as designated by Master Franchisee in connection with such additional trainings.

(c) In addition to updates to the Operations Manual, Master Franchisee may provide Subfranchisee with additional materials relating to the Subfranchised Business. Master Franchisee may also from time to time make available to Subfranchisee for purchase other materials relevant to the BHC Store, the Subfranchised Business, and the System.

(d) All costs and expenses (including travel, hotel, and meal) of Subfranchisee's attendees at any post-opening training, additional training, conferences, or meetings will be Subfranchisee's sole responsibility. All persons attending post-opening training, conferences or meetings on Subfranchisee's behalf must have a demonstrable relationship to the management and operation of Subfranchisee's BHC Store.

(e) In the event of a Transfer of Subfranchisee's rights, duties, and obligations under this Agreement (which must be done in full compliance with section 12.2 of this Agreement), the transferee's key personnel must be trained by Master Franchisee as a condition of Master Franchisee's consent to such Transfer. The transferred BHC Store may not be operated by the transferee until Master Franchisee accepts the transferee in writing as being qualified to operate the BHC Store and the Subfranchised Business and Master Franchisee has otherwise consented to the Transfer in accordance with this Agreement.

6.3 Proprietary Materials.

At Initial Training and other training programs and conferences, Master Franchisee may provide Subfranchisee with Proprietary Information, as well as training materials, training curricula and related materials for Subfranchisee's use in training Subfranchisee's staff. All of these items are and will remain Master Franchisee's sole and exclusive property. Subfranchisee must not, nor allow its employees or others to, copy, reproduce, disseminate, or otherwise reveal to third parties any Proprietary Information and related materials, without Master Franchisee's express prior written consent.

7. OPENING OF BHC STORE AND SUBFRANCHISED BUSINESS

7.1 Subfranchisee's BHC Store.

The Subfranchised Business may only be operated by Subfranchisee at or from Subfranchisee's BHC Store. If Subfranchisee's BHC Store has not been identified when Subfranchisee signs this Agreement, the exact location of Subfranchisee's BHC Store will be inserted into a restated Exhibit 1 attached to this Agreement as soon as its location has been determined. In order to promote the orderly and timely service of BHC customers, Subfranchisee may not cater or deliver BHC Products outside Subfranchisee's Territory without Master Franchisee's prior written consent. Due to landlord obligations under other leases or other restrictions imposed by government authorities, not all BHC Products may be available to be offered to customers at some BHC Stores (including Subfranchisee's BHC Store).

7.2 Building Out Subfranchisee's BHC Store.

(a) Premises acceptable to Master Franchisee where Subfranchisee's BHC Store will be operated must be located and secured by Subfranchisee and reviewed and consented to by Master Franchisee within four (4) months after the Effective Date. Upon signing this Subfranchise Agreement, Subfranchisee must promptly locate one or more proposed sites which meet Master Franchisee's current standards and specifications. For each proposed site, Subfranchisee will submit to Master Franchisee certain information regarding the site that Master Franchisee requests. Upon receiving the information regarding a proposed site, Master Franchisee will review the information and either accept or reject the proposed site. For any site that Master Franchisee reviews, Subfranchisee must reimburse Master Franchisee for all costs and expenses that Master Franchisee incurs in reviewing the site. If Master Franchisee does not approve the proposed site within 30 days after Subfranchisee's complete submission of the requested information (or 15 days after Subfranchisee provides any supplemental information Master Franchisee requests), the site will be deemed rejected. If Master Franchisee disapproves, Subfranchisee must promptly propose an alternative location. Master Franchisee does not locate sites for Subfranchisee. However, Master Franchisee may, without, obligation, assist Subfranchisee in locating or evaluating a site for a reasonable fee. If Subfranchisee has not located a site for Subfranchisee's BHC Store that is acceptable to Master Franchisee within four (4) months after the Effective Date, Master Franchisee may cancel this Agreement on the basis of Subfranchisee's failing to find an acceptable site.

(b) Subfranchisee must build out Subfranchisee's BHC Store (and commence operation of the Subfranchised Business there) within ten (10) months after Master Franchisee approves the BHC

Store premises, using architects, project managers, contractors, subcontractors, architectural plans, and key equipment suppliers reasonably acceptable to Master Franchisee. Subfranchisee must commence operation of the Subfranchised Business at Subfranchisee's BHC Store as soon as practicable after Subfranchisee's receipt of a certificate of occupancy (or equivalent document) from the responsible local government authority. If after Subfranchisee has located and secured suitable premises (that Master Franchisee consents to) for its BHC Store, Subfranchisee has not commenced operation of the Subfranchised Business within fourteen (14) months after the Effective Date, Master Franchisee may terminate this Agreement effective on written notice.

(c) Master Franchisee may, but is not obligated to, assist Subfranchisee in the site selection process. However, Master Franchisee reserves the sole right of final review and consent to any location of the BHC Store. Master Franchisee uses available demographic information to evaluate the site and the area in which it is located, and analyze area income figures, traffic patterns, visibility, population density, competition, zoning, parking, accessibility, and other related, relevant circumstances. Master Franchisee's final review and consent to the location of Subfranchisee's BHC Store is not a guarantee that a BHC business can be successfully operated there or anywhere else.

(d) Master Franchisee will provide Subfranchisee with a sample prototype layout for the BHC Store. Master Franchisee will provide Subfranchisee a floor plan. Subfranchisee must pay Master Franchisee for all costs and expenses that Master Franchisee incurs in providing the site design review fee of $2,500 ("Site Design Review Fee") and a separate site review fee of $2,000 to $4,000 ("Site Review Fee"). At Subfranchisee's sole expense, Subfranchisee must employ directly architects, designers, engineers, or others as reasonably acceptable to Master Franchisee to complete, adapt, modify, or substitute the sample plans and specifications for the BHC Store, and review and monitor all licensing related matters. Master Subfranchisee shall be solely responsible for acquiring all of the necessary permits and licenses, including but not limited to permits related to structural reinforcement, grease interceptors, and parking. The architect must submit a complete set of final plans and specifications to Master Franchisee before commencing leasehold improvement of the BHC Store. Master Franchisee will review these plans and specifications promptly and accept them as stated or provide Subfranchisee with Master Franchisee's comments on the plans and specifications. Master Franchisee will have complete and uncontested control over the design of the BHC Store and Subfranchisee may not modify the design or choose third party designers without Master Franchisee's express written consent. Subfranchisee may not commence leasehold improvement of the BHC Store until Master Franchisee consents in writing to the final plans, specifications, and contractors to be used in constructing the BHC Store. Master Franchisee will consult with Subfranchisee, to the extent Master Franchisee deems necessary, on the leasehold improvement and equipping of the BHC Store (and Master Franchisee may require the BHC Store to have a certain color scheme and decorative trade dress), but it is and will remain Subfranchisee's sole responsibility to diligently construct, equip and otherwise make ready, and then open the BHC Store. Subfranchisee is responsible, at Subfranchisee's expense, for obtaining all zoning classifications, permits, clearances, certificates of occupancy and center clearances which may be required by governmental authorities and to comply with all covenants, conditions, easements, and restrictions of record.

(e) Subfranchisee must use licensed general contractors, designers, vendors, and architects accepted by Master Franchisee before performing leasehold improvement work at Subfranchisee's BHC Store. Master Franchisee expressly disclaims any representation or warranty of the quality of any goods or services provided by architects, contractors, or any other persons or entities which Master Franchisee may refer to Subfranchisee, including any warranty as to merchantability or fitness for any particular purpose. Master Franchisee is not responsible for delays in the leasehold improvement, equipping or decoration of the BHC Store or for any loss resulting from the BHC Store design or leasehold improvement since Master Franchisee has no control over the landlord or developer and numerous leasehold improvement-related problems which could occur, consequently delaying the opening of Subfranchisee's BHC Store. Master Franchisee must approve in writing any and all changes in the BHC Store plans prior to leasehold improvement of the BHC Store or the implementation of such changes.

(f) Master Franchisee must have access to Subfranchisee's BHC Store while work is in progress. Master Franchisee may make video records of leasehold improvement in process and may require such reasonable alterations to or modifications in the leasehold improvement of the BHC Store that Master Franchisee deems necessary. Subfranchisee's failure to promptly commence and diligently complete the design, leasehold improvement, inventorying, equipping, and opening of the BHC Store will be a material breach of this Agreement. Before the BHC Store opens to retail customers and before final inspections by any governmental agency, Master Franchisee will visit the site of BHC Store for three (3) on-site visits and complete a final "walk through" inspection of the BHC Store and issue a written consent to open. Any deficiencies noted by Master Franchisee as a result of this inspection must be corrected by Subfranchisee within 30 days or this Agreement may be terminated without any liability to Master Franchisee. Subfranchisee shall be responsible for such inspection fee of USD $600, all accommodation, transportation, meals, daily allowances, and other costs and expenses for the Master Franchisee's personnel in connection with such visits on site but up to three times per BHC Store only.

(g) Unless otherwise agreed to in writing by Subfranchisee and Master Franchisee, Subfranchisee has the sole responsibility for locating, securing, and obtaining suitable premises for Subfranchisee's BHC Store. Subfranchisee and Subfranchisee's landlord will be required by Master Franchisee to execute an addendum to Subfranchisee's lease (or other written agreement or written understanding incorporated in, or attached as a rider to, the lease) that (i) grants Master Franchisee an option to assume Subfranchisee's position as lessee under the lease for the BHC Store premises if Subfranchisee is in material breach of either the lease for the BHC Store premises (including an obligation of the landlord to notify Master Franchisee if Subfranchisee is in such breach) or this Agreement, (ii) grants Master Franchisee the right to assign the lease to a bona fide Subfranchisee of the System after assuming the lease, and (iii) requires the landlord to fully cooperate with Master Franchisee in completing de-identification of the BHC Store if this Agreement is terminated or expires without being renewed and Master Franchisee does not exercise its option to assume the lease for the BHC Store premises. The Addendum to Lease is attached as Exhibit 5.

(h) Master Franchisee has the right to regularly inspect Subfranchisee's BHC Store and any other site where Subfranchisee conducts the Subfranchised Business.

7.3 Equipment and Inventory.

(a) Throughout the term of this Agreement, Subfranchisee must purchase, and maintain equipment and inventory as needed to meet reasonably anticipated consumer demand of the BHC Products. Subfranchisee must also purchase and sell ancillary products, which may include books, specialty foods, packaged foods, books, hats, t-shirts, and novelty items, as we periodically specify, for sale at your BHC Store ("**Ancillary Products**"). To ensure highest degree of consistency, service, and quality, Subfranchisee must practice and conform to the standards, operating procedures, specifications, and rules Master Franchisee has established for the operation of a BHC Store, as modified by Master Franchisee from time to time) including specifications as to ingredients, brand names, preparation, and presentation ("**Standards**"). Subfranchisee must purchase all products that Subfranchisee offers from Subfranchisee's BHC Store, including products which bear any of the Marks, solely and exclusively from Master Franchisee, or Master Franchisee's designated supplier.

(b) Before opening the BHC Store, Subfranchisee must purchase opening inventory of merchandise and supplies that includes certain proprietary products that Subfranchisee must purchase from Master Franchisee and Master Franchisee's affiliates.

(c) Master Franchisee will provide Subfranchisee with a list of approved manufacturers, suppliers, and distributors ("**Approved Suppliers List**") and approved inventory products, fixtures, furniture, equipment, signs, stationery, supplies and other items or services necessary to operate the BHC Store ("**Approved Supplies List**"). The Approved Supplies List may specify a required manufacturer or supplier of a specific product or piece of equipment. Master Franchisee reserves the right to designate a required source of supply for certain products and supplies, and Master Franchisee or an affiliate may be a required source. The lists also may include other specific products without reference to a particular manufacturer or supplier, or they may set forth the specifications and/or standards for other approved products. Master Franchisee may revise the Approved Suppliers List and Approved Supplies List. Master Franchisee gives Subfranchisee the approved lists as Master Franchisee deems advisable. Master Franchisee generally does not give these lists to approved suppliers. Master Franchisee will provide contact information for Subfranchisee's distributors and/or manufacturers of all products offered at the BHC Store. Except where Master Franchisee identifies a sole single source, if Subfranchisee proposes to use in the operation of Subfranchisee's BHC Store any product, supply, material, furnishing or equipment which has not yet been approved by Master Franchisee as conforming to Master Franchisee's specifications and quality and system standards ("**Alternative Supplies**") and/or from a supplier not yet approved in writing by Master Franchisee ("**Alternative Supplier**"), Subfranchisee must first notify Master Franchisee in writing and must submit to Master Franchisee, upon request, sufficient information, specifications, and samples so that Master Franchisee can determine whether the item or service complies with System standards or the supplier meets Master Franchisee's supplier criteria. Master Franchisee will provide Subfranchisee with written approval or disapproval within a reasonable time period (typically 30 days).

(d) Subfranchisee may not use any product, supply, material, furnishing or equipment that Master Franchisee has not approved. Supplier approval will depend on product quality, delivery frequency and reliability, service standards, financial capability, customer relations, concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier's willingness to pay us or our affiliates for the right to do business with Master Franchisee's System. Master Franchisee may inspect or re-inspect the facilities and products of any approved supplier and revoke Master Franchisee's approval if the supplier fails to continue to meet Master Franchisee's criteria and specifications.

(e) As a condition of approval, Subfranchisee and/or any supplier must reimburse Master Franchisee for all costs and expenses incurred by us associated with any testing, including travel and lodging expenses incurred where we deem it necessary to visit a supplier's facilities.

(f) Nothing contained in this Disclosure Document or in Subfranchise Agreement requires Master Franchisee to approve an inordinate number of suppliers of a given item or approve suppliers, which, in Master Franchisee's reasonable judgment, would result in higher costs to Subfranchisees or prevent, in Master Franchisee's sole judgment, our effective and economical supervision of suppliers.

(g) Master Franchisee and Master Franchisee's affiliates have the right to receive payments, rebates, and other forms of consideration from suppliers based upon Subfranchisee's (and other Subfranchisees') purchases of goods, products, and services as described in this section, as well as in connection with any future purchases of any goods, products, and services. Most of these payments are calculated as an amount based on products sold to Subfranchisee and Master Franchisee affiliate-owned BHC Stores. Master Franchisee will retain and use such payments as we deem appropriate or as required by the vendor or by manufacturers.

(h) Master Franchisee may negotiate prices for numerous products for the benefit of the System but not on behalf of individual Subfranchisees. Currently, there is no purchasing or distribution cooperative, but Master Franchisee reserves the right to create a cooperative and require Subfranchisee to participate. Master Franchisee may receive volume discounts for the System which Master Franchisee will pass through to the Subfranchisees. Beyond these discounts, Master Franchisee do not provide material benefits to Subfranchisee because of Subfranchisee's use of approved suppliers.

8. OPERATION OF SUBFRANCHISED BUSINESS

8.1 Operational Requirements.

(a) At all times, and subject to applicable state law and regulations, Subfranchisee must be, or employ, a General Manager who will devote his or her entire time during normal business hours, as defined in the Operations Manual, to the management, operation, and development of the Subfranchised Business. The General Manager must ensure that Subfranchisee fulfill its obligations to Subfranchisee's customers in a timely and professional manner and he or she may not engage in any other business requiring his or her active participation during normal business hours. At least one Principal Equity Operator, with or through the General Manager, must participate personally in the direct operation of the BHC Store.

(b) Subfranchisee must sell to customers at Subfranchisee's BHC Store BHC Products and other food and beverages specified in Master Franchisee's then authorized menu, and related products and accessories supplied by designated vendors and approved suppliers for resale by Subfranchisee at Subfranchisee's BHC Store in accordance with this Agreement and the Operations Manual (as periodically amended by Master Franchisee). Subfranchisee must only operate the Subfranchised Business at Subfranchisee's BHC Store, in strict accordance with the procedures set forth in the Operations Manual or otherwise provided to Subfranchisee by Master Franchisee in writing. Subfranchisee must maintain an adequate level of supplies and inventory in order to properly operate Subfranchisee's BHC Store. Online ordering by customers of BHC Products may only be made through the authorized page on Master Franchisee's website. Subfranchisee must use the standard signs and formats that Master Franchisee prescribes in operating the BHC Store and conducting the Subfranchised Business.

(c) To protect and maintain the integrity, reputation and goodwill of the System and the Marks, Master Franchisee requires that Subfranchisee comply with the methodology Master Franchisee prescribes in providing BHC Products to customers. To enhance uniformity in the delivery of goods and services to retail customers by Master Franchisee's Subfranchisees and the strength of Master Franchisee's Marks in inter-brand competition, and subject to applicable federal and state antitrust laws, Master Franchisee may recommend retail prices for specific BHC Products and other products and services Master Franchisee authorize for sale at Subfranchisee's BHC Store. If Master Franchisee does so, Subfranchisee may not advertise or promote (whether by telephone, printed materials, or any other media, including social media) retail prices that are inconsistent with these recommended prices. Also, to the extent permitted by federal and state law applicable to the BHC Store, Master Franchisee may designate maximum and minimum retail prices to be charged for BHC Products.

(d) Subfranchisee's BHC Store must be open on a full-time basis in accordance with the hours of operation as designated by Master Franchisee. The obligation to remain open will not apply if Subfranchisee experiences a Force Majeure.

(e) If the BHC Store is configured for the on-premises consumption of beer and wine, Subfranchisee must obtain and maintain the necessary licenses and permits from Subfranchisee's state or local agency regulating the on- premises sale and consumption of beer and wine to permit Subfranchisee to offer and sell at the BHC Store beer and wine as authorized in the Operations Manual (or otherwise by Master Franchisee in writing). The costs of these licenses and permits vary, but it is Subfranchisee's responsibility to determine exactly what this liquor license will cost. Subfranchisee must always supervise its employees to make sure Subfranchisee's customers are served and consume alcoholic beverages responsibly. Subfranchisee must also always employ and maintain enough security personnel on and near the BHC Store premises to provide adequate care and custody of Subfranchisee's customers.

(f) Subfranchisee must promptly satisfy any bona fide indebtedness that Subfranchisee incurs in operating the BHC Store and the Subfranchised Business. Contractors, subcontractors, vendors, and suppliers providing services to Subfranchisee must be paid in accordance with the terms of their agreements with Subfranchisee.

(g) Subfranchisee must notify Master Franchisee in writing within 10 business days after Subfranchisee receives actual notice of the commencement of any investigation, action, suit, or other proceeding, or the issuance of any order, writ, injunction, award, or other decree of any court, agency, or other governmental authority that pertains to the BHC Store or the Subfranchised Business, or that may adversely affect Subfranchisee's operations at the BHC Store or Subfranchisee's ability to meet its obligations under this Agreement.

(h) If anything occurs at the BHC Store or in the Territory that causes or may cause harm or injury to retail customers or Subfranchisee's employees, or that may damage the System, Marks, or image or reputation of the Subfranchised Business or Master Franchisee or Master Franchisee's affiliates, Subfranchisee must immediately inform Master Franchisee's designated contact person by telephone, e-mail, text, or other electronic messaging medium authorized by Master Franchisee for this purpose. Subfranchisee must cooperate fully with Master Franchisee in any response to an incident described in this section 8.1(h).

(i) If there is any bona fide dispute as to any liability for taxes assessed or other indebtedness, Subfranchisee may contest the validity of the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, Subfranchisee may not permit a tax sale or seizure by levy or similar writ or warrant, or attachment by a creditor to occur against the premises of the BHC Store or any of its improvements.

(j) Without Master Franchisee's prior written consent, Subfranchisee may not engage in any "Co-branding" (as specified below) with other businesses nor allow subtenants in the BHC Store. Master Franchisee is not required to approve any Co-branding chain or arrangement except in Master Franchisee's discretion, and only if Master Franchisee recognizes that Co-branding chain as an approved co-brand for operation within the System. "Co-branding" means the operation of an independent business, product line or operating system owned or licensed by another entity (not Master Franchisee) featured or incorporated within Subfranchisee's BHC Store or the Subfranchised Business operated by Subfranchisee in the Territory or adjacent to the BHC Store and operated in a manner likely to cause the public to perceive it to be related to the BHC Store and Subfranchised Business licensed to Subfranchisee hereunder.

(k) Subfranchisee agrees to diligently consider customer reviews and respond to customer indications of dissatisfaction with services rendered by Subfranchisee in a diligent and professional manner and agrees to cooperate with representatives of Master Franchisee in any investigation undertaken by Master Franchisee of complaints respecting Subfranchisee's activities.

8.2 Operations Manual.

(a) Subfranchisee must operate the Subfranchised Business in accordance with the Operations Manual, a copy of which will be loaned to Subfranchisee (and Subfranchisee may be given access to a digital copy of the Operations Manual on or through Master Franchisee's website). Subfranchisee may also be provided with a hard copy of all or portions of the Operations Manual at Initial Training or afterwards. Master Franchisee has the right to modify the Operations Manual at any time by the addition, deletion, or other modification of the provisions thereof. All such additions, deletions or modifications are effective on such date as designated by Master Franchisee after delivery to Subfranchisee or the digital copy maintained on Master Franchisee's website is changed.

(b) All additions, deletions or modifications to the Operations Manual are equally applicable to all similarly situated BHC Subfranchisees. As periodically modified by Master Franchisee, the Operations Manual will be deemed to be an integral part of this Agreement and references to the Operations Manual made in this Agreement, or in any amendments or exhibits hereto, are deemed to mean the Operations Manual. If there is any discrepancy or dispute about the version of the Operations Manual that Subfranchisee may have printed and maintain, the master copy of the Operations Manual that Master Franchisee maintains at its headquarters will be the controlling version and will supersede all prior versions.

(c) If Subfranchisee loses printed portions of, or allows unauthorized access to or duplication of, the Operations Manual or any other confidential manuals or proprietary materials loaned to

Subfranchisee by Master Franchisee, Subfranchisee will be deemed to be in material breach of this Agreement and all other agreements Subfranchisee has with Master Franchisee and its affiliated entities.

(d) Upon the expiration, termination, or cancellation of this Agreement for any reason, Subfranchisee, the General Manager, and any other employee having possession thereof, must immediately return to Master Franchisee any printed portions of the Operations Manual then in Subfranchisee's or their possession. Except as specifically permitted by Master Franchisee, at no time may Subfranchisee or Subfranchisee's employees or agents (i) make, or cause to be made, any copies or reproductions of all or any portion of the Operations Manual, (ii) give online access to the Operations Manual to unauthorized persons, or (iii) disclose any part of the Operations Manual to any other person except Subfranchisee's authorized employees and agents when required in the operation of the BHC Store and the Subfranchised Business. Subfranchisee must also permanently erase anything relating to Master Franchisee or the Subfranchised Business from any computers and other media storage devices Subfranchisee retain after expiration, cancellation, or termination of this Agreement.

8.3 Menu and Standards of Operation.

(a) A standard menu format and menu items (including new items) is required by Master Franchisee and must be used by Subfranchisee. Any changes, additions, or deletions in the menu format to be used at the BHC Store must be approved in writing by Master Franchisee prior to its use by Subfranchisee. Subfranchisee agrees to indemnify and hold Master Franchisee and Master Franchisee's affiliated entities, equity owners, managers, officers, employees, and agents harmless from and against any and all loss, damage, cost, or expense, including reasonable attorney's fees, resulting from any change Subfranchisee makes in the standard menu or for any deviation of Subfranchisee's products from the descriptions contained in Master Franchisee's approved menu. Master Franchisee may change the standard menu format at any time.

(b) To enhance the customer experience at the BHC Store and to protect Master Franchisee's reputation, Master Franchisee is entitled to prescribe standard uniforms and attire for all of Subfranchisee's personnel. Subfranchisee is required to obtain such uniforms and attire only from an e-BHC Store set up by Master Franchisee or from other designated or approved manufacturers or distributors.

(c) Subfranchisee agrees that Master Franchisee, Subfranchisee, and everyone else involved in the System benefits from the maintenance of the highest standards of uniformity, quality, similar appearance, and prominent display of the Marks at Subfranchisee's BHC Store and elsewhere in Subfranchisee's Territory. Therefore, Subfranchisee agrees to maintain the uniform standards of quality, appearance, and display of the Marks in strict accordance with this Agreement and the Operations Manual as it may be periodically revised, or as Master Franchisee may otherwise direct in writing. To assist Master Franchisee in maintaining consumer brand recognition through advertising and an effective network of Subfranchisees, Subfranchisee specifically agrees it will not display the Marks except in the manner Master Franchisee authorizes.

8.4 Computer System.

(a) Subfranchisee must purchase, use, and maintain the computerized point of sale cash collection system and integrated business computer (including all related hardware and software) as specified in the Operations Manual or otherwise by Master Franchisee in writing for use at the BHC Store (the "Computer System"). The Computer System must always be powered on and connected to a dedicated high-speed communications medium specified by Master Franchisee, capable of accessing the Internet for the purpose of implementing software, transmitting, and receiving data, accessing the Internet in the manner designated by Master Franchisee in the Operations Manual or otherwise in writing. Subfranchisee must obtain and maintain an annual maintenance agreement with the manufacturer or distributor of the Computer System. The Computer System must be electronically linked to Master Franchisee. Master Franchisee may electronically access the Computer System and any of Subfranchisee's Internet domain names or email addresses on a daily or other basis at such times and in such manner as determined by Master Franchisee, with or without notice, to retrieve such transaction information including sales, sales mix, usage, and other operations data as Master Franchisee deems appropriate. Subfranchisee must ensure that only adequately trained employees conduct transactions using the Computer System. Within a reasonable time upon Master Franchisee's request, Subfranchisee must apply for and maintain debit cards, credit cards or other non-cash systems existing or developed in the future to enable customers to purchase BHC Products via such procedure, as specified by Master Franchisee. Master Franchisee may require Subfranchisee to update, upgrade or replace the Computer System, including hardware or software, periodically upon written notice. The Computer System must also be configured and enabled to send daily and weekly sales reports to the email address provided by Master Franchisee.

(b) Master Franchisee may designate the computer software to be used in the operation of the Computer System ("Designated Software"). If Master Franchisee does so, Subfranchisee must license or sublicense such Designated Software from Master Franchisee's designee and enter into a software license agreement on the software licensor's then-current form and pay any related license or maintenance fees. Subfranchisee may also be required to purchase any upgrades, enhancements, or replacements to the Designated Software. Subfranchisee must incorporate any required modifications or additions within such time as stated in the notice sent by Master Franchisee.

(c) Subfranchisee may not install, and must prohibit others from installing, unauthorized software on the Computer System. Subfranchisee must take all commercially reasonable measures to ensure no malicious code, malware or other unauthorized code or software is installed on, or transmitted by, the Computer System. Subfranchisee must always communicate to Master Franchisee all passwords, access keys and other security devices or systems necessary to permit Master Franchisee to access the Computer System and obtain the data Master Franchisee is permitted to obtain under this Agreement, including accounting, sales, marketing, client, and other information to assist in and support the operation of the Subfranchised Business.

(d) All information on the Computer System, including customer data and contact information, is Master Franchisee's property and Subfranchisee consents to Master Franchisee using this information in any way Master Franchisee sees fit subject to any privacy laws and policies, including to market other products and services not constituting BHC Products or other products and services specifically authorized by Master Franchisee.

(e) Master Franchisee may disclose information relating to Subfranchisee's operation of the Subfranchised Business, including, but not limited to, Gross Revenues, customer counts, and other related data, to future prospective Subfranchisees.

8.5 Maintenance, Upgrades and Refurbishments to the BHC Store.

(a) Master Franchisee requires Subfranchisee to maintain and periodically refurbish the BHC Store to conform to the then- current building design, Trade Dress, and color schemes then applicable for a BHC Store. Such maintenance and refurbishment may require expenditures by Subfranchisee on, among other things, structural changes, installing new equipment, remodeling, redecoration and modifications to existing improvements and such modifications as may be necessary to comply with System-wide standards then in effect for BHC Stores or to accommodate new BHC Products. Accordingly, Subfranchisee must (i) maintain all equipment used at the BHC Store on an as needed basis, (ii) immediately and completely resolve to Master Franchisee's satisfaction any maintenance deficiencies Master Franchisee identifies and (iii) make all upgrades to equipment and any technology used in BHC Store that Master Franchisee may require.

(b) Master Franchisee may periodically require Subfranchisee to update the Trade Dress used at the BHC Store. Such updates will be contained in the Operations Manual or otherwise provided to Subfranchisee in writing. Such updates may require Subfranchisee to install new color schemes, logos, signage, or other visual elements. Master Franchisee anticipates that such Trade Dress updates will be required no more frequently than once every five years.

(c) Subfranchisee will always be required to make upgrades and refurbishments to the BHC Store before renewing the Franchise pursuant to section 5.2(f) of this Agreement. Otherwise, Master Franchisee will only require the types of modifications and expenditures described in sections 8.5(a) and 8.5(b) if Master Franchisee makes a good faith determination that the BHC Store is substantially inconsistent with prevailing System-wide standards (including the Trade Dress, safety issues regarding customers and employees, the overall condition of the BHC Store, or the type, quality or condition of the equipment needed to adequately prepare, promote and sell BHC Products) and that, as a result of its appearance or condition, the BHC Store is either (i) not adequately positioned to promote and sell BHC Products as then required or (ii) damaging the integrity of the BHC image, brand or Marks.

8.6 Relocation of Subfranchisee's BHC Store.

(a) If Subfranchisee desires to relocate the BHC Store, Subfranchisee may do so provided that not less than 90 days prior to the desired date of relocation (unless prior notice is impractical because of a required relocation in which event notice must be given as soon as possible), Subfranchisee makes a written request for consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new location.

(b) Within 20 business days after receiving Subfranchisee's request, Master Franchisee will either approve or disapprove in writing such closure or relocation. If Master Franchisee disapproves a proposed relocation, Subfranchisee may request an alternative proposed new location for Subfranchisee's BHC Store pursuant to the provisions of this section 8.6.

(c) Subfranchisee and the landlord may be required to execute a rider to Subfranchisee's lease for the new location for the BHC Store (or other agreement or written understanding) that (i) grants

Master Franchisee an option to assume Subfranchisee's position as lessee under the lease for the relocated BHC Store premises if Subfranchisee is in material breach of either the lease for the relocated BHC Store premises (including an obligation of the landlord to notify Master Franchisee if Subfranchisee is in such breach) or this Agreement, (ii) grants Master Franchisee the right to assign the lease to a bona fide Subfranchisee of the System after assuming the lease and (iii) requires the landlord to fully cooperate with Master Franchisee in completing de-identification of the relocated BHC Store in the event this Agreement is terminated or expires without being renewed and Master Franchisee does not exercise its option to assume the lease for the relocated BHC Store premises.

8.7 Record Keeping and Reporting Requirements.

(a) Not later than 10 business days after Master Franchisee requests them, Subfranchisee must submit to Master Franchisee financial or statistical reports, records, statements, or information as required in the Operations Manual or otherwise by Master Franchisee in writing. All financial or statistical information Subfranchisee provides to Master Franchisee must be accurate and correct in all material respects.

(b) Within 90 days after the end of each of Subfranchisee's fiscal years (or any permitted extension for filing same), Subfranchisee must submit to Master Franchisee a copy of the Schedule C (IRS Form 1040 Profit and Loss Statement) or equivalent portion of Subfranchisee's federal tax return that relates to the BHC Store and Subfranchisee's operation of the Subfranchised Business.

(c) On the Effective Date (and any time thereafter that this date changes), Subfranchisee must notify Master Franchisee of Subfranchisee's fiscal year end date.

(d) Subfranchisee must maintain and preserve all books, records, and accounts of or relating to the Subfranchised Business for at least five years after the close of the fiscal year to which the books records and accounts relate.

(e) Subfranchisee shall pay $100 per occurrence or $100 per week for failure to submit required reports. Subfranchisee's bank account will be debited for failure to submit any reported report within ten (10) days of request. Fines collected are paid the Marketing and Promotion Fees contribution, if established, or to Master Franchisee. Subfranchisee will continue to incur this fee until Subfranchisee submits the required reports.

8.8 Signs and Display Materials.

(a) All signs, display materials and other materials containing the Marks must be in full compliance with the specifications provided in, and in conformity with, the Operations Manual. Master Franchisee will designate or approve the suppliers of such signs, display materials and other materials containing the Marks in accordance with Operations Manual guidelines.

(b) Subject to applicable governmental ordinances, regulations and statutes, Subfranchisee agrees to post and maintain, at the BHC Store, entirely at Subfranchisee’s expense, any minimum signage recommended by Master Franchisee. Any signage containing the Marks will be designed by a vendor Master Franchisee designates and manufactured by a vendor Master Franchisee designates or approves.

8.9 Insurance.

(a) Subfranchisee must have in effect on the Opening Date and maintain during the term of this Agreement comprehensive general liability insurance, automobile insurance, and other insurance that is legally required for Subfranchisee to operate Subfranchisee’s business (i.e., workers’ compensation insurance) or that is reasonably prudent for Subfranchisee’s type of business. Policy coverage requirements and limitations and other terms relating to insurance will be set forth in the Operations Manual. Insurance is to be placed with insurers with a current A.M. Best’s rating of no less than A: VII which are authorized to do business in the state where Subfranchisee’s BHC Store is located, unless otherwise approved in writing by Master Franchisee. Any policies of insurance that Subfranchisee maintains must contain a separate endorsement naming Master Franchisee and the Owner of the Marks (and Master Franchisee’s other affiliated companies identified by Master Franchisee in writing), and their respective shareholders, members, managers, directors, officers, employees, and agents as additional insureds to the full extent of coverage provided under the insurance policies. Subfranchisee’s insurance coverage will be primary as respects Master Franchisee, the Owner of the Marks, and other affiliated companies identified by Master Franchisee in writing, and their respective shareholders, members, managers, directors, officers, employees, and agents. Any insurance or self- insurance maintained by Master Franchisee, the Owner of the Marks, and other affiliated companies identified by Master Franchisee in writing, and their respective shareholders, members, managers, directors, officers, employees, and agents will be excess of Subfranchisee’s insurance and will not contribute with it. Subfranchisee must provide Master Franchisee a copy of the policy and endorsement upon issuance and upon every renewal. Subfranchisee hereby grants Master Franchisee a waiver of any right of subrogation which any insurer of Subfranchisee may acquire against Master Franchisee by virtue of payment of any loss under such insurance. This provision applies regardless of whether Master Franchisee has received a waiver of subrogation endorsement from the insurer. Subfranchisee’s obligation to obtain and maintain the foregoing policies of insurance in the amount specified will not be limited in any way by reason of any insurance that may be maintained by Master Franchisee, nor will Subfranchisee’s procurement of required insurance relieve it of liability under the indemnity provisions set forth in section 16.2 of this Agreement. Subfranchisee’s insurance procurement obligations under this section 8.9 are separate and independent of Subfranchisee’s indemnity obligations under section 16.2 of this Agreement.

(b) Within 30 days after the Opening Date and promptly after each succeeding anniversary of the Opening Date, Subfranchisee must promptly notify Master Franchisee of any and all claims against Subfranchisee and/or Master Franchisee under said policies of insurance and deliver to Master Franchisee a certificate evidencing such insurance is in full force and effect. Such insurance certificate must contain a statement to the effect the certificate cannot be canceled without 30 days prior written notice to Subfranchisee and to Master Franchisee. Subfranchisee must notify Master Franchisee in writing immediately regarding any cancellation, non-renewal or reduction in coverage or limits.

(c) Subfranchisee’s failure, for any reason, to procure and maintain the insurance coverage required under this Agreement, will be deemed a material breach of this Agreement.

(d) Subfranchisee must be fully covered in all areas of operating a business. If Subfranchisee does not procure and maintain the required insurance coverage Master Franchisee may, but are not required to, procure insurance coverage on Subfranchisee's behalf and to charge the costs to Subfranchisee together with a reasonable fee for the expenses Master Franchisee incurs.

8.10 Review and Inspection.

(a) Master Franchisee has the right to send representatives at reasonable intervals at any time (announced or unannounced) during normal business hours to Subfranchisee's BHC Store (or any other facility from which Subfranchisee sells BHC Products or any other offices relating to Subfranchisee's operation of the BHC Store or conduct of the Subfranchised Business) to review and inspect Subfranchisee's operations, business methods, service, management and administration at the BHC Store or relating to the Subfranchised Business, to determine the quality thereof and the faithfulness of Subfranchisee's compliance with the provisions of this Agreement and the Operations Manual and to ensure Subfranchisee is in compliance with System standards prescribed by Master Franchisee.

(b) Master Franchisee and its designated agents also have the right upon 10 days prior notice to examine, copy and audit the books and records relating to the BHC Store and Subfranchisee's operation of the Subfranchised Business. If an examination or audit discloses any underpayment of any fee, Subfranchisee must promptly pay the deficient amount plus interest calculated daily from the due date until paid at an APR of 18% (unless interest rates on delinquent payments in the state in which Subfranchisee's BHC Store is located are limited by law to a lower APR, in which case that lower APR will apply). If an examination or audit discloses an underpayment or understatement of any amount due Master Franchisee by 2% or more, or if the examination or audit is made necessary by Subfranchisee's failure to furnish required information or documents to Master Franchisee in a timely manner, or it takes Master Franchisee's auditors an unreasonable amount of time (more than eight hours) to assemble Subfranchisee's records for audit, Subfranchisee must reimburse Master Franchisee for the cost of having Subfranchisee's books and records examined or audited (this remedy will be in addition to any other rights or remedies Master Franchisee has under this Agreement or otherwise, including Master Franchisee's right to terminate this Agreement).

(c) Subfranchisee must fully cooperate in permitting Master Franchisee's representatives to access Subfranchisee's BHC Store (or any other facility from which Subfranchisee sells BHC Products or any other offices relating to Subfranchisee's conduct of the Subfranchised Business) during normal business hours to conduct reviews and inspections, and to render such assistance as Master Franchisee's representatives may reasonably request. Upon notice from Master Franchisee or Master Franchisee's representatives, Subfranchisee must immediately begin such steps as may be necessary to correct any deficiencies noted during any such inspection. Master Franchisee's representatives may re-inspect Subfranchisee's BHC Store (or other facility, if applicable) to ensure noted deficiencies have been corrected. If the deficiencies have not been corrected by the time of the initial re-inspection, Master Franchisee's representatives may make additional re-inspections thereafter until noted deficiencies have been corrected or deem the Subfranchisee to be in material breach. Subfranchisee shall be responsible for all accommodation, transportation, meals, daily allowances, and other costs and expenses for the Master Franchisee's personnel in connection with such re-inspections.

8.11 Compliance with Laws.

(a) Subfranchisee must always (i) operate the BHC Store and the Subfranchised Business in compliance with all applicable laws, rules, and regulations of applicable government authorities, (ii) comply with all applicable wage, hour and other laws and regulations of federal, state, or local governments, (iii) prepare and file all necessary tax returns, and (iv) pay promptly all taxes imposed upon Subfranchisee or upon Subfranchisee's business or property. Subfranchisee represents and warrants it will obtain and always maintain the permits, certificates, or licenses necessary to operate the BHC Store and conduct the Subfranchised Business in the city, county, and state where the BHC Store is located.

(b) Subfranchisee must immediately notify Master Franchisee of any litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving Subfranchisee, or any entity affiliated with Subfranchisee, or any agent, employee, owner, director or partner of Subfranchisee, which notification must include all relevant details in respect thereof, according to the procedures set forth in the Operations Manual.

8.12 Web Site and Internet Marketing.

(a) During the term of this Agreement, Subfranchisee will use the BHC website, and any other Internet or social media only as specifically authorized by Master Franchisee in section 6.2(a) of this Agreement, the Operations Manual or otherwise in writing to market the Subfranchised Business conducted at Subfranchisee's BHC Store and in the Territory. Subfranchisee may not during the term of this Agreement (i) establish an independent website or social networking media BHC Store dedicated to marketing the Subfranchised Business, or (ii) register an Internet domain or social networking media BHC Store name using any of the Marks.

(b) Any alternative distribution methods and programs Subfranchisee would like to use to engage in the Subfranchised Business, including e-commerce, web sites, Internet sub-dealers, tele sales and telemarketing, or any other non-retail method of distribution, is subject to Master Franchisee's prior written approval, which approval will be in Master Franchisee's sole discretion.

8.13 Intranet.

(a) Master Franchisee may, at its option, establish and maintain an "Intranet" through which (i) BHC Subfranchisees may communicate with each other, (ii) Master Franchisee and Subfranchisee may communicate with each other and (iii) Master Franchisee may disseminate the Operations Manual, updates thereto and other confidential information. Master Franchisee has full discretion and control over all aspects of any such Intranet, including the content and functionality thereof. Master Franchisee will have no obligation to maintain the Intranet indefinitely and may dismantle it at any time without liability to Subfranchisee.

(b) If establishes an Intranet, Subfranchisee must use it in strict compliance with the standards and specifications, protocols and restrictions Master Franchisee establishes regarding such use.

Such standards and specifications, protocols and restrictions may provide, restrict or otherwise relate to (i) the use of abusive, slanderous or otherwise offensive language in electronic communications, (ii) communications between or among BHC Subfranchisees that disparage Master Franchisee or endorse or encourage breach of any BHC franchise agreement, or other agreement with Master Franchisee or Master Franchisee's affiliates, (iii) confidential treatment of materials that Master Franchisee transmits via the Intranet, (iv) password protocols and other security precautions, including limitations on the number and types of employees who may be granted access to the Intranet, (v) grounds and procedures for Master Franchisee's suspending or revoking a BHC Subfranchisee's access to the Intranet, and (vi) a privacy policy governing Master Franchisee's access to and use of electronic communications that Subfranchisees post to the Intranet. Subfranchisee acknowledges that, as administrator of the Intranet, Master Franchisee can access and view any communication that any person posts on the Intranet. Subfranchisee further acknowledges that the Intranet facility and all communications posted to it are Master Franchisee's property, free of any claims of privacy or privilege that Subfranchisee or any other person may assert.

(c) Subfranchisee must establish and continually maintain (during all times that the Intranet is operational and until the termination of this Agreement) an electronic connection (the specifications of which will be specified in the Operations Manual) with the Intranet that allows Master Franchisee to send messages to, and receive messages from Subfranchisee, subject to Master Franchisee's standards and specifications.

8.14 Franchise Advisory Council.

At this time, there is no advertising council of Subfranchisees that advises us regarding advertising and promotional programs or policies for BHC Stores generally. Master Franchisee does not currently require Subfranchisees to participate in a local or regional advertising cooperative. No local or regional advertising cooperative exists in Master Franchisee's system at this time.

9. PROPRIETARY MARKS

9.1 License of the Marks.

(a) Master Franchisee hereby grants Subfranchisee the right during the term hereof to use and display the Marks in accordance with the provisions contained in this Agreement and in the Operations Manual, solely in connection with Subfranchisee's operation of the Subfranchised Business at the BHC Store, and in the Territory. Neither Subfranchisee nor any Principal Equity Operator nor any employee, agent, or representative thereof may use, display, or permit the use or display of trademarks, trade names, service marks, insignias, or logo types other than the Marks and other trademarks and service marks approved for use by Master Franchisee in connection with the Subfranchised Business. Neither Subfranchisee nor any Principal Equity Operator nor any employee, agent, or representative thereof may use or display the Marks and Intellectual Property in connection with the operation of any business or other activity that is outside the scope of the Subfranchised Business. Subfranchisee may only use the Marks and Intellectual Property on the Internet or other electronic media in the manner and as specifically authorized by Master Franchisee in the Operations Manual or otherwise in writing. Subfranchisee agrees to be responsible for and supervise all its employees and agents to insure the proper use of the Marks and Intellectual Property in compliance with this Agreement.

(b) Subfranchisee acknowledges and agrees (i) Subfranchisee's use of the Marks and Intellectual Property is a temporary authorized use under this Agreement, (ii) the Owner of the Marks retains all ownership interests in the Marks, and (iii) Master Franchisee and the Owner of the Marks retain all ownership of the goodwill generated by the Marks. Subfranchisee acknowledges that the use of the Marks outside the scope of the terms of this Agreement without Master Franchisee's written consent is an infringement of the Owner of the Marks' and Master Franchisee's exclusive right, title, and interest in and to the Marks and Intellectual Property. Subfranchisee agrees that as between Subfranchisee and Master Franchisee, all rights to use the Marks and Intellectual Property within the Subfranchised System are Master Franchisee's exclusive property. Subfranchisee now asserts no claim and will hereafter assert no claim to any goodwill, reputation, or ownership thereof because of Subfranchisee's use thereof or otherwise. It is expressly understood and agreed that ownership and title of the Trade Dress, Operations Manual and Master Franchisee's other manuals, bulletins, instruction sheets, forms, methods of operation and goodwill are and, as between Subfranchisee and Master Franchisee, remain vested solely in Master Franchisee, and the use thereof is only co-extensive with the term of this Agreement.

(c) Subfranchisee agrees that during the term of the Franchise, and after any assignment, expiration or termination of the Franchise, Subfranchisee will not, directly or indirectly, commit an act of infringement or contest or aid others in contesting the validity, distinctiveness, secondary meaning, ownership or enforceability of the Marks or Intellectual Property, or take any other action in derogation of the Marks or Intellectual Property, and that no monetary amount will be assigned as attributable to any goodwill associated with Subfranchisee's use of the System, the Marks or Intellectual Property.

(d) Subfranchisee hereby grants Master Franchisee the right at any time to use the name, image and likeness of Subfranchisee and all Principal Equity Operators for commercial purposes in connection with the marketing and promotion of the Marks, Master Franchisee's Intellectual Property, BHC Products, any BHC business location and the System, without any form of compensation or remuneration. Subfranchisee also agrees (i) to have any affected employee of Subfranchisee who is not a Principal Equity Operator sign a release in the form contained in the Operations Manual authorizing Master Franchisee to also use the employee's name, image and likeness for the purposes described in this section 9.1(d), without compensation or remuneration, and (ii) to provide Master Franchisee with a copy of such signed release. The terms of this section 9.1(d) survive termination or expiration of this Agreement.

(e) Subfranchisee acknowledges that Master Franchisee prescribes uniform standards respecting the nature and quality of BHC Products provided by Subfranchisee in connection with which the Marks are used. Nothing herein gives Subfranchisee any right, title, or interest in or to any of the Marks, except a mere privilege and license during the term hereof to display and use the same and Subfranchisee agrees that all of Subfranchisee's use of the Marks under this Agreement inures to Master Franchisee's benefit and the benefit of the Owner of the Marks.

(f) Subfranchisee agrees that all materials associated with Master Franchisee, BHC Products, Ancillary Products, or other services, artwork, graphics, layouts, slogans, names, titles, text or similar materials incorporating, or being used in connection with, the Marks which may be created by Subfranchisee, Subfranchisee's employees, agents and subcontractors and any other party with whom Subfranchisee may contract to have such materials produced pursuant to this Agreement will become the sole property of the Owner of the Marks, including copyright and trademark rights. In furtherance thereof, Subfranchisee hereby and irrevocably assigns to Master Franchisee all such materials, artwork, graphics, layouts, slogans, names, titles, text, or similar materials, whether presently or hereafter existing ("Works"). Furthermore, Subfranchisee agrees on behalf of itself, its employees, its agents, its subcontractors, and any other party with whom Subfranchisee may contract to have such materials produced, to promptly execute any and all appropriate documents in this regard. Subfranchisee acknowledges and agrees that as between Subfranchisee and Master Franchisee, all Works (and all Intellectual Property Rights in and to the Works) are owned exclusively by Master Franchisee, except as otherwise set forth herein. The Works will not entitle Subfranchisee to any Intellectual Property Rights in and to the System and the System will not become a joint work of authorship as a result of the Works under any circumstances. The Works will be considered as a "work for hire" (as defined under the United States Copyright Act), and such Works will be owned by and for the benefit of Master Franchisee. To the extent that any such Works may not constitute a work for hire, Subfranchisee hereby grants, assigns, and transfers all right, title and interest in and to such Works, including all rights in and to the Intellectual Property therein, without compensation, to Master Franchisee and agrees to execute any and all further documents and things reasonably required by Master Franchisee to effect and record such assignment. If Subfranchisee has any such rights that cannot be assigned to Master Franchisee, Subfranchisee waives the enforcement of such rights, and if Subfranchisee has any rights which cannot be assigned or waived, Subfranchisee hereby grants to Master Franchisee an exclusive, irrevocable, perpetual, worldwide, fully paid license (with right to sublicense through multiple tiers) to such rights. Subfranchisee acknowledges there are, and may be, future rights that Subfranchisee may otherwise become entitled to with respect to the Suggestions not yet existing, as well as new uses, media, means and forms of exploitation throughout the universe exploiting current or future technology yet to be developed, and Subfranchisee specifically intends the foregoing assignment of rights to Master Franchisee will include all such now known or unknown uses, media, and forms of exploitation throughout the universe.

9.2 Subfranchisee's Business Name.

(a) In connection with Subfranchisee's operation of the BHC Store, Subfranchisee agrees that at all times and in all advertising, promotions, signs and other display materials, on Subfranchisee's letterheads, business forms, and at the BHC Store and other authorized business sites, in all of Subfranchisee's business dealings related thereto and to the general public, Subfranchisee will identify the Subfranchised Business solely under a trade name containing the Mark "BHC" and authorized by Master Franchisee ("Business Name") together with the words "INDEPENDENTLY OWNED AND OPERATED" on Subfranchisee's letterhead, contract agreements, invoices, advertising and other written materials containing the Marks as Master Franchisee may direct.

(b) Subfranchisee must file and keep current a fictitious business name statement, assumed name certificate or similar document regarding Subfranchisee's Business Name in the county or other designated jurisdiction in which Subfranchisee is conducting business and at such other places as may be required by law. Before Subfranchisee commences engaging in the Subfranchised Business under the Marks, Subfranchisee must supply evidence satisfactory to Master Franchisee that Subfranchisee has complied with relevant laws regarding the use of fictitious or assumed names.

(c) On expiration or sooner termination of this Agreement, Master Franchisee may, if Subfranchisee does not do so, execute in Subfranchisee's name and on Subfranchisee's behalf all documents necessary, in Master Franchisee's judgment, to end and cause a discontinuance of the use by

Subfranchisee of the Marks and Business Name registrations and Master Franchisee is hereby irrevocably appointed and designated as Subfranchisee's attorney-in-fact to do so.

(d) Subfranchisee further agrees it will not identify itself as (i) Master Franchisee, (ii) a subsidiary, parent, division, shareholder, partner, joint venture, agent or employee of Master Franchisee or the Owner of the Marks or (iii) any of Master Franchisee's other Subfranchisees.

(e) If Subfranchisee is an entity, it cannot use the Marks "BHC" in its legal name.

9.3 Trade Secrets and Proprietary Information.

(a) Under this Agreement, Franchisor and Master Franchisee is granting Subfranchisee access to the Proprietary Information, and Franchisor or Master Franchisee's other confidential data and information. Subfranchisee acknowledges that the material and information now and hereafter provided or revealed to Subfranchisee pursuant to this Agreement (including in particular, but without limitation, the contents of the Operations Manual) are Franchisor's Trade Secrets and are revealed in confidence, and Subfranchisee expressly agrees to keep and respect the confidences so reposed, both during the term of this Agreement and thereafter. Franchisor and Master Franchisee expressly reserves all rights with respect to the Marks, Proprietary Information, methods of operation and other proprietary information, except as may be expressly granted to Subfranchisee hereby or in the Operations Manual. Master Franchisee will disclose to Subfranchisee certain Trade Secrets as reasonably needed for the operation by Subfranchisee of the Subfranchised Business by loaning to Subfranchisee, for the term of this Agreement, the Operations Manual and other written materials containing the Trade Secrets, through training and assistance provided to Subfranchisee hereunder, and by and through the performance of Master Franchisee's other obligations under this Agreement.

(b) Subfranchisee acknowledges that Master Franchisee is the sole owner of all Proprietary Information, including the Trade Secrets; that such information is being imparted to Subfranchisee only because of Subfranchisee's special status as a Subfranchisee of the System; and that the Proprietary Information is not generally known to Master Franchisee's industry or the public at large and is not known to Subfranchisee except by reason of such disclosure. Subfranchisee further acknowledges that Subfranchisee will acquire no interest in the Proprietary Information disclosed to Subfranchisee, other than the right to use it in the development and operation of the BHC Store during the term of this Agreement.

(c) Subfranchisee agrees that Subfranchisee will not do or permit any act or thing to be done in derogation of any of Master Franchisee's rights in connection with the Marks, either during the term of this Agreement or thereafter, and that Subfranchisee will use these only for the uses and in the manner Subfranchised and licensed hereunder and as herein provided. Furthermore, Subfranchisee and Subfranchisee's employees and agents will not engage in any act or conduct that impairs the goodwill associated with the Marks.

(d) Subfranchisee agrees to indemnify and hold harmless Master Franchisee from all "Losses" (as defined in section 16.2(d) below), which Master Franchisee may sustain as a result of any unauthorized use or disclosure of Proprietary Information or Marks by Subfranchisee or its employees and agents. Subfranchisee further agrees and acknowledges that the disclosure or use of Proprietary Information or Marks in a manner not authorized by this Agreement will cause immediate and irreparable damage to Master Franchisee that would be impossible or inadequate to measure and calculate and could not be fully remedied by monetary damages. Accordingly, Master Franchisee has the right to specifically enforce this Agreement and seek injunctive or other equitable relief as may be necessary or appropriate to prevent such unauthorized disclosures or use without the necessity of proving actual damages by reason of any such breach or threatened breach of this Agreement. Subfranchisee further agrees that no bond or other form of security is required to obtain such equitable relief and Subfranchisee hereby consents to the issuance of such injunction and to the ordering of specific performance. Subfranchisee further agrees and acknowledges that such remedies are in addition to any other rights or remedies, whether at law or in equity, which may be available to Master Franchisee, including monetary damages.

(e) 18 USC Section 1833(b) states: "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Accordingly, Master Franchisee and Subfranchisee will each have the right to disclose in confidence Trade Secrets to Federal, State, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. Master Franchisee and Subfranchisee also have the right to disclose Trade Secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. Section 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. Section 1833(b).

9.4 Modification of Marks and Trade Dress.

Master Franchisee may add to, substitute, or modify any or all of the Marks or Trade Dress from time to time, by directive in the Operations Manual or otherwise in writing by Master Franchisee. Subfranchisee agrees to accept, use, display, or cease using, as may be applicable, the Marks and Trade Dress, including but not limited to, any such modified or additional trade names, trademarks, service marks, logo types and commercial symbols, and must within 30 days of receiving notification, commence to implement such changes and use its best efforts to complete such changes as soon as practicable.

9.5 Mark Infringement Claims and Defense of Marks.

(a) If Subfranchisee receives notice or otherwise becomes aware of any claim, suit or demand, threatened or pending, against Subfranchisee by any party other than Master Franchisee, the Owner of the Marks or any of Master Franchisee's affiliates on account of any alleged infringement, unfair competition or similar matter arising from Subfranchisee's use of the Marks in accordance with the terms of this Agreement, or any misuse of the Marks by third parties on the Internet or otherwise, Subfranchisee agrees to immediately notify Master Franchisee of such claim, suit, demand or misuse. Subfranchisee will have no power, right or authority to settle or compromise such claim, suit, or demand by a third party or to intervene to stop misuse, without Master Franchisee's prior written consent. Master Franchisee will defend, compromise, or settle at Master Franchisee's discretion any such claim, suit or demand and take steps to stop misuse at Master Franchisee's cost and expense, using attorneys selected by Master Franchisee or the Owner of the Marks, and Subfranchisee agrees to cooperate fully in such matters.

(b) Master Franchisee will indemnify Subfranchisee and hold Subfranchisee harmless from and against any and all judgments resulting from any claim, suit or demand arising from Subfranchisee's authorized and use of the Marks or Master Franchisee's Intellectual Property in accordance with the terms of this Agreement. Master Franchisee has the sole discretion to determine whether a similar trademark or service mark that is being used by a third party is confusingly similar to the Marks or Master Franchisee's Intellectual Property being used by Subfranchisee or constitutes a misuse of the Marks or Master Franchisee's Intellectual Property, and whether and what subsequent action, if any, should be undertaken with respect to such similar trademark or service mark or misuse.

(c) Subfranchisee hereby indemnifies Master Franchisee and holds Master Franchisee harmless from and against any and all judgments resulting from any claim, suit or demand arising from Subfranchisee's unauthorized and improper use of the Marks or Master Franchisee's Intellectual Property.

10. MARKETING AND PROMOTION

10.1 Use of Marketing and Promotion Fees.

(a) In Master Franchisee's sole discretion and as Master Franchisee deems appropriate, Master Franchisee will expend, for the purposes of national, regional or local marketing, advertising, market research, public relations and promotional campaigns designed to promote and enhance the value of the Marks and general public recognition and acceptance thereof, an amount equal to the aggregate Marketing and Promotion Fees stated in section 4.4 hereof and collected from all of its Subfranchisees less a 15% administration fee. No interest on unexpended Marketing and Promotion Fees will be imputed for Subfranchisee's benefit or payable to Subfranchisee. If requested by Subfranchisee in writing not later than March 31 of any calendar year, Master Franchisee will provide Subfranchisee no later than May 31 of the same calendar year with a statement of receipts and expenditures of the aggregate Marketing and Promotion Fees relating to the preceding calendar year, certified to be correct by one of Master Franchisee's officers.

(b) In Master Franchisee's sole discretion and as Master Franchisee deems appropriate, Master Franchisee is obligated to spend the Marketing and Promotion Fees collected from Subfranchisee and all other BHC Subfranchisees (less Master Franchisee's 15% administration fee) on regional, local or national media or other marketing techniques or programs designated to promote the Marks and the retail sale of BHC Products and other aspects of the BHC brand, creative and production costs, and for other purposes deemed appropriate by Master Franchisee to enhance and promote the general recognition of BHC franchises. These may include branding and marketing studies, initiatives, and research; test marketing new products or concepts; Subfranchisee compliance with System standards and practices through a "mystery shopper" program; the development of marketing strategies, tools, initiatives, and materials; public relations; market research; annual conferences (excluding the expenses of Master Franchisee's principals and employees to travel to such conferences); and occasional selective regional and local advertising.

10.2 Advertising Content and Costs.

With respect to local, regional, or system-wide advertising, Master Franchisee determines the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location and all other matters relating to advertising, public relations, and promotional campaigns.

11. NON-COMPETITION COVENANTS

11.1 Exclusive In-Term Dealing.

(a) Subfranchisee acknowledges it will receive valuable specialized training and access to Proprietary Information, including information regarding the operational, sales, promotional and marketing methods and techniques of the System and Master Franchisee's Trade Secrets. In consideration for the use and license of such valuable information, Subfranchisee agrees that it will not during the term of this Agreement operate, manage, own, assist or hold an interest in (direct or indirect as an employee, officer, director, shareholder, manager, member, partner or otherwise), or engage in, any competing business selling goods or offering services equivalent to BHC Products or the Subfranchised Business, without Master Franchisee's express prior written consent, which consent may be withheld in Master Franchisee's sole and absolute discretion.

(b) It is the intention of both Subfranchisee and Master Franchisee that Subfranchisee maximizes the Subfranchised Business within the Territory, and any action of Subfranchisee that diverts business to another entity or diminishes the Subfranchised Business being conducted in the Territory will be a material breach of this Agreement. Accordingly, neither Subfranchisee nor any Principal Equity Operator may, either directly or indirectly, for itself or themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity, (i) divert or attempt to divert any business or customer of the Subfranchised Business to any competitor, by direct or indirect inducement or otherwise, or (ii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

11.2 Post Termination Non-Competition Covenants.

(a) For a period of two years after the date ("Termination Date") this Agreement is terminated, is canceled, or expires without renewal pursuant to section 5.2 of this Agreement, Subfranchisee agrees that neither Subfranchisee nor any Principal Equity Operator will (either directly or indirectly, for itself or themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity) operate, manage, own, assist or hold an interest in (direct or indirect as an employee, officer, director, shareowner, partner or otherwise), or engage in, any competing business selling goods or offering services equivalent to BHC Products or the Subfranchised Business, within a radius of 25 miles of Subfranchisee's Territory or any other authorized retail location selling BHC Products, without Master Franchisee's express prior written consent, which consent may be withheld in Master Franchisee's sole and absolute discretion. Following termination or expiration of this

Agreement, Subfranchisee must always refrain from any use, direct or indirect, of any Proprietary Information or Trade Secrets.

(b) If any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto limits Master Franchisee's rights under section 11.2(a) above, then the section will be deemed amended (or deleted) to conform to the requirements of such laws and regulations, but in such event (unless deleted) the provisions of the Agreement thus affected will be amended only to the extent necessary to bring it within the requirements of the law or regulation.

11.3 General Provisions Regarding Non-Competition Covenants.

(a) Subfranchisee acknowledges that the restrictions contained in this Article 11 are reasonable and necessary to protect Master Franchisee's legitimate interests, and in the event of violation of any of these restrictions, Master Franchisee is entitled to recover damages including, without limitation, Royalties, Marketing and Promotion Fees, Initial Subfranchise Fee, and other fees that would have been payable if such business were included in the Subfranchised Business, and an equitable accounting of all earnings, profits and other benefits arising from such violation, which rights and remedies will be cumulative and in addition to any other rights or remedies to which Master Franchisee is entitled at law or in equity.

(b) Subfranchisee agrees to indemnify Master Franchisee and hold Master Franchisee harmless from and against all Losses which Master Franchisee may sustain as a result of any breach of this Article 11 by Subfranchisee, any Principal Equity Operator, or Subfranchisee's General Manager. Subfranchisee further agrees that a breach of the confidentiality and non-competition covenants set forth above and, in the Confidentiality, and Non-Competition Agreement (see Exhibit 4 to this Subfranchise Agreement) will cause immediate and irreparable damage to Master Franchisee that would be impossible or inadequate to measure and calculate and could not be fully remedied by monetary damages. Accordingly, Master Franchisee has the right to specifically enforce this Agreement and seek injunctive or other equitable relief as may be necessary or appropriate to prevent such breach or continued breach without the necessity of proving actual damages by reason of any such breach or threatened breach of this Agreement. Subfranchisee further agrees that no bond or other security will be required in obtaining such equitable relief and hereby consents to the issuance of such injunction and to the ordering of specific performance. Subfranchisee further acknowledges that such remedies are in addition to any other rights or remedies, whether at law or in equity, which may be available to Master Franchisee, including monetary damages.

(c) This Article 11 applies to Subfranchisee, all Principal Equity Operators, and Subfranchisee's General Manager.

(d) Each provision of this Article 11 is independent of each other provision of this Agreement. If any provision of this Article 11is held unreasonable or unenforceable by any court, agency or other tribunal of competent jurisdiction, Subfranchisee agrees to be bound to the maximum extent permitted by law with respect to that provision (which will be deemed restated accordingly) and agrees to be bound by all other provisions of this Article 11.

12. ASSIGNMENT

12.1 Assignment by Master Franchisee.

Master Franchisee has the right to Transfer this Agreement and all of Master Franchisee's rights and privileges hereunder ("Assignment by Master Franchisee") to any other person, firm, or corporation ("Master Franchisee's Assignee"). Upon the effective date of the Assignment by Master Franchisee and thereafter, Master Franchisee will be relieved of all obligations or liabilities under this Agreement.

12.2 Assignment by Subfranchisee.

(a) This Agreement is being executed by Master Franchisee in reliance upon and in consideration of the unique skills and qualifications of Subfranchisee and the Principal Equity Operators and the trust and confidence reposed in them by Master Franchisee. Therefore, neither Subfranchisee's interest in this Agreement and the Franchise granted hereunder, nor all or substantially all of the assets of the BHC Store, nor a controlling or non-controlling interest in Subfranchisee (if an entity), may be assigned, transferred, shared or divided, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner (collectively, "Assignment by Subfranchisee"), without Master Franchisee's prior written consent and, except for any transfer of a non-controlling interest, subject to Master Franchisee's right of first refusal provided for in section 12.3 hereof, and transfer to an Affiliated Entity provided for in section 12.6 hereof. Master Franchisee's consent to a specific Assignment by Subfranchisee is not cumulative and will not apply to any subsequent assignments, in respect of each of which Subfranchisee must comply with this section 12.2.

(b) Prior to any Assignment by Subfranchisee, Subfranchisee must notify Master Franchisee of Subfranchisee's intent to sell, transfer or assign the Franchise, all (or substantially all) the assets of the BHC Store, or a controlling or non- controlling interest in Subfranchisee (if an entity). The notice must be in writing, delivered to Master Franchisee in accordance with section 16.1 hereof and include the following:

(i) the proposed transferee's name and address;

(ii) a copy of all agreements related to the sale, assignment, or transfer of the Franchise, the assets of the BHC Store, or the controlling interest in Subfranchisee (if an entity); and

(iii) the proposed transferee's application for approval to become the successor Subfranchisee (this application must include all forms, financial disclosures and related information generally used by Master Franchisee when interviewing prospective new Subfranchisees, if Master Franchisee makes those forms available to Subfranchisee. If the forms are not readily available, Subfranchisee must request that Master Franchisee deliver the forms to Subfranchisee by business courier in accordance with section 16.1 hereof within 15 calendar days). As soon as practicable after the receipt of the proposed transferee's application, Master Franchisee will notify, in writing, Subfranchisee and the proposed transferee of any additional information or documentation necessary to complete the transfer application. If Master Franchisee's then-existing standards for the approval of new or renewing Subfranchisees are not readily available to Subfranchisee when Subfranchisee notifies Master Franchisee of Subfranchisee's intent to sell, transfer, or assign the Franchise, all or substantially all of the assets of the BHC Store, or a controlling or non-controlling interest in Subfranchisee (if an entity), Master Franchisee will communicate the standards to Subfranchisee within 15 calendar days.

(iv) a non-refundable "Transfer Review Fee" of $5,000.00, or such greater amount as is necessary to reimburse Master Franchisee's out of pocket costs associated with the transfer/assignment, including attorneys' fees.

(c) Within 60 days after the receipt of all necessary information and documentation required pursuant to section 12.2(b) above, or as specified by other written agreement between Master Franchisee and Subfranchisee, Master Franchisee will notify Subfranchisee of the approval or disapproval of the proposed Assignment by Subfranchisee. The notice will be in writing and delivered to Subfranchisee by business courier in accordance with section 16.1 hereof. Should Master Franchisee elect not to exercise Master Franchisee's right of first refusal, or should such right of first refusal be inapplicable, as herein provided, Master Franchisee's consent to the proposed Assignment by Subfranchisee will be deemed approved, unless disapproved by Master Franchisee in writing and for reasons permitted by the law governing this Agreement. If the proposed sale, assignment, or transfer is disapproved, Master Franchisee shall include in the notice of disapproval a statement setting forth the reasons for the disapproval. Master Franchisee may impose, among other things, the following conditions precedent to Master Franchisee's consent to any such Assignment by Subfranchisee (these conditions are consistently applied to similarly situated Subfranchisees operating under the Franchise brand):

(i) the assignee of Subfranchisee ("Subfranchisee's Assignee") must complete Master Franchisee's application for a franchise, and in connection therewith, Subfranchisee and Subfranchisee's Assignee must fully disclose in writing all terms and conditions of the Assignment by Subfranchisee;

(ii) Subfranchisee's Assignee and the Principal Equity Operators of Subfranchisee's Assignee demonstrate that it or they have the skills, qualifications, moral and ethical reputation, and economic resources necessary, in Master Franchisee's sole judgment, to conduct the business contemplated by this Agreement;

(iii) Subfranchisee's Assignee and each Principal Equity Operator of Subfranchisee's Assignee expressly assume in writing for Master Franchisee's benefit all of Subfranchisee's obligations under this Agreement;

(iv) Subfranchisee's Assignee executes the then current form of Subfranchise Agreement being used by Master Franchisee for the remainder of the term of this Agreement or, in Master Franchisee's sole discretion, for the initial term of the then current form of Subfranchise Agreement;

(v) Subfranchisee must have complied fully as of the date of any such Assignment by Subfranchisee with all of Subfranchisee's material obligations to Master Franchisee, whether under this Agreement or any other agreement, arrangement or understanding with Master Franchisee;

(vi) Subfranchisee's Assignee agrees (A) a General Manager successfully trained by Master Franchisee must at all times be employed to operate the BHC Store and (B) Master Franchisee's Initial Training program described in section 6.1 hereof and any other training or orientation programs then required by Master Franchisee will be satisfactorily completed by other necessary personnel within 30 days after the execution by Subfranchisee's Assignee of a Subfranchise Agreement, provided, however, Subfranchisee's Assignee must also agree to pay for all expenses related to this training, such as travel(at the rate in effect at the time of transfer); and

(vii) upon approval of the transfer, Subfranchisee pays Master Franchisee a non-refundable "Transfer Fee" of 100% of Master Franchisee's then-current Initial Subfranchise Fee per BHC Store

(d) Subfranchisee does not have a right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever (except that with Master Franchisee's consent, which will not be unreasonably withheld, Subfranchisee may pledge a security interest in this Agreement in connection with a Small Business Administration loan), nor sub franchise or otherwise transfer, or attempt to sub franchise or otherwise transfer the Subfranchised Business, or to transfer or sub franchise a portion but not all of Subfranchisee's rights hereunder without Master Franchisee's express prior written consent, which may be withheld for any reason in Master Franchisee's sole discretion.

(e) Any attempt by Subfranchisee to assign the Franchise, all (or substantially all) the assets of the BHC Store, or a controlling interest in Subfranchisee (if an entity) in violation of this section 12.2 is void and will (i) constitute a material breach of this Agreement, (ii) cause this Agreement (and in Master Franchisee's sole discretion any or all other agreements between Subfranchisee and Master Franchisee, or between Subfranchisee and Master Franchisee's affiliates) to be subject to immediate termination without further notice, and (iii) confer no rights or interest whatsoever under this Agreement upon any other party.

(f) Upon Master Franchisee's consent to any Assignment by Subfranchisee, Subfranchisee must bring all accounts with Master Franchisee current and transfer to Subfranchisee's assignee all service agreements or contracts signed by customers of the Subfranchised Business conducted at Subfranchisee's BHC Store. Also, Subfranchisee must (i) execute an agreement among Subfranchisee, Master Franchisee and Subfranchisee's assignee effecting the Assignment by Subfranchisee, which will include a mutual release between Subfranchisee and Master Franchisee and (ii) enter into an assignment of the lease for the BHC Store premises (including an assignment to the assignee of Subfranchisee's rights, title and interest to telephone numbers and utilities respecting the BHC Store).

12.3 Right of First Refusal.

(a) Except for a Transfer (i) to Subfranchisee's heirs, personal representatives, or conservators in the case of death or legal incapacity as provided in section 12.4 hereof, Subfranchisee's right to Transfer Subfranchisee's entire interest in the Franchise granted by this Agreement under section 12.2 hereof is subject to Master Franchisee's right of first refusal, which will be exercised in accordance with the terms of this section 12.3.

(b) Subfranchisee must deliver to Master Franchisee a written notice setting forth (i) all of the terms and conditions of any bona fide offer relating to a proposed Assignment by Subfranchisee, and (ii) all available information concerning Subfranchisee's Assignee including a detailed summary of how the proposed assignee meets Master Franchisee's qualifications for a new BHC Subfranchisee, and any other related information requested by Master Franchisee. If the specified terms and conditions include consideration of a non-monetary nature, such consideration must be expressed in reasonably equivalent monetary terms, and if it involves matters that cannot be stated in monetary terms, such consideration will not be considered in connection with Master Franchisee's right of first refusal.

(c) Within 15 days after Master Franchisee's receipt of such notice (or if Master Franchisee requests additional information, within 10 days after receipt of such additional information), Master Franchisee may either (i) consent or withhold Master Franchisee's consent to such Assignment by Subfranchisee, in accordance with section 12.2 hereof, or (ii) at Master Franchisee's option, accept the Assignment by Subfranchisee itself or on behalf of Master Franchisee's nominee upon the terms and conditions specified in the notice.

(d) If Master Franchisee elects not to exercise its right of first refusal and consent to the Assignment by Subfranchisee, Subfranchisee will for a period of 60 days, and subject to the provisions of section 12.2 hereof, be free to assign this Agreement to such proposed Assignee upon the terms and conditions specified in said notice. If, however, these terms are modified in any material manner (as determined by Master Franchisee), or if said 60-day period expires, Master Franchisee will again have such right of first refusal with respect thereto and Subfranchisee will again be required to comply with section 12.3(b) above. Detailed terms of assignment must be delivered to Master Franchisee no later than 72 hours following the close of escrow or other consummation of the transaction.

12.4 Transfers upon the Death or Incapacity of an Individual Subfranchisee or Majority Equity Owner.

(a) Notwithstanding the foregoing, in the event of Subfranchisee's death or legal incapacity if Subfranchisee is an individual, or the death or legal incapacity of a Principal Equity Operator of Subfranchisee owning a majority equity interest ("Majority Equity Owner") in Subfranchisee (if an entity), the transfer of Subfranchisee's or the deceased Majority Equity Owner's interest in this Agreement to his or her spouse, parent or adult children, will not be deemed Assignment by Subfranchisee, provided a qualified and trained General Manager remains employed at the BHC Store or another responsible management employee or agent of Subfranchisee satisfactorily trained by Master Franchisee will be responsible for the Subfranchised Business.

(b) In the event of an individual Subfranchisee's death or the death of a Majority Equity Owner, such person's interest in this Agreement or its equity interest in the franchise entity must Transfer as soon as practicable (but not more than 270 days) after the date of death in accordance with such person's will or, if such person dies without a will, in accordance with laws of intestacy governing the distribution of such person's estate, provided that adequate provision is made for the management of the Subfranchised Business. If Master Franchisee determines (i) there is no imminent sale to a qualified successor or (ii) there is no heir or other Principal Equity Operator capable of operating the Franchise, Master Franchisee may (but is not obligated to) immediately commence operating the BHC Store on Subfranchisee's behalf for a period of up to 90 days, renewable as Master Franchisee deems necessary for up to one year and Master Franchisee will periodically discuss the status with the heirs of the decedent. Master Franchisee can place an interim manager Subfranchisee's BHC Store, and Subfranchisee must pay Master Franchisee the manager's salary, transportation, lodging and related living expenses, and our management administration fee of 15%.

(c) No Transfer under this section 12.4 will be subject to (i) Master Franchisee's right of first refusal set forth in section 12.3 hereof or (ii) the Transfer Fee set forth in section 12.2(b)(vii) above, although such refusal right and Transfer Fee will be applicable to any subsequent Transfer by Subfranchisee's (or a Majority Equity Owner's) heirs, personal representatives, or conservators. However, Subfranchisee must comply with sections 12.2(b)(i) through (iv) and (to the extent applicable) section 12.2(c) above, as well as provide Master Franchisee with full disclosure of the terms of said transfer not later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to Master Franchisee no less than three business days following the close of the transaction.

12.5 Consent of Master Franchisee to Transfers.

Except as otherwise provided in this Agreement and subject to Master Franchisee's right of first refusal provided in section 12.3 hereof, Subfranchisee or an Principal Equity Operator may consummate any Transfer of a direct or indirect interest in this Agreement, the BHC Store or the economic benefits derived therefrom, or any equity interest in Subfranchisee's Subfranchised entity, not permitted by the preceding section 12.4, only after written notice to Master Franchisee and only with Master Franchisee's written consent, which will not be unreasonably withheld.

12.6 Transfers from Subfranchisee to an Affiliated Entity.

(a) Upon not less than 30 days' prior written notice to Master Franchisee, Subfranchisee may, upon Master Franchisee's written consent, assign and transfer this Agreement at its entirety to an entity that is (i) organized to operate as a developer of BHC Stores and (ii) entirely owned by Subfranchisee ("Affiliated Entity").

(b) Any assignment and transfer by Subfranchisee of the rights, duties and obligations under this Agreement to an Affiliated Entity must be evidenced by a written instrument, in form reasonably satisfactory to Master Franchisee, under the terms of which said business entity expressly assumes all of Subfranchisee's rights, duties, and obligations hereunder, whether accrued at the time of such assignment or arising thereafter, and the assignee agrees to be bound by all the terms and provisions of this Agreement to the same extent and in the same manner as Subfranchisee is. A copy of said instrument, executed by both Subfranchisee and said business entity must be delivered to Master Franchisee before the effective date of the transfer. Subfranchisee will not be able to maintain direct ownership and operation of the BHC Stores which Subfranchisee (or its Affiliated Entities) has developed after such assignment.

13. DEFAULT AND TERMINATION

13.1 General.

(a) This Agreement may be terminated unilaterally by Master Franchisee or Subfranchisee only "for cause", which for purposes of this Agreement means a material violation of this Agreement and includes any failure of a party to substantially comply with any obligation, duty or promise under this Agreement, including those acts or omissions specified in sections 13.2 and 13.3 hereof. If Master Franchisee is in material breach of this Agreement, Subfranchisee may terminate this Agreement by giving Master Franchisee prior written notice setting forth the asserted breach of this Agreement and giving Master Franchisee 30 days in which to cure the breach. If Subfranchisee is in material breach of this Agreement, Master Franchisee may exercise Master Franchisee's right to terminate this Agreement in accordance with this Article 13. If Master Franchisee becomes insolvent or declares bankruptcy, Subfranchisee will continue to have the right to operate under this Agreement until and unless a court issues an order otherwise. If because of the nature of the breach, it would be unreasonable for Master Franchisee to be able to cure the breach within 30 days, Master Franchisee will be given additional time (up to 30 additional days) as is reasonably necessary to cure said breach, upon condition that Master Franchisee must, upon receipt of such notice from Subfranchisee, immediately commence to cure such breach and continue to use best efforts to do so.

(b) A "material breach" of this Agreement by Subfranchisee means any action or omission by Subfranchisee seriously impairing or adversely affecting the System, Master Franchisee or the relationship created by this Agreement, including but not limited to, an event described under 13.2(a) below.

(c) Notwithstanding anything contained herein to the contrary, in those circumstances under which Master Franchisee has the right to terminate this Agreement, Master Franchisee also has the option, to be exercised in its sole discretion, to choose alternative remedies to its right to terminate the entire Agreement.

(d) Notwithstanding anything contained herein to the contrary, in those circumstances under which Master Franchisee has the right to terminate this Agreement, Master Franchisee also has the right to exercise any and all remedies available to it at law or in equity, including specific performance and damages (including liquidated and punitive damages). All rights and remedies provided herein are in addition to and not in substitution of all other rights and remedies available to a party at law or in equity.

13.2 Immediate Termination.

(a) Master Franchisee has the right to immediately terminate this Agreement upon notice to Subfranchisee without an opportunity to cure if:

(i) Subfranchisee admits its inability to pay its debts as they come due, or Subfranchisee or the business to which the Franchise relates (A) has been the subject of an order for relief in bankruptcy, (B) is judicially determined to be insolvent or (C) has all or a substantial part of its assets assigned to or for the benefit of any creditor;

(ii) Subfranchisee Abandons the Franchise by failing to operate the BHC Store for five consecutive business days during which Subfranchisee is required to operate the business under the terms of this Agreement, or any shorter period after which it is not unreasonable under the facts and circumstances for Master Franchisee to conclude that Subfranchisee does not intend to continue to operate the Franchise, unless such failure to operate is due to fire, flood, earthquake or other similar causes beyond Subfranchisee's control;

(iii) Master Franchisee and Subfranchisee agree in writing to terminate the Franchise;

(iv) Subfranchisee makes any material misrepresentations relating to the acquisition of the Franchise or Subfranchisee engages in conduct that reflects materially and unfavorably upon the operation and reputation of the Subfranchised Business or the System;

(v) Subfranchisee fails after notification of noncompliance, to comply timely with any federal, state, or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the Franchise;

(vi) After curing any failure in accordance with section 13.3 below, Subfranchisee engages in the same noncompliance whether or not such noncompliance is corrected after notice;

(vii) Subfranchisee repeatedly fails to comply with one or more material requirements of this Agreement, whether or not corrected after notice;

(viii) the Subfranchised Business or the business premises of the Franchise are seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lien holder or lessor, provided that a final judgment against Subfranchisee remains unsatisfied for 30 days (unless an appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in the Subfranchised Business, and it is not discharged within five days of such levy;

(ix) Subfranchisee is convicted of a felony or any other criminal misconduct (including intentional conversion of cash proceeds received from Subfranchisee's customers but not reported as Gross Revenues) which is relevant to the operation of the Franchise;

(x) an audit or investigation conducted by Master Franchisee (A) discloses that Subfranchisee knowingly maintained false books or records, or submitted false reports to Master Franchisee, or knowingly understated Subfranchisee's Gross Revenues or withheld the reporting of any of Subfranchisee's Gross Revenues, or (B) reveals an underreporting or under recording error on any single occasion of 2% or more;

(xi) Master Franchisee makes a reasonable determination that Subfranchisee's continued operation of the Franchise will result in an imminent danger to public health or safety; or

(xii) Subfranchisee allows unauthorized access to or duplication of, the Operations Manual or any other confidential manuals or proprietary materials loaned to Subfranchisee by Master Franchisee.

(b) If Subfranchisee's rights under this Agreement are terminated by Master Franchisee because of an event described in section 13.2(a) above, section 14.1 below is not applicable, and Master Franchisee may immediately commence an action under section 14.2 or 14.3 below, as applicable, to collect damages or otherwise enforce its rights.

13.3 Termination After Notice.

(a) Except as provided in section 13.2 above, Master Franchisee may terminate this Agreement only for good cause (as defined in section 13.1(a) above) after giving Subfranchisee prior written notice setting forth the asserted breach of this Agreement and giving Subfranchisee 30 days in which to cure the breach. Upon receipt of a notice of default, Subfranchisee must immediately commence diligently to cure said breach, and if Subfranchisee cures said breach within 30 days, Master Franchisee's right to terminate this Agreement will cease. If because of the nature of the breach, it would be unreasonable for Subfranchisee to be able to cure the breach within 30 days, Subfranchisee will be given additional time (up to 30 additional days) as is reasonably necessary in Master Franchisee's determination to cure said breach, upon condition that Subfranchisee must, upon receipt of such notice from Master Franchisee, immediately commence to cure such breach and continue to use Subfranchisee's best efforts to do so.

(b) If Subfranchisee's rights under this Agreement are terminated by Master Franchisee for material breach, Master Franchisee may, at Master Franchisee's option, declare Subfranchisee in breach of all franchise agreements and other agreements Subfranchisee has executed with Master Franchisee, and terminate Subfranchisee's rights under those other agreements as well.

(c) If Subfranchisee's rights under this Agreement are terminated by Master Franchisee for Subfranchisee's failure to make any payment due under this Agreement, section 14.1 below is not applicable, and Master Franchisee may immediately commence an action under section 14.2 below to collect damages or otherwise enforce its rights.

(d) If Subfranchisee and Master Franchisee agree to mutually terminate this Agreement, Subfranchisee must return a signed counterpart of any document Master Franchisee prepares to affect the termination not later than 10 days after Subfranchisee receives it, or the mutual agreement to terminate will be voidable by Master Franchisee, and Master Franchisee may thereafter immediately and unilaterally terminate this Agreement and require payment of all sums due and payable to Master Franchisee at the date of termination.

13.4 Description of Default.

The description of any breach in any notice served by Master Franchisee hereunder upon Subfranchisee in no way precludes Master Franchisee from specifying additional or supplemental breaches in any action, arbitration, mediation, hearing, or suit relating to this Agreement or the termination thereof.

13.5 Statutory Limitations.

Notwithstanding anything to the contrary in this Article 13, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto limits Master Franchisee's rights of termination hereunder or requires longer notice periods than those set forth herein, and if the parties are prohibited by law from agreeing to the shorter periods set forth herein, then this Agreement will be deemed amended to conform to the requirements of such laws and regulations, but in such event the provisions of the Agreement thus affected will be amended only to the extent necessary to bring it within the requirements of such law or regulation.

13.6 Extended Cure Period.

Notwithstanding anything contained herein to the contrary, including section 13.3(c) hereof, in those circumstances under which Master Franchisee has the right to terminate this Agreement, Master Franchisee also has the right, to be exercised in its sole discretion, to grant to Subfranchisee in writing only, in lieu of termination of this Agreement, an extended period of time to cure the breach which gave rise to Master Franchisee's right to terminate, but in no event may such extended cure period exceed six months from the last day of the cure period otherwise applicable to such breach. Subfranchisee acknowledges that Master Franchisee's election to grant an extended cure period to Subfranchisee will not operate as a waiver of any of Master Franchisee's rights hereunder.

13.7 Master Franchisee's Right to Cure Subfranchisee's Defaults.

(a) In addition to all other remedies herein granted, if Subfranchisee breaches in the performance of any of Subfranchisee's obligations or breaches any term or condition of this Agreement or any related agreement involving third parties, Master Franchisee may, at Master Franchisee's election, immediately or at any time thereafter, without waiving any claim for breach hereunder and without notice to Subfranchisee, cure the breach for Subfranchisee's account and on Subfranchisee's behalf, and all costs or expenses including attorney's fees incurred by Master Franchisee on account thereof are due and payable by Subfranchisee to Master Franchisee on demand.

(b) If Master Franchisee terminates this Agreement for cause, Master Franchisee has the right (but not the obligation) to assume the lease for the BHC Store premises and to purchase Subfranchisee's assets pursuant to section 15.2(d) below.

13.8 Waiver and Delay.

No waiver by Master Franchisee of any breach or series of breaches in performance by Subfranchisee and no failure, refusal or neglect of Master Franchisee either to exercise any right, power or option given to Master Franchisee hereunder or to insist upon strict compliance with or performance of Subfranchisee's obligations under this Agreement or the Operations Manual, constitutes a waiver of the provisions of this Agreement or the Operations Manual with respect to any subsequent breach thereof or a waiver by Master Franchisee of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

13.9 Collection Costs.

Master Franchisee is entitled to reimbursement from Subfranchisee upon Master Franchisee's demand of all costs Master Franchisee has incurred (including reasonable attorneys' fees and investigator's fees) to enforce Master Franchisee's rights under this Agreement, including actions to collect any amounts due and delinquent hereunder.

13.10 Continuance of Business Relations.

Any continuance of business relations between Subfranchisee and Master Franchisee after termination of this Agreement will not be construed as a renewal, extension, or continuation of this Agreement.

14. DISPUTE RESOLUTION

14.1 Initial Steps to Resolve a Dispute; Mediation.

(a) Master Franchisee and Subfranchisee have entered into a long-term franchise relationship which gives rise to an obligation, subject to and consistent with the terms of this Agreement, to endeavor to make the relationship succeed, considering the overall best interests of the entire BHC system, as contemplated by this Agreement. To that end, Subfranchisee and Master Franchisee acknowledge that Subfranchisee and Master Franchisee need to attempt to resolve disagreements or disputes before such disagreements or disputes negatively impact the relationship. Good faith communications between Subfranchisee and Master Franchisee are important aspects of that obligation. The parties hereby pledge and agree that they will first attempt to resolve any dispute, claim or controversy arising out of or relating to this Agreement or any alleged breach hereof, including any claim that this Agreement or any part hereof is invalid, illegal or otherwise voidable or void (collectively, "Dispute") by first having Master Franchisee's executive officers and Subfranchisee's Principal Equity Operators meet in person within five business days after a party notifies the other party that a Dispute has arisen at Master Franchisee's principal executive office (without their respective legal counsel) to conduct a good faith discussion and negotiation of the issues with the express intention of arriving at a settlement ("Settlement Conference"). Master Franchisee may proceed to terminate this Agreement in either of the following two situations without a settlement meeting or mediation proceeding: (i) if there is any breach of this Agreement by Subfranchisee that may result in an immediate termination of this Agreement pursuant to section 13.2 above, or (ii) if Subfranchisee fails to pay any sums due Master Franchisee under this Agreement which may result in termination of this Agreement pursuant to section 13.3 above. Also, if a party refuses to participate in the Settlement Conference or mediation within the respective time frames set forth in this section 14.1, the other party may immediately commence an arbitration proceeding pursuant to section 14.2 below.

(b) If the parties are unable to settle the Dispute at the Settlement Conference, then within 10 business days after the date the Settlement Conference took place (or should have taken place), Subfranchisee and Master Franchisee may submit the dispute to non-binding mediation conducted by and before a mediator who is a State Bar of California Board of Legal Specialization Certified Specialist in Franchise and Distribution Law at a location in California mutually agreeable to both parties. If the Dispute is not referred to mediation within 10 business days after the Settlement Conference took place (or should have taken place), the Dispute may be immediately submitted to binding resolution through arbitration proceedings pursuant to section 14.2 below. Any mediation proceedings should be completed within 60 days following the date either party first gives notice of mediation. The fees and expenses of the mediator will be shared equally by the parties. The mediator will be disqualified as a witness, expert, or counsel for any party with respect to the Dispute and any related matter.

(c) Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission because of its use in the mediation. The fees charged by a mediator and any other related fees and costs will be divided equally between the parties.

14.2 Arbitration.

(a) Except as specifically provided in sections 13.2(b) and 13.3(c) above, any Dispute between Master Franchisee (or its affiliated entities) and Subfranchisee (or its Principal Equity Operators or affiliated entities) not settled through the procedures described in section 14.1 above, or any determination of the scope or applicability of this agreement to arbitrate, will be resolved through binding arbitration by and before JAMS, Inc. ("JAMS"), in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than $250,000 - https://www.jamsadr.com/rules-streamlined-arbitration/) or its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is $250,000 or more - https://www.jamsadr.com/rules-comprehensive-arbitration/), or if the parties in dispute mutually agree, through binding arbitration by any other mutually agreeable arbitrator. It is explicitly agreed by both of the parties hereto that (i) no arbitration of any Dispute may be commenced except in accordance with this section 14.2 and (ii) any question regarding this section 14.2, including its existence, validity, scope, or termination will be decided by the arbitrator.

(b) All hearings and other proceedings will take place at the JAMS business location in San Diego County, California, or other county where Master Franchisee's headquarters is then located, or if Master Franchisee so elects, at the JAMS business location nearest where Subfranchisee's principal place of business is then located. Absent exceptional circumstances determined by the arbitrator to justify a delay or the agreement of all parties to the Dispute, the arbitration hearings under this section 14.2 must commence within six months of the filing of the demand for arbitration.

(c) Either party may present briefs and affidavits of witnesses who are unable to attend hearings. A limited amount of discovery is permitted within the discretion of the arbitrator (including affidavits, interrogatories, and depositions). The arbitrator will have the right to award or include in the award any relief that the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance and injunctive relief, provided that the arbitrator will not have the right to declare any Mark generic or otherwise invalid or to award punitive damages. If either party fails to appear or participate in the arbitration proceeding, the other party will be entitled to a default judgment award. The arbitration award will be final and binding on the parties, and judgment on the award may be entered in any federal or state court having jurisdiction.

(d) TO THE MAXIMUM EXTENT PERMITTED BY LAW, ALL CLAIMS BROUGHT UNDER THIS AGREEMENT WILL BE BROUGHT IN AN INDIVIDUAL CAPACITY. THIS AGREEMENT MAY NOT BE CONSTRUED TO ALLOW OR PERMIT THE CONSOLIDATION OR JOINDER OF OTHER CLAIMS OR CONTROVERSIES INVOLVING ANY OTHER SUBFRANCHISEES OR PERMIT SUCH CLAIMS OR CONTROVERSIES TO PROCEED AS A CLASS ACTION, CLASS ARBITRATION, COLLECTIVE ACTION, OR ANY SIMILAR REPRESENTATIVE ACTION. NO ARBITRATOR WILL HAVE THE AUTHORITY UNDER THIS AGREEMENT TO ORDER ANY SUCH CLASS OR REPRESENTATIVE ACTION. BY SIGNING BELOW, SUBFRANCHISEE EXPRESSLY AGREES TO WAIVE ALL SUBSTANTIVE AND PROCEDURAL RIGHTS THAT IT MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS.

(e) TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ALL RIGHTS THEY MAY HAVE TO SEEK PUNITIVE DAMAGES FROM ONE ANOTHER. ACCORDINGLY, THE ARBITRATOR WILL HAVE NO POWER TO ASSESS PUNITIVE DAMAGES AGAINST EITHER PARTY.

(f) This arbitration provision is deemed to be self-executing and will remain in full force and effect after expiration or termination of this Agreement.

(g) The provisions of this section 14.2 are intended to benefit and bind certain third-party non- signatories and will continue in full force and effect after (and notwithstanding) the expiration or termination of this Agreement. Furthermore, this section 14.2 will be construed as independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of such provisions are unlawful in any way, the court is respectfully requested to modify or interpret such provisions to the minimum extent necessary to comply with the law.

14.3 Injunctive Relief.

Any party has the right in a situation where there is an imminent threat of harm to the legal rights of a party and damages would not be adequate relief to seek a temporary restraining order and temporary or preliminary injunctive relief from a court of competent jurisdiction in California, without the necessity of first complying with sections 14.1 and 14.2 above or posting any bond, and if bond is nevertheless required by a court of competent jurisdiction, the parties agree that the sum of $1,000 will be a sufficient bond. If an arbitration proceeding has already commenced pursuant to section 14.2 above when a party seeks injunctive relief, then the party seeking such injunctive relief agrees to contemporaneously submit the merits of its dispute to the arbitrator. The existence of a proceeding commenced under section 14.1 or 14.2 above will in no event abate or otherwise affect the ability of party to seek injunctive relief under this section 14.3. Subfranchisee acknowledges that its failure to comply fully with any of the terms of this Agreement respecting the obligations regarding examinations, audits and the Marks could cause irreparable damage to Master Franchisee or other affiliated persons or entities, and Master Franchisee or Master Franchisee's affiliates are empowered to seek injunctive relief to protect the Marks. This covenant is independent, severable, and enforceable notwithstanding any other rights or remedies that any party may have.

14.4 Legal Fees and Expenses.

The prevailing party in any arbitration or litigation to resolve a dispute between any of the parties hereto will be entitled to recover from the losing party reasonable legal fees (and incurred costs of the prevailing party's counsel) and all other "Expenses" (as defined in section 16.2(e) below) incurred by the prevailing party in bringing or defending such arbitration, action or proceeding and/or enforcing any resulting award or judgment (including without limitation arbitration or court filing fees, expert and other witness fees, discovery expenses and compensation payable to the arbitrator), whether incurred prior to or in preparation for or in contemplation of the filing of the action or thereafter. The prevailing party will be determined by the arbitrator or court. This section 14.4 is (i) intended to be expressly severable from the other provisions of this Agreement, (ii) intended to survive any judgment, and (iii) not to be deemed merged into the judgment.

14.5 Survival.

The terms of this Article 14 survive termination, expiration or cancellation of this Agreement.

15. OBLIGATIONS AND RIGHTS UPON TERMINATION OR EXPIRATION

15.1 Subfranchisee's Obligations.

(a) In the event of termination, cancellation or expiration of this Agreement whether by reason of Subfranchisee's breach, default, non-renewal, lapse of time or other cause, in addition to any other obligations provided for in this Agreement, Subfranchisee must forthwith discontinue the use or display of the Marks in any manner whatsoever, and Subfranchisee may not thereafter operate or do business under the Marks or any other BHC brand or any other name or in any manner that might tend to give the general public the impression that Subfranchisee is in any way associated or affiliated with Master Franchisee, or any of the businesses conducted by Master Franchisee or the Owner of the Marks, including without limitation repainting the business premises in a distinctively different color and removing or rearranging distinctive elements of the Trade Dress. Subfranchisee must contact online review sites and other online directories and websites which have made reference to Subfranchisee's BHC Store during the 18 months prior to the date this Agreement terminates, is cancelled, or expires, and request the removal of all use of the trademarks in connection with the former BHC Subfranchised BHC Store (and the physical address of the former BHC Store) and all use of former reviews from the period Subfranchisee was a BHC Subfranchisee. And, Subfranchisee also must comply with section 15.2 respecting the return to Master Franchisee of certain materials and must not thereafter use, in any manner, or for any purpose, directly or indirectly, any of the Proprietary Information, Trade Secrets, procedures, techniques, or materials acquired by Subfranchisee by virtue of the relationship established by this Agreement, including, without limitation, (i) any training or other materials, manuals, bulletins, instruction sheets, or supplements thereto, or (ii) any equipment, videotapes, videodiscs, forms, advertising matter, devices, insignias, slogans or designs used from time to time in connection with the Subfranchised Business.

(b) If there is a termination, cancellation or expiration as described in section 15.1(a) above, Subfranchisee must comply with section 11.2 of this Agreement respecting post-termination competition and also promptly:

(i) remove at Subfranchisee's expense all signs erected or used by Subfranchisee and bearing the Marks, or any word or mark indicating that Subfranchisee is associated or affiliated with Master Franchisee;

(ii) erase or obliterate from letterheads, stationery, printed matter, advertising, or other forms used by Subfranchisee the Marks and all words indicating that Subfranchisee is associated or affiliated with Master Franchisee;

(iii) permanently discontinue all advertising stating or implying Subfranchisee is associated or affiliated with Master Franchisee or the System (if Subfranchisee engages in any business thereafter, Subfranchisee must use trade names, service marks or trademarks that are significantly different from those under which Subfranchisee had done business and must use sign formats that are significantly different in color and type face; and take all necessary steps to ensure that Subfranchisee's present and former employees, agents, officers, shareholders and partners observe the foregoing obligations); and

(iv) assign all interest and right to use all telephone numbers and all telephone and social media listings applicable to the BHC Store in use at the time of such termination to Master Franchisee and take all actions necessary to change all such telephone numbers immediately and change all such telephone and social media listings as soon as possible.

(v) pay to the Master Franchisee all Royalties, other fees, and any and all amounts or accounts payable then owed the Master Franchisee or its affiliates pursuant to this Agreement, or pursuant to any other agreement, whether written or oral, including subleases and lease assignments, between the parties.

(c) If Subfranchisee fails or omits to make or cause to be made any removal or change described in section 15.1(b)(i) – (v) above, then Master Franchisee will have the right within 15 days after written notice to enter Subfranchisee's BHC Store or other premises from which the Subfranchised Business is being conducted without being deemed guilty of trespass or any other tort, and make or cause to be made such removal and changes at Subfranchisee's expense, which expenses Subfranchisee agrees to pay to Master Franchisee promptly upon demand. Effective on the Termination Date, Subfranchisee hereby irrevocably appoints Master Franchisee as Subfranchisee's lawful attorney upon termination of this Agreement with authority to file any document in the name of and on Master Franchisee's behalf for the purpose of terminating any and all of Subfranchisee's rights in any trade name Subfranchisee have used containing any of the Marks.

(d) If this Agreement is terminated prior to the end of its term due to Subfranchisee's default hereunder, in addition to any amounts set forth in this Agreement, Subfranchisee shall promptly pay to Master Franchisee a lump sum payment (as damages and not as a penalty) for breaching this Agreement and for Master Franchisee's lost future revenue as a result of such breach in an amount equal to the average monthly royalty fees, advertising fees, and additional fees payable by Subfranchisee under Sections 4.3, 4.4 and 10.1 over the twelve (12) month period immediately preceding the date of termination (or, if the Store has been open less than twelve (12) months, the average monthly royalty fees and advertising fees payable by Subfranchisee for the period the BHC Store was open) multiplied by the lesser of thirty-six (36) months or the number of months then remaining in the then-current term of this Agreement. If no BHC Store has been opened at the time of termination, Master Franchisee's lost future revenues as a result of Subfranchisee's breach shall be an amount equal to the average monthly royalty fees, advertising fees, and additional fees payable by other similarly situated Subfranchisees within twenty-five (25) miles of Subfranchisee's proposed locations multiplied by the lesser of thirty-six (36) months or the number of months then remaining in the then-current term of this Agreement. Subfranchisee acknowledges that a precise calculation of the full extent of the damages Master Franchisee will incur in the event of termination of this Agreement as a result of Subfranchisee's default is difficult to determine and that this lump sum payment is reasonable in light of the damages Master Franchisee will incur for Subfranchisee's material default causing the premature termination of this Agreement. This lump sum payment shall be in lieu of any damages for Master Franchisee's lost future revenue that Master Franchisee may incur as a result of Subfranchisee's default, but it shall be in addition to all amounts owed to Master Franchisee and other costs and expenses to which Master Franchisee is entitled under the terms of this Agreement. Subfranchisee's payment of this lump sum shall not affect Master Franchisee's right to recover damages other than lost future revenue and to obtain appropriate injunctive relief and other remedies to enforce this Section 15, its trademark rights, and the covenants set forth in this Agreement.

15.2 Master Franchisee's Rights as Master Franchisee.

(a) The termination, cancellation, expiration or assignment of this Agreement will be without prejudice to any of Master Franchisee's rights against Subfranchisee and such termination, cancellation, expiration or assignment will not relieve Subfranchisee of any of Subfranchisee's obligations to Master Franchisee existing at the time of termination, cancellation, expiration or assignment or terminate those obligations of Master Franchisee which, by their nature, survive the termination, cancellation, expiration or assignment of this Agreement.

(b) As soon as practicable after the termination, expiration or non-renewal of this Agreement, Master Franchisee may direct all applicable vendors and suppliers to immediately cease providing Subfranchisee with inventory, supplies, equipment, marketing materials, email access, website access, accessories and other items comprising or to be used to provide BHC Products.

(c) On or immediately after the Termination Date, Subfranchisee is obligated to return, at no expense to Master Franchisee, all copies of the Operations Manual, all other BHC proprietary materials and any other items that were supplied by Master Franchisee for Subfranchisee's use in connection with the operation of the Subfranchised Business. Subfranchisee must also permanently erase anything relating to Master Franchisee or the Subfranchised Business from any computers and other media storage devices Subfranchisee retains after expiration, cancellation, or termination of this Agreement.

(d) Within 30 days after termination, expiration or non-renewal of this Agreement, Master Franchisee will have the option, but not the obligation, to purchase all or any portion of Subfranchisee's reusable inventory, apparel containing the Marks, proprietary equipment, parts, supplies, fixtures, and furnishings owned and used by Subfranchisee in Subfranchisee's Subfranchised operation. Master Franchisee will be permitted to deduct and withdraw from the purchase price to be paid to Subfranchisee all sums then due and owing to Master Franchisee. The purchase price for Subfranchisee's reusable inventory and apparel containing the Marks will be at Subfranchisee's cost for said items. The purchase price for the proprietary equipment, parts, fixtures, and furnishings will be the fair market value thereof. In determining the fair market value of such items Subfranchisee and Master Franchisee agree to exclude any factor or increment for goodwill or going concern value. The purchase price to be paid to Subfranchisee will be paid in cash at the closing of any purchase which will occur no less than 30 days from the date Master Franchisee exercise Master Franchisee's option unless Subfranchisee and Master Franchisee are unable to agree on the fair market value of the assets to be purchased. If Subfranchisee and Master Franchisee are unable to reach agreement within a reasonable time as to the fair market value of the items Master Franchisee has agreed to purchase, Subfranchisee and Master Franchisee will jointly designate an independent appraiser, and the appraiser's determination will be binding. Subfranchisee and Master Franchisee must each pay 50% of the fee charged by the independent appraiser.

(e) Master Franchisee may deduct from the Initial Subfranchise Deposit all fees owed to Master Franchisee, including but not limited to, amounts under section 15.1(b)(v).

15.3 Cross-Defaults.

Any default by Subfranchisee (or any person/company or Affiliated Entity) under the terms and conditions of this Agreement or any lease or sublease, or any other agreement between Master Franchisee or its affiliate, and Subfranchisee, shall be deemed to be a material default of each and every said agreement, and furthermore, in the event of termination, for any cause, of this Agreement, or any other agreement between the parties hereto, including, but not limited to, the MFA, between the parties hereto, Master Franchisee may, at its option, terminate any and all said agreements. No right or remedy which Master Franchisee may have (including termination) is exclusive of any other right or remedy provided under law or equity and Master Franchisee may pursue any rights and/or remedies available.

16. GENERAL TERMS AND PROVISIONS

16.1 Notices.

(a) All notices that the parties hereto are required or may desire to give under or in connection with this Agreement must be in writing and (unless personally delivered by an agent of the sending party) must be sent by reliable overnight courier, for delivery on the next business day and addressed as follows:

(i) If to Master Franchisee:

JJ FOODS GLOBAL, INC
c/o Jonghyeon Baik
11091 Roxboro Rd
San Diego, CA 92131

(ii) If to Subfranchisee:

____
____

(b) Notices between Subfranchisee and Master Franchisee will be deemed given the earlier of (i) the next business day after deposit with a reliable overnight courier, properly addressed and marked for delivery on the next business day, or (ii) when delivered in person by an agent of the sending party.

(c) Any change in the addresses listed in section 16.1(a) above must be sent to the other party as soon as practicable after the change occurs by reliable overnight courier.

(d) Any notices sent to Subfranchisee which include a statement of intent to terminate or not renew the Franchise must provide (i) the reasons why and (ii) the effective date of such termination or nonrenewal or expiration.

16.2 Indemnity.

(a) Subfranchisee and its Principal Equity Operators, jointly and severally, hereby agree to protect, defend and indemnify Master Franchisee, and all of Master Franchisee's past, present and future owners, affiliates, officers, directors, employees, attorneys and designees, and each of them, and hold them harmless from and against any and all Losses arising out of or in connection with any "Proceeding" (as defined in section 16.2(f) below) concerning Subfranchisee's intentional tort or negligence, or the intentional tort or negligence of Subfranchisee's agents, servants or representatives, relating to Subfranchisee's development, maintenance or operation of the BHC Store and the Subfranchised Business, except if caused by Master Franchisee's intentional misfeasance, gross negligence or material breach of any terms of, or Master Franchisee's obligations arising under, this Agreement.

(b) Master Franchisee hereby agrees to protect, defend and indemnify Subfranchisee, its Principal Equity Operators, other owners, affiliates, officers, directors, employees and attorneys and each of them, from any Losses any of them may incur as a result of any third party Proceeding arising out of Master Franchisee's intentional misfeasance, gross negligence or material breach of Master Franchisee's obligations under this Agreement, except if caused by the intentional misfeasance of, gross negligence of, or material breach by, Subfranchisee (or any of its Principal Equity Operators, or other owners, affiliates, officers, directors, employees or attorneys of Subfranchisee) of any terms of, or Subfranchisee's obligations arising under, this Agreement.

(c) For the indemnification to be effective, each indemnified party ("Indemnified Party") will give the indemnifying party ("Indemnifying Party") reasonable notice of each claim or loss for which the Indemnified Party demands indemnity and defense, except that failure to provide such notice will not release the Indemnifying Party from any obligations hereunder except to the extent that the Indemnifying Party is materially prejudiced by such failure. The Indemnifying Party will assume, at its sole cost and expense, the defense of such Proceeding through legal counsel reasonably acceptable to the Indemnified Party, except that the Indemnified Party may at its option and expense select and be represented by separate counsel. The Indemnifying Party will have control over the Proceeding, including the right to settle; provided, however, the Indemnifying Party will not, absent the written consent of the Indemnified Party, consent to the entry of any judgment or enter into any settlement that: (i) provides for any admission of liability on the part of the Indemnified Party or relief other than the payment of monetary damages for which the Indemnifying Party will be solely liable; or (ii) adversely affects the rights of the Indemnified Party under this Agreement, or (iii) does not release the Indemnified Party from all Proceedings and "Losses" (as defined in section 16.2(d) below) in respect thereof. In no event will the Indemnified Party be liable for any Losses that are compromised or settled in violation of this section 16.2. The Indemnifying Party's duty to defend is independent of its duty to indemnify. Each indemnified party must submit all its claims to its insurers in a timely manner. Any payments made by an indemnified party will be net of benefits received by any indemnified party on account of insurance in respect of such claims.

(d) The term "Losses" means, refers to, and includes all "Expenses" (as defined in section 16.2(e) below), liabilities, obligations, losses, fines, penalties, costs, or damages including all reasonable out of pocket fees and disbursements of legal counsel in the investigation or defense of any of the same or in asserting any party's respective rights hereunder but excluding punitive damages (unless resulting from third party claims).

(e) The term "Expenses" means, refers to, and includes, all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding casts, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses will also include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on the person being indemnified as a result of the actual or deemed receipt of any payments under this Agreements, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent.

(f) The term "Proceeding" means, refers to, and includes any threatened pending or completed suit, claim, demand, action, suit, arbitration, alternative dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether civil, criminal, administrative or investigative.

(g) The indemnification provided in this section 16.2 is a continuing right and will survive the expiration or termination of this Agreement. The parties hereto further acknowledge and agree that they intend the indemnification provided in this section 16.2 to be interpreted and enforced in a manner providing the fullest extent of indemnification to the Indemnified Party now or hereafter permitted by law.

16.3 Subfranchisee's Relationship to Master Franchisee as Subfranchisee.

(a) It is expressly agreed by the parties they intend by this Agreement to establish between themselves the relationship of Subfranchisee and Master Franchisee. It is further agreed neither Subfranchisee nor any Principal Equity Operator has the authority to create or assume in Master Franchisee's name or on Master Franchisee's behalf, any obligation, express or implied, or to act or purport to act as agent or representative on Master Franchisee's behalf for any purpose whatsoever. Neither Subfranchisee (nor any Principal Equity Operator) nor Master Franchisee is the employer, employee, agent, partner, fiduciary, or co-venturer of or with the other, each being independent. Subfranchisee and all Principal Equity Operators jointly and severally agree none will hold itself out as Master Franchisee's agent, employee, partner or co-venturer or the Owner of the Marks.

(b) All employees or agents hired or engaged by or working for Subfranchisee will be only the employees or agents of Subfranchisee and will not for any purpose be deemed employees or agents of Master Franchisee or the Owner of the Marks, nor subject to Master Franchisee's control; and in particular, Master Franchisee will have no authority to exercise control over the hiring or termination of these employees, independent contractors, or others who work for Subfranchisee, their compensation, working hours or conditions, or their day-to-day activities, except to the extent necessary to protect the Marks. Subfranchisee and Master Franchisee agree to file their own tax, regulatory and payroll reports with respect to their respective employees or agents and operations.

16.4 No Third-Party Beneficiaries.

This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity (other than financing sources to whom Master Franchisee may have granted or consented to a collateral assignment of this Agreement) will be entitled to any rights hereunder by virtue of so-called "third party beneficiary rights" or otherwise.

16.5 Survival of Covenants.

The covenants contained in this Agreement that by their terms require performance by the parties after the expiration, termination, cancellation, or assignment of this Agreement will be enforceable notwithstanding said expiration, termination, cancellation, or assignment.

16.6 Successors and Assigns.

Subject to restrictions on Assignment by Subfranchisee contained herein, this Agreement is binding upon Master Franchisee and Subfranchisee and inures to the benefit of their respective successors and assigns.

16.7 Joint and Several Liabilities.

If Subfranchisee consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to Master Franchisee are joint and several.

16.8 Titles for Convenience Only.

Section titles used in this Agreement are for convenience only and do not affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

16.9 Gender.

All terms used in any one number or gender will extend to mean and include any other number and gender as the facts, context or sense of this Agreement or any section may require.

16.10 Severability; Partial Invalidity.

Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between (i) any provisions of this Agreement or the Operations Manual and (ii) any present or future statute, law, ordinance, regulation, or judicial decision, contrary to which the parties have no legal right under this Agreement, the latter will prevail, but in such event the provision of this Agreement or the Operations Manual thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, article, section, sentence or clause of this Agreement or the Operations Manual is held to be indefinite, invalid, or otherwise unenforceable, that specific language will be deemed deleted but the remaining parts thereof will continue in full force and effect.

16.11 Counterparts.

This Agreement may be executed in multiple copies, each of which will be deemed to be an original, and all of which together will be deemed to be one and the same instrument.

16.12 Compliance with U.S. Anti-Terrorism and Other U.S. Federal Laws.

(a) Subfranchisee certifies that neither it nor any Principal Equity Operators or employees of Subfranchisee, or anyone else who is associated with Subfranchisee is not listed in the Annex to Executive Order 13224 (available at http://treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html). Subfranchisee covenants not to hire or have any dealings with a person listed in the Annex. Subfranchisee certifies that it has no knowledge or information that, if generally known, would result in Subfranchisee, the Principal Equity Operators, employees, or anyone associated with Subfranchisee being listed in the Annex to Executive Order 13224. Subfranchisee and each of the Principal Equity Operators will comply with and assist Master Franchisee as much as possible in Master Franchisee's efforts to comply with the Anti- Terrorism Laws (as defined below). In connection with such compliance, Subfranchisee certifies, represents, and warrants that none of Subfranchisee's respective property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Subfranchisee and the Principal Equity Operators are not otherwise in violation of any of the Anti-Terrorism Laws. Subfranchisee is solely responsible for ascertaining what actions must be taken by Subfranchisee to comply with all such Anti-Terrorism Laws. Subfranchisee specifically acknowledges and agrees that its indemnification responsibilities as provided in this Agreement also pertain to its obligations under this section 16.12. Any misrepresentation by Subfranchisee under this section 16.12 or any violation of the Anti-Terrorism Laws by Subfranchisee, any of the Principal Equity Operators, or employees will constitute grounds for immediate termination of this Agreement and any other agreement Subfranchisee executed with Master Franchisee or one of Master Franchisee's Affiliates. "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists, and any other requirements of any United States governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

(b) Neither Subfranchisee nor any Principal Equity Operator conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under any applicable Anti-Terror Legislation.

(c) Neither Subfranchisee nor any Principal Equity Operator nor any employee of either is named as a "Specially Designated National" or "Blocked Person" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control and published at www.treas.gov/offices/enforcement/ofac/sdn/. Subfranchisee acknowledges that Subfranchisee is not directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States of America, nor does Subfranchisee or any Principal Equity Operator act directly or indirectly on behalf of the government of any country that is subject to an embargo imposed by the United States of America. Subfranchisee agrees that Subfranchisee will notify Master Franchisee in writing immediately of the occurrence of any event that renders the foregoing representations and warranties of this section 16.12 incorrect.

16.13 Governing Law.

This Agreement shall be governed by the laws of the State of California without regard to conflicts of laws. If any provision of this Agreement is impermissible under a governing law, the provision will be deemed amended to conform to that law while maintaining to the maximum extent possible the original intent of the provision, or if the provision as amended cannot substantially maintain the original intent, then the provision will be deemed deleted.

16.14 Entire Agreement.

(a) The parties to this Agreement each acknowledge and warrant to each other that they wish to have all of the terms of this business relationship defined solely in and by this written Agreement and the Operations Manual. Recognizing the costs on all parties which attend uncertainty, the signatories to this Agreement each confirm that neither wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements or non-contract writings (which have been or may in the future be exchanged between them) serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein.

(b) In accordance with the foregoing section 16.14(a), the parties to this Agreement agree that this Agreement, and the Operations Manual, constitutes the entire agreement between the parties and contain all of the terms, conditions, rights and obligations of the parties with respect to the Subfranchised Business contemplated by this Agreement and any other aspect of the relationship between the parties; provided however, that nothing in this Agreement or in any related agreement or writing is intended to disclaim the representations made in the FDD that was provided to Subfranchisee.

(c) This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto.

17. EFFECTIVENESS OF AGREEMENT

This Agreement will become effective upon its execution by Subfranchisee and Master Franchisee. HOWEVER, THIS AGREEMENT IS NOT BINDING ON MASTER FRANCHISEE UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY MASTER FRANCHISEE.

18. ACKNOWLEDGMENTS AND REPRESENTATIONS

18.1 Acknowledgments and Representations.

(a) Subfranchisee hereby represents and warrants that all statements in this section 18.1 are true and accurate.

(b) Subfranchisee does not seek to obtain the Franchise for speculative or investment purposes and has no present intention to sell or transfer or attempt to sell or transfer the Subfranchised Business or the Franchise within 12 months after the Opening Date.

(c) Subfranchisee understands and acknowledges the value to the System of uniform and ethical standards of quality, appearance and service described in and required by the Operations Manual and the necessity of operating the Subfranchised Business under the standards set forth in the Operations Manual. Subfranchisee represents that it has the capabilities, professionally, financially, and otherwise, to comply with Master Franchisee's standards.

(d) If Subfranchisee is an entity, Subfranchisee is duly organized and qualified to do business in the state and any other applicable jurisdiction within which the BHC Store is located.

(e) Subfranchisee's execution of this Agreement will not constitute or violate any other agreement or commitment to which Subfranchisee is a party.

(f) Any individual executing this Agreement on Subfranchisee's behalf is duly authorized to do so and the Agreement constitutes a valid and binding obligation of Subfranchisee and all of Subfranchisee's Principal Equity Operators.

(g) Subfranchisee and its Principal Equity Operators (i) understand the nature of this Agreement, and (ii) intend to comply with the terms hereof and be bound hereby.

(h) Subfranchisee agrees that complete and detailed uniformity among Master Franchisee's Subfranchisees under varying conditions may be inadvisable, impractical, or impossible, and accordingly agree that Master Franchisee, in its sole discretion, may modify or vary aspects of the System as to any Subfranchisee or group of Subfranchisees based on, for example, local sales potential, demographics, competition, business practices or other conditions. Subfranchisee is aware that other BHC Subfranchisees may operate under different agreements and, consequently, that Master Franchisee's obligations and rights as to those Subfranchisees may differ materially in certain circumstances.

(i) Subfranchisee and each Principal Equity Operator acknowledge that in operating the System, Master Franchisee must consider the needs of the System as a whole, and the need to protect the Marks, even if Master Franchisee's actions are contrary to Subfranchisee's individual interests as a Subfranchisee.

IN WITNESS WHEREOF, and each signatory being jointly and severally liable, the parties hereto executed this Agreement as of the Effective Date.

SUBFRANCHISEE: ______________________	MASTER FRANCHISEE JJ FOODS GLOBAL, INC.
By: ____________________________________	By: ____________________________________
Name: __________________________________	Name: __________________________________
Title: __________________________________	Title: __________________________________

List of Exhibits to Subfranchise Agreement:

Exhibit 1 – Territory and Location of BHC Store

Exhibit 2 – Names and Addresses of Principal Equity Operators

Exhibit 3 – Guarantee of Subfranchise Agreement

Exhibit 4 – Confidentiality and Non-Competition Agreement

Exhibit 5 –Addendum to Lease

EXHIBIT 1

TERRITORY AND LOCATION OF BHC STORE

The Territory is either [ ] a radius of ___miles around the BHC Store or [ ] the geographical area surrounding the BHC Store as depicted in a map attached to this Exhibit 1.

The BHC Store is located at:

(If the address of the BHC Store is unknown when this Agreement is signed as soon as the address is determined it will be inserted later into the space above or added by addendum attached to this Exhibit 1.)

SUBFRANCHISEE: ______________________	MASTER FRANCHISEE JJ FOODS GLOBAL, INC.
By: ____________________________________	By: ____________________________________
Name: __________________________________	Name: __________________________________
Title: ___________________________________	Title: ___________________________________

EXHIBIT 2

NAMES AND ADDRESSES OF PRINCIPAL EQUITY OPERATORS

If Subfranchisee is an entity, list below the names, residential addresses, and respective percentage equity ownership interests of each Principal Equity Operator:

EXHIBIT 3

GUARANTEE OF SUBFRANCHISE AGREEMENT

In consideration of the execution by Master Franchisee of the Subfranchise Agreement (the "Subfranchise Agreement") dated ________________________ between JJ FOODS GLOBAL, INC. ("Master Franchisee") and __________________________("Subfranchisee") and for other good and valuable consideration, each of the undersigned "Principal Equity Operators" (as defined in the Subfranchise Agreement), and their spouses (if applicable), for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby absolutely and unconditionally guarantee the payment of all amounts and the performance of all of the covenants, terms, conditions, agreements and undertakings contained and set forth in said Subfranchise Agreement and in any other agreement(s) by and between Subfranchisee and Master Franchisee.

If more than one person has executed this Guarantee of Subfranchise Agreement ("Guarantee"), the term "the undersigned", as used herein, refers to each such person, and the liability of each of the undersigned hereunder will be joint and several and primary as sureties.

The undersigned, individually and jointly, hereby agree to be personally bound by every covenant, term, condition, agreement, and undertaking contained and set forth in said Subfranchise Agreement and any other agreement(s) by and between Subfranchisee and Master Franchisee.

The undersigned further hereby agree that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder: (i) any term, covenant or condition of the Subfranchise Agreement may be amended, compromised, released or otherwise altered by Master Franchisee and Subfranchisee, and the undersigned do guarantee and promise to perform all the obligations of Subfranchisee under the Agreement as so amended, compromised, released or altered; (ii) any guarantor of or party to the Subfranchise Agreement may be released, substituted or added; (iii) any right or remedy under the Agreement, this Guarantee or any other instrument or agreement between Master Franchisee and Subfranchisee may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; and, (iv) Master Franchisee or any other person may deal in any manner with Subfranchisee, any of the undersigned, any party to the Subfranchise Agreement or any other person.

Should Subfranchisee be in breach or default under the Subfranchise Agreement or any other agreement(s) by and between Subfranchisee and Master Franchisee, Master Franchisee may proceed directly against any or each of the undersigned without first proceeding against Subfranchisee and without proceeding against or naming in such suit any other Subfranchisee, signatory to the Subfranchise Agreement or any others of the undersigned.

Notice to or demand upon Subfranchisee or any of the undersigned will be deemed notice to or demand upon Subfranchisee and all the undersigned, and no notice or demand need be made to or upon any of the undersigned. The cessation of or release from liability of Subfranchisee or any of the undersigned will not relieve any other guarantors from liability hereunder, under the Subfranchise Agreement, or under any other agreement(s) between Master Franchisee and Subfranchisee, except to the extent that the breach or default has been remedied or moneys owed have been paid.

Any waiver, extension of time or other indulgence granted by Master Franchisee or its agents, successors, or assigns, related to the Subfranchise Agreement or any other agreement(s) by and between Subfranchisee and Master Franchisee, will not modify or amend this Guarantee, which will be continuing, absolute, unconditional, and irrevocable.

It is understood and agreed by the undersigned that the provisions, covenants, and conditions of this Guarantee inure to the benefit of the Master Franchisee, its successors, and assigns. This Guarantee may be assigned by Master Franchisee voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder.

The Lanham Act (15 U.S.C. §1051 et seq.) governs any issue involving Master Franchisee's proprietary trademarks. To the extent applicable, the laws of the state where the BHC Store is located govern all issues involving modification of this Guarantee while it is in effect. Otherwise, this Guarantee and the legal relations among the parties hereto will be governed by and construed in accordance with the laws of the State of California. Nothing in this Guarantee is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary, or any other doctrine of law of the State of California or any other state, which would not otherwise apply.

Any litigation arising out of or related to this Guarantee will be instituted exclusively in the Superior Court of the State of California, County of San Diego, or the United States District Court for the Southern District of California. Guarantors hereby waive and covenant never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial, or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens). Guarantors further hereby waive and covenant never to assert or claim that such courts lack personal jurisdiction over Guarantors. In the event both such courts lack jurisdiction to enter any requested injunctive relief, an action or proceeding requesting such relief may be brought before any court having jurisdiction to grant such relief.

Should any one or more provisions of this Guarantee be determined to be illegal or unenforceable, all other provisions will nevertheless be effective.

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee effective as of the date of the Subfranchise Agreement.

PRINCIPAL EQUITY OPERATOR:	SPOUSE OF PRINCIPAL EQUITY OPERATOR:
___________________________	___________________________
By: _____________________________________	By: _____________________________________
Name: ___________________________________	Name: ___________________________________
Title: ___________________________________	Title: ___________________________________

EXHIBIT 4

CONFIDENTIALITY AND NON-COMPETION AGREEMENT

THIS AGREEMENT, dated _______________, by and between JJ FOODS GLOBAL, INC ("**Master Franchisee**") and __________________ of ________________________ (the "**Subfranchisee**"). All capitalized terms not otherwise defined herein shall have the meanings set forth in the Subfranchise Agreement, defined below.

The Master Franchisee has granted to the Subfranchisee, pursuant to that certain Subfranchise Agreement dated _______________ (the "**Subfranchise Agreement**"), the right to operate a BHC Store. The undersigned, in consideration of the receipt and/or use of the Operations Manual and other information proprietary to the Master Franchisee, including but not limited to methods, strategies and techniques developed by the Master Franchisee or its affiliate relating to operations, marketing, training, advertising, trade secrets, recipes and other confidential data (collectively referred to as "**Proprietary Information**"), agrees with the Master Franchisee as follows:

(1) The undersigned acknowledges that the Operations Manual and other Proprietary Information now or hereafter provided to Subfranchisee by the Master Franchisee is proprietary to the Master Franchisee and must be held in the utmost and strictest confidence.

(2) The undersigned represents and agrees that the undersigned will not, without the prior written consent of the Master Franchisee, either:

a. Duplicate or otherwise reproduce the Operations Manual or other Proprietary Information;

b. Deliver or make available the Operations Manual or other Proprietary Information to any person other than an authorized representative of the Master Franchisee;

c. Discuss or otherwise disclose the contents of the Operations Manual or other Proprietary Information to any person other than an authorized representative of the Master Franchisee; or

d. Use the Operations Manual or other Proprietary Information to his, her or its commercial advantage other than in connection with the operation of the franchise created and granted by the Subfranchise Agreement.

(3) While the Subfranchise Agreement is in effect, neither the undersigned, nor any member of his or her immediate family, shall engage in, or participate as an owner, officer, partner, director, agent, employee, shareholder or otherwise in any other Competitive Business without having first obtained the Master Franchisee's written consent. For the purposes of this Agreement,

(4) The undersigned has acquired from the Master Franchisee confidential information regarding Master Franchisee's trade secrets and Subfranchised methods which, in the event of a

termination of the Subfranchise Agreement, could be used to injure the Master Franchisee. As a result, neither the undersigned, nor any member of his or her immediate family, shall, for a period of two (2) years from the date of termination, transfer or expiration of the Subfranchise Agreement, without having first obtained the Master Franchisee's written consent, engage in or participate as an owner, officer, partner, director, agent, employee, shareholder or otherwise in any Competitive Business which is located or operating, as of the date of such termination, transfer or expiration, within a 25-mile radius of the Subfranchisee's former Subfranchised Location as defined in the Subfranchise Agreement, or within a 10-mile radius of any other Subfranchised or company-owned BHC Store, unless such right is granted pursuant to a separate agreement with the Master Franchisee.

(5) The undersigned agrees that during the term of the Subfranchise Agreement, and for a period of two (2) years thereafter, it shall in no way divert or attempt to divert the business of customers or interfere with the business relationship established with customers of the Subfranchisee's BHC Store or of any Competitive Business.

IN WITNESS WHEREOF, this Agreement has been executed by the undersigned as of the date set forth above.

SUBFRANCHISEE: ______________________	MASTER FRANCHISEE JJ FOODS GLOBAL, INC.
By: ______________________	By: ______________________
Name: ______________________	Name: ______________________
Title: ______________________	Title: ______________________

EXHIBIT 5

ADDENDUM TO LEASE

This Addendum to Lease ("Addendum"), dated _______, is entered into between ______("Landlord") and __________("Tenant").

RECITALS:

The parties have entered into a Lease Agreement, dated _______ (the "Lease), pertaining to the premises located at _______________________________(the "Premises").

The Landlord acknowledges that Tenant intends to operate a BHC store ("BHC Store") from the Premises pursuant to Tenant's Subfranchise Agreement with JJ FOODS GLOBAL, INC. ("Master Franchisee") dated _______________(the "Subfranchise Agreement"), whereby Tenant will utilize the BHC name and the BHC Marks as Master Franchisee may designate in the operation of the BHC Store at the Premises.

Landlord further acknowledges that Master Franchisee has approved Tenant's request to locate its BHC Store on the Premises that is the subject of the Lease, provided that the conditions and agreements set forth in this Addendum are made a part of the Lease.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree to amend the Lease as follows:

1. Remodeling and Decor. Landlord agrees that Tenant has the right to remodel, equip, paint, and decorate the interior of the Premises and to display such Marks and signs on the interior and exterior of the Premises as Tenant is reasonably required to do pursuant to the Subfranchise Agreement and any successor Subfranchise Agreement under which Tenant may operate a Store on the Premises. Any remodel of the building and/or its signs shall be subject to Landlord's prior and reasonable approval.

2. Assignment By Tenant.

A. Tenant does not have the right to sublease or assign the Lease to any third party without Landlord's and Master Franchisee's written approval.

B. So long as Tenant is in good standing under the Lease, Tenant has the right to assign all of its right, title and interest in the Lease to Master Franchisee or its affiliates during the term of the Lease, including any extensions or renewals, without first obtaining Landlord's consent. No assignment will be effective, however, until Master Franchisee or its designated affiliate gives Landlord written notice of its acceptance of the assignment. Master Franchisee will be responsible for the Lease obligations incurred after the effective date of the assignment. If Master Franchisee elects to assume the Lease, Master Franchisee shall not be required to begin paying rent until Landlord delivers possession of the Premises to the Master Franchisee. At any time until the Landlord delivers possession of the Premises, Master Franchisee shall have the right to rescind the election to assume by written notice to Landlord.

3. Default and Notices to Master Franchisee. Landlord shall send Master Franchisee copies of all notices of default under the Lease at the same time it provides Tenant with such notice. If Tenant fails to cure any defaults within the period specified in the Lease, Landlord shall promptly give Master Franchisee written notice thereof, specifying the defaults that Tenant has failed to cure. Master Franchisee has the right to unilaterally assume the Lease if Tenant fails to cure. Master Franchisee shall have 15 days from the date Master Franchisee receives such notice to exercise, by written notice to Landlord and Tenant, its right for Master Franchisee or its affiliate designee ("Master Franchisee Entity"), to assume the Lease. Master Franchisee shall have an additional 30 days from the expiration of Tenant's cure period in which to cure the default or violation. If Master Franchisee elects to assume the Lease, the Master Franchisee Entity shall not be required to cure defaults and/or to begin paying rent until Landlord delivers possession of the Premises to the Master Franchisee Entity. At any time until Landlord delivers possession of the Premises, Master Franchisee shall have the right to rescind the election to assume by written notice to Landlord.

4. Termination of Subfranchise Agreement; Expiration or Non-Renewal of Lease. If the Subfranchise Agreement is terminated for any reason during the term of the Lease or any renewal or extension thereof, and if Master Franchisee desires to assume the Lease, Master Franchisee shall promptly give Landlord written notice thereof. Within 30 days after receipt of such notice, Landlord shall give Master Franchisee written notice specifying any defaults of Tenant under the Lease. If Master Franchisee elects to assume the Lease, Master Franchisee must cure said defaults consistent with paragraph 3 above. If the Lease contains term renewal or extension right(s) and if Tenant allows the term to expire without exercising said right(s), Landlord shall give Master Franchisee written notice thereof, and a Master Franchisee Entity shall have the option, for 30 days after receipt of said notice, to exercise the Tenant's renewal or extension right(s) on the same terms and conditions as are contained in the Lease. If a Master Franchisee Entity elects to exercise such right(s), it shall so notify Landlord in writing, whereupon Landlord and the Master Franchisee Entity shall promptly execute and deliver an agreement whereby the Master Franchisee Entity assumes the Lease, effective at the commencement of the extension or renewal term.

5. Access to Premises Following Expiration or Termination of Lease. Upon the expiration or termination of the Lease, Landlord will cooperate with and assist Master Franchisee in gaining possession of the Premises and, if the Master Franchisee Entity does not elect to assume the Lease for the Premises consistent with subparagraphs 3or 4above, Landlord will allow Master Franchisee to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord except for any damages caused by Master Franchisee's willful misconduct or gross negligence, to remove all signs and all other items identifying the Premises as a BHC Store and to make such other modifications (such as repainting) as are reasonably necessary to protect the BHC marks and system, and to distinguish the Premises from BHC Stores. In the event Master Franchisee exercises its option to purchase assets of Tenant, Landlord must permit Master Franchisee to remove all such assets being purchased by Master Franchisee.

6. Assumption and Subsequent Assignment by Master Franchisee. If Master Franchisee elects to assume the Lease under paragraph 2, or unilaterally assumes the Lease as provided for in paragraphs 3 or 4, Landlord and Tenant agree that:

A. Tenant will remain liable for the responsibilities and obligations, including amounts owed to Landlord, prior to the date of assignment and assumption. Further, Tenant shall be and remain liable to Landlord for all of its obligations under the Lease, notwithstanding any assignment or assumption of the Lease by Master Franchisee. Master Franchisee shall be entitled to recover from Tenant all amounts it pays to Landlord to cure Tenant's defaults under the Lease, including interest and reasonable collection costs.

B. Master Franchisee, upon taking possession of the Premises, shall cure any default specified by Landlord within the timeframes noted herein and shall execute and deliver to Landlord its assumption of Tenant's rights and obligations under the Lease. Master Franchisee shall pay, perform, and be bound by all the duties and obligations of the Lease applicable to Tenant, except that the Master Franchisee may elect not to assume or be bound by the terms of any Amendment to the Lease executed by Tenant without obtaining Master Franchisee's prior written approval, which shall not be unreasonably withheld or delayed.

C. At or after the time Master Franchisee assumes Tenant's interests under the Lease, the Master Franchisee may, at any time, assign such interests or sublet the Premises to a BHC Subfranchisee. Any such assignment shall be subject to the prior written consent of the Landlord, which Landlord shall not unreasonably withhold as it relates to a creditworthy Subfranchisee who otherwise meets Master Franchisee's then-current standards and requirements for Subfranchisees and agrees to operate the store as a BHC Store pursuant to a Subfranchise Agreement with Master Franchisee. Upon receipt by Landlord of an assumption agreement pursuant to which the assignee agrees to assume the Lease and to observe the terms, conditions, and agreements on the part of Tenant to be performed under the Lease, the Master Franchisee shall thereupon be released from all liability as tenant under the Lease from and after the date of assignment, without any need of a written acknowledgement of such release by Landlord.

7. Access to Premises During Lease. As provided in the Subfranchise Agreement, Master Franchisee shall have the right to access the Premises during continuance of the Lease to ensure compliance by Tenant with its obligations under the Subfranchise Agreement.

8. Additional Provisions.

A. Landlord hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Subfranchise Agreement under which Tenant plans to operate its business and the Tenant would not lease the Premises without this Addendum.

B. Landlord further acknowledges that Tenant is not an agent or employee of Master Franchisee and the Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Master Franchisee or any affiliate of Master Franchisee, and that Landlord has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liability of or against Master Franchisee or any affiliate of Master Franchisee, unless and until the Lease is assigned to, and accepted in writing by, Master Franchisee.

C. All notices to Master Franchisee required by this Addendum must be in writing and sent by registered or certified mail, postage prepaid, to the following address: JJ FOODS GLOBAL INC, 11091 Roxboro Rd, San Diego, CA 92131. Master Franchisee may change its address for receiving notices by giving Landlord written notice of the new address. Landlord agrees that it will notify both Tenant and Master Franchisee of any change in Landlord's mailing address to which notices should be sent.

D. Sales Reports. If requested by Master Franchisee, Landlord will provide Master Franchisee with whatever information Landlord has regarding Tenant's sales from the BHC Store.

E. Conflicts. In the event of a conflict between the terms of the Lease and the terms set forth in this Addendum, the terms set forth herein shall govern. In the event of a conflict between notices provided to Landlord by Tenant and Master Franchisee, the notices of Master Franchisee shall prevail.

F. Miscellaneous. Any waiver excusing or reducing any obligation imposed by this Addendum shall be in writing and executed by the party who is charged with making the waiver and shall be effective only to the extent specifically allowed in such writing. The language used in this Addendum shall in all cases be construed simply according to its fair meaning and not strictly for or against any party. Nothing in this Addendum is intended, nor shall it be deemed, to confer any rights or remedies upon any person or entity not a party hereto. This Addendum shall be binding upon, and shall inure to the benefit of, the successors, assigns, heirs, and personal representatives of the parties hereto. This Addendum sets forth the entire agreement with regard to the rights of Master Franchisee, fully superseding any and all prior agreements or understandings between the parties pertaining to the subject matter of this Addendum. This Addendum may only be amended by written agreement duly executed by each party.

IN WITNESS WHEREOF, this Addendum is made and entered into by the undersigned parties as of ____ _____________.

LANDLORD: ____________________	TENANT: ________________
By: ____________________________	By: ____________________________
Name: __________________________	Name: __________________________
Its: ____________________________	Its: ____________________________

EXHIBIT “B”

JJ FOODS GLOBAL INC

Audited Financial Statements for the Fiscal Year Ended December 31, 2025, including Comparative Unaudited Financial Statements for the Fiscal Year Ended December 31, 2024, together with Management Supplemental Disclosure Regarding 2024 Comparative Financial Information

JJ FOODS GLOBAL INC

FINANCIAL STATEMENTS

DECEMBER 31, 2025

WITH
INDEPENDENT AUDITOR'S REPORT

APG
AURUM PROFESSIONAL GROUP

By APG, LLC

JJ FOODS GLOBAL INC

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APG
Aurum Professional Group
Audit Tax and Advisory

Aurum Professional Group, LLC
2180 Satellite Boulevard Suite
400 Duluth GA, 30097
Tel (334) 552-2353
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
JJ FOODS GLOBAL INC:

Qualified Opinion

We have audited the accompanying financial statements of JJ FOODS GLOBAL INC. (the "Company"), which comprise the balance sheet as of December 31, 2025, and the related statements of operations, changes in shareholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

The Company was not audited for the year ended December 31, 2024, and we were not engaged as auditors until after December 31, 2025. Accordingly, we were unable to obtain sufficient appropriate audit evidence regarding certain opening balances as of January 1, 2025, including retained earnings and other related accounts.

Because opening balances enter into the determination of the results of operations and cash flows for the year ended December 31, 2025, we were unable to determine whether adjustments might have been necessary in respect of the Company's financial performance and cash flows.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Emphasis-of-Matter – Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 13 to the financial statements, the Company has incurred recurring operating losses of $1,035,433 and $717,567 for the years ended December 31, 2025 and 2024, respectively, has an accumulated deficit of $1,649,644, and has a current ratio of approximately 0.13 with cash and cash equivalents of $72,311 as of December 31, 2025. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 13. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matter – Prior Year Financial Statements Not Audited

The financial statements of the Company as of and for the year ended December 31, 2024 were not audited. Accordingly, we do not express an opinion or provide any form of assurance on the 2024 financial statements.

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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 the Company'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 the Company'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.

APG, LLC

February 25, 2026
Duluth, Georgia

JJ FOODS GLOBAL INC

BALANCE SHEET
DECEMBER 31, 2025, and 2024

ASSETS

		2025		2024 (Unaudited)
CURRENT ASSETS:				
Cash (Note 2, and 3)	$	72,311.52	$	80,506.16
Prepaid expense		32,769.28		-
Prepaid Tax		222.71		-
Total current assets		105,303.51		80,506.16
NONCURRENT ASSETS:				
Fixed Assets net (Note 2, and 4)	$	387,216.45	$	192,969.88
Leasehold Improvements net (Note 2, and 5)		375,695.72		-
Franchise Right net (Note 2, and 6)		344,999.92		451,345.00
Security deposit		156,571.63		65,152.88
Right of use asset (Note 2, and 11)		2,149,541.00		-
Total non-current assets		3,414,024.72		709,467.76
Total assets	$	3,519,328.23	$	789,973.92

LIABILITIES AND STOCKHOLDER'S EQUITY

		2025		2024 (Unaudited)
CURRENT LIABILITIES:				
Account payable	$	208,791.15	$	-
Interest Payable (Note 7)		15,866.00		-
Tax payable		41,636.84		7,993.57
Current Lease liability (Note 2 and 11)		256,046.00		-
Short term loan (Note 7)		205,767.61		-
Other current liabilities		54,524.60		-
Total current liabilities	$	782,632.20	$	7,993.57
NON-CURRENT LIABILITY:				
Long term loan (Note 7)	$	350,000.00	$	300,000.00
Loans Payable-related party (Note 8)		250,677.47		1,171,525.56
Lease liability (Note 2 and 11)		1,934,534.00		-
TI Allowance Liability (Note 10)		41,128.71		-
Total non-current liabilities		2,576,340.18		1,471,525.56
Total liabilities	$	3,358,972.38	$	1,479,519.13
STOCKHOLDERS' EQUITY:				
Capital Stock	$	10,000.00	$	10,000.00
Paid - In - Capital (Note 8)		1,800,000.00		90,000.00
Retained earning		(543,656.96)		(71,978.08)
Net Income		(1,105,987.19)		(717,567.13)
Total equity		160,355.85		(689,545.21)
Total liabilities and equity	$	3,519,328.23	$	789,973.92

See the independent auditor's report and accompanying notes to financial statements.

JJ FOODS GLOBAL INC

STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025, and 2024

	2025	2024 (Unaudited)
Net sales (Note 2, 4 and 6)	$ 2,113,541.89	$ 869,292.25
Cost of goods sold	971,383.52	329,214.65
Gross profit	1,142,158.37	540,077.60
Selling, general and administrative expenses (Note 16)	2,177,591.43	1,257,644.73
Operating income(Loss)	(1,035,433.06)	(717,567.13)
Other income (expense):		
Interest income(expense)	(70,948.20)	-
Other income	1,194.07	-
Total Other income(expense)	(69,754.13)	-
Income(Loss) before income taxes	(1,105,187.19)	(717,567.13)
Income taxes (Note 2)	(800.00)	-
Net income	$ (1,105,987.19)	$ (717,567.13)

See the independent auditor's report and accompanying notes to financial statements.

JJ FOODS GLOBAL INC

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025, and 2024

	Capital Stock	Paid - In - Capital	Retained Earnings or (Accumulated Deficits)	Total Equity
Balance at December 31, 2024 (Unaudited)	$ 10,000.00	$ 90,000.00	$ (789,545.21)	$ (689,545.21)
Conversion of stockholder's debt into equity (Note 8)	-	1,710,000.00	-	1,710,000.00
Adjustment for prior period error (Note 12)	-	-	245,888.25	245,888.25
Net income(loss)	-	-	(1,105,987.19)	(1,105,987.19)
Balance at December 31, 2025	$ 10,000.00	$ 1,800,000.00	$ (1,649,644.15)	$ 160,355.85

JJ FOODS GLOBAL INC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025, and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (1,105,987.19)	$ (717,567.13)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	430,430.03	338,766.00
Change in operating assets and liabilities:		
Prepaid expense	(32,769.28)	-
Prepaid tax	(222.71)	-
Credit card payable	54,524.60	(23,303.73)
Accounts payable	258,791.15	-
Other payable	41,451.27	7,993.57
Net cash provided by operating activities	(353,782.13)	(394,111.29)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets and Leasehold Improvements	(392,293.13)	(972,066.48)
Net cash Increase(decrease) investing activities	(392,293.13)	(972,066.48)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Conversion of major shareholder debt into equity	1,710,000.00	-
Lease liabilities payment	(307,038.91)	-
Long-term Loan	(665,080.48)	1,091,525.56
Net cash provided by financing activities	737,880.61	1,091,525.56
Net Increase(decrease) in cash and cash equivalents	(8,194.64)	(274,652.21)
Cash and cash equivalents at beginning of year	80,506.16	355,158.37
Cash and cash equivalents at end of year	$ 72,311.52	$ 80,506.16

See the independent auditor's report and accompanying notes to financial statements.

Note 1 – Organization and Nature of Business

JJ FOODS GLOBAL INC. (the Company) was incorporated in the state of California in June 2023. The Company has entered into a master franchise agreement with BHC USA LLC, a Korean chicken brand. Under this agreement, the Company is authorized both to open and operate its own BHC locations and to function as a master franchisor by granting franchise rights to others within certain counties, including Riverside County and San Diego County.

As of December 31, 2025, the Company directly operates three BHC locations, including CARLSBAD PLAZA, and is preparing to open an additional company-owned store in Riverside.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared utilizing the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and certain financial statement disclosures. Actual results could differ from those estimates.

Revenue Recognition

The Company has adopted Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers" ("ASC 606"), which introduces a new five-step approach to measuring and recognizing revenue from contracts with customers.

Under ASC 606, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. A company is also required to disclose sufficient quantitative and qualitative information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

As of the audit report date, the Company has generated revenue solely from its company-operated BHC restaurant locations. No revenue has been recognized from granting franchise rights to third parties under the master franchise agreement.

Cash and Cash Equivalents

The Company considers all money market funds and highly liquid financial instruments with original maturities of three months or less to be cash equivalents. As of December 31, 2025, no amount of the company's cash is subject to use restrictions.

Property and equipment

Property, plant, and equipment are stated at cost. Depreciation is calculated using the straight-line method over the following estimated useful lives:

- Machine and Equipment 7 years
- Furniture and Fixtures 7 years
- Leasehold Improvement 5 or 10 years

Expenditures for repairs and maintenance and other costs that do not improve the property and equipment, extend the useful life, or otherwise do not meet capitalization criteria are charged to expense as incurred.

Intangible Assets

The Company recognized franchise rights in connection with franchise fees paid under agreements entered into with BHC USA LLC in March and October 2024 for the San Diego County and Riverside County territories. These franchise rights are expected to generate future economic benefits through the operation of the franchise business. The assets are being amortized on a straight-line basis over an estimated useful life of 10 years, with no residual value assumed.

Leases

At the time of contract inception, the Company determines whether the contract is a lease or contains a lease agreement. If the contract is a lease, it conveys the right to control the use of a specific asset for a specified period of time in exchange for consideration (ASC 842-10-15).

At the lease inception date, the Company recognizes a right-of-use asset (ROU) and a corresponding lease liability in its financial statements for all leases with a lease term exceeding 12 months. The right-of-use asset represents the Company's right to use the asset during the lease term, and the lease liability represents the Company's obligation to pay lease payments.

Leases are classified into operating leases and finance leases. Lease classification is based on criteria set forth in ASC 842-20-25-2, which consider whether the lease transfers ownership of the underlying asset, whether it includes a purchase option that the company will likely exercise, whether it covers most of the remaining economic life of the underlying asset, whether the present value of the lease payments exceeds a significant portion of the fair value of the underlying asset, or whether it involves a special asset with no other use.

The company's current leases (buildings and one vehicle) do not meet the criteria for classification as finance leases, so all leases are classified as operating leases.

For operating leases, the right-of-use asset and lease liability are measured at the present value of future lease payments. Since the interest rate implicit in each lease cannot be readily determined, they are discounted using the company's additional borrowing rate. Lease expenses are recognized on a straight-line basis over the lease term and included in selling, general, and administrative expenses. Variable lease payments not included in the lease liability are recognized as an expense in the period in which they are incurred.

Income Taxes

The company is an S Corporation for federal and California income tax purposes. As a pass-through entity, the Company's taxable income or loss is included in the individual income tax returns of its shareholders. Accordingly, no provision for federal income taxes is recorded in the Company's financial statements. The Company is subject to California's minimum franchise tax of $800 annually. For the year ended December 31, 2025, the Company recorded $800 as current income tax expense related to the California minimum franchise tax.

Note 3 – Credit Concentration

The standard deposit insurance limit of the Federal Deposit Insurance Corporation ("FDIC") is $250,000 per depositor, per insured bank, for each account ownership category. Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents. The Company maintains its cash accounts with a high-quality financial institution, which, at times, may exceed federally insured coverage. As of December 31, 2025, the Company has none in excess of the FDIC insured limits respectively.

Note 4 – Property, Plant, and Equipment

Property, plant, and equipment as of December 31, 2025 as follows:

Machine & Equipment	$ 352,711.29
Furniture and Fixtures	87,695.16
Total	440,406.45
Less accumulated depreciation	(53,190.00)
Property, plant, and equipment - net	$ 387,216.45

As of December 31, 2025, the Company reported $ 43,581 in depreciation expense in Selling, General, and Administrative Expenses.

Note 5 – Leasehold Improvements

Leasehold Improvements as of December 31, 2025 as follows:

Leasehold Improvements	$ 483,191.06
Less accumulated amortization	(107,495.34)
Leasehold Improvements - net	$ 375,695.72

As of December 31, 2025, the Company reported $ 71,545 in amortization expense in Selling, General, and Administrative Expenses.

Note 6 – Franchise right

The Company has recognized franchise rights as finite-lived intangible assets in connection with franchise agreements entered into during the reporting period. These assets are amortized on a straight-line basis over their estimated useful life of 10 years, with no residual value.

As of December 31, 2025, the carrying amount of franchise rights was as follows:

Franchise Right	$ 400,000.00
Less accumulated amortization	(55,000.08)
Franchise right – net	$ 344,999.92

Amortization expense recognized on franchise rights for the year ended December 31, 2025 amounted to $ 40,000.08 and was included in selling, general and administrative expenses. The Company evaluates finite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairment indicators were identified as of the reporting date.

(Continued on next page)

Note 7 – Borrowings

1. Short term loans

In September 2025 and October 2025, the Company entered into two business loan and security agreements with WebBank ("WebBank term loans") to provide working capital for its restaurant operations. The loans are fully amortizing fixed-fee term loans with weekly repayment via ACH debit from the Company's business bank account.

The key terms of the WebBank term loans are summarized below:

Original principals of USD 150,000 (Loan I) and USD 100,000 (Loan II), for a combined original principal of USD 250,000. Contractual total repayment amounts of USD 175,500 and USD 117,000, respectively, for a combined total contractual repayment of USD 292,500, payable over approximately 15 months in 65 weekly installments for each loan. Weekly installment payments of USD 2,700 (Loan I) and USD 1,800 (Loan II), for a combined weekly repayment of USD 4,500.

2. Long term loan

The Company borrowed $300,000 and $50,000 from a non-affiliated individual, Lee Youngjin, residing in California, on November 15, 2023 and June 14 2024 by each. The loan bears a fixed interest rate of 4.5% per annum, with interest calculated on an actual/365 basis starting January 1, 2026. Interest payments of $1,312.50 are to be made monthly from January 25, 2026, through December 25, 2027. The principal amount of $350,000 is to be repaid in a lump sum on December 31, 2027. This loan is restricted to use solely for the operation of the BHC chicken business, and any other use requires the lender's prior written consent.

As of December 31, 2025, the Company has recorded accrued interest payable related to this loan in the amount of $15,866.

Note 8 – Related-Party Balances and Transactions

As of December 31, 2025, the Company has an outstanding loan of $95,677 from its sole shareholder, Jonghyeon Baik. This loan is non-interest bearing. In addition, the company has borrowed $125,000 and $30,000 interest-free from Soowoong Baik and Amy Baik, who are related parties to the sole shareholder, Jonghyeon Baik. On July 1, 2025, Jonghyeon Baik resolved to convert a portion of his loan balance to the Company, amounting to $1,710,000, into equity. As a result of this transaction, the Company's paid-in capital increased to approximately $1.8 million.

(Continued on next page)

Note 9 – Guarantees and collateral

1. Guarantees

In September 2025, the Company entered into a business loan and security agreement with WebBank (the "WebBank Loan") with an original principal amount of USD 150,000. Under the terms of the agreement, the Company's chief executive officer, Mr. Jonghyeon Baik, provided an unconditional and continuing personal guarantee of all obligations of the Company under the WebBank Loan, including principal, finance charges, fees and collection costs. The guarantee constitutes a payment guarantee, not a collection guarantee and remains in effect until all obligations under the WebBank Loan have been fully settled.

2. Collateral and security interests

The WebBank Loan is secured by a first-priority security interest in substantially all business assets of the Company, including, but not limited to, accounts receivable (including merchant card receivables), inventory, equipment, general intangibles, deposit accounts, trademarks and other intellectual property, and all proceeds thereof. The security interest will remain in place until all amounts outstanding under the WebBank Loan have been repaid in full.

Note 10 – Tenant Improvement Allowance

In January 2025, the Company received a tenant improvement allowance of $53,166.71 from the landlord in connection with the lease of its SV store location. The allowance relates to leasehold improvements made to the leased premises.

The Company accounts for the tenant improvement allowance as a lease incentive in accordance with ASC 842, Leases. The total allowance is being amortized on a straight-line basis over the remaining lease term of 53 months. The amortization of the allowance is recorded as a reduction of lease expense.

For the year ended December 31, 2025, the Company recognized amortization of $12,038 related to the tenant improvement allowance, which reduced lease expense for the period.

(Continued on next page)

Note 11 – Leases and Contingencies

1. Leases

As of December 31, 2025, the Company leases four facilities located in San Diego and Riverside under non-cancelable operating lease agreements, which are utilized as BHC Chicken restaurants. The lease terms range from five to ten years. Lease expense related to these lease agreements was $325,951 for the year ended December 31, 2025.

The Company has also entered into a non-cancelable operating lease agreement with a third party for one vehicle. This lease expires in July 2028, and the monthly rental payment is approximately $1,100. Lease expense related to this vehicle lease was approximately $13,906 for the year ended December 31, 2025. Future minimum lease payments for leases in each of the four years subsequent to December 31, 2025 are as follows:

	Amont
2026	$ 345,210
2027	352,704
2028	354,937
2029 and after	1,544,005
Total minimum lease payments	2,596,856
Amount of interest	(406,276)
Present value of lease liability	$ 2,190,580

2. Legal Matters

As of December 31, 2025, there are no pending matters for litigation, which could have a material adverse effect on the financial position, results of operations, or cash flows of the Company.

Note 12 – Prior Period Error Corrections

During the year ended December 31, 2025, the Company identified certain accounting errors related to prior periods. These errors primarily resulted from incorrect depreciation and amortization calculations, misclassification of lease-related accounts under ASC 842, omission or misstatement of security deposits, interest payable, franchise rights, and related liabilities.

In accordance with ASC 250, Accounting Changes and Error Corrections, management concluded that these items represent corrections of prior period errors. However, due to the Company's status as a first-time audit client and limitations in obtaining sufficient appropriate audit evidence over prior period financial information, the Company did not restate previously issued financial statements.

Accordingly, the cumulative effect of correcting these prior period errors was recorded as an adjustment to the opening balance of retained earnings as of January 1, 2025, with no revision to comparative financial statements.

Summary of Cumulative Adjustments Recorded as of January 1, 2025

The net cumulative effect of the prior period error corrections resulted in a decrease in opening retained earnings of $245,888.25, summarized as follows:

Account Description	Net Adjustment (Dr / (Cr))
Accumulated depreciation	$369,097
Accumulated amortization (leasehold improvements)	35,950
Right-of-use assets	2,399,472
Lease liabilities	(2,917,527)
Lease discount (net)	504,152
Security deposits (net)	91,418.75
Franchise rights (net of accumulated amortization)	132,490
Interest payable	(8,058)
Accounts payable	(50,000)
Net decrease in retained earnings	$245,888.25

Positive amounts represent increases to assets or expenses (debits), while negative amounts represent increases to liabilities or equity (credits).

Management believes that recording these adjustments in opening retained earnings provides a more faithful representation of the Company's financial position as of January 1, 2025.

(Continued on next page)

Note 13 – Going Concern and Management's Plans

Going Concern

The Company's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. For the year ended December 31, 2025, the Company incurred a net operating loss of $1,035,433 (2024: $717,567) and has an accumulated deficit of $1,649,644 as of December 31, 2025. As of the same date, the Company had cash and cash equivalents of $72,311 and a current ratio of approximately 0.13, indicating significant liquidity constraints. These factors, individually and in the aggregate, raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that these financial statements are issued.

Management's Plans

In response, management has developed and is implementing plans intended to address these conditions and improve the Company's liquidity and operating results. The planned actions include:

Revenue enhancement: The Company is actively pursuing business expansion, with two additional store openings scheduled for 2026—one in Riverside (March 2026) and another in San Marcos (September 2026).

Cost reduction initiatives: Management has identified targeted cost-saving measures, particularly in general and supply costs. Chicken supply costs are expected to decrease by approximately 30% through sourcing from local suppliers and transitioning marination processes in-house.

Capital infusion: A potential new shareholder plans to invest $1 million to support the expansion, and the CEO is currently in discussions with potential investors to secure additional equity financing.

Operational cash flow improvement: Management is renegotiating terms with major suppliers (BHC and Wang) to obtain more favorable payment conditions and improve working capital.

While management believes these plans, if successfully executed, are sufficient to mitigate the substantial doubt about the Company's ability to continue as a going concern, there can be no assurance that these initiatives will be successfully implemented or completed within the expected timeframe. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 14 – Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through February 25, 2026, the date at which the financial statements are available to be issued and concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

(Continued on next page)

Note 15 – Supplemental disclosures of noncash flows

Supplemental disclosures of noncash flows for the years ended December 31, 2025, are as follows:

- Right-of-use assets obtained in exchange for new operating lease liabilities: $2,565,497
- Tenant improvement allowance offset against ROU asset / lease incentive: $ 53,167
- Cash paid for operating lease liabilities (included in operating cash flows): $339,857

(Continued on next page)

Note 16 – Selling, General, and Administrative Expenses

The selling, general, and administrative expenses for the years ended December 31, 2025, and 2024 are as follows:

	2025	2024
Advertising	$ 65,309.16	$ 5,224.72
Alarm & Security Service	8,196.75	-
Automobile Expense	11,760.23	18,361.95
Bank Service Charges	5,101.51	262.08
Delivery Service Fee	121,569.82	39,848.27
Consulting & Professiona	-	22,500.00
Credit Card S.C.	76,857.48	27,768.94
Dues and Subscriptions	25,727.20	334.00
Employee Benefits	2,254.09	-
Equipment Rental	390.00	-
Royalty	105,376.98	35,013.24
Insurance	44,960.54	7,918.02
Janitorial & Cleaning	50.00	-
Linen, Laundry & Dry-cle	8,211.91	-
Legal & Accounting	42,219.50	5,300.00
Licenses and USE Permits	8,111.61	2,296.39
Lease Expense	354,955.00	-
Meal Expenses	-	13.00
Maintenance and Repairs	23,778.81	47,851.86
Office Expense	8,171.80	6,054.35
Postage and Delivery	3.85	-
Pest Control	1,479.00	-
Rent	96,387.31	182,522.26
Gross Salaries	830,508.55	402,597.54
Supplies	19,811.48	18,866.14
Taxes	99,897.47	60,667.05
Telephone	1,857.55	-
Trash	2,131.65	-
Utilities	57,385.76	34,003.12
Travel & Meetings	-	1,475.80
Amortization Expense	111,545.42	23,755.00
Depreciation Expense	43,581.00	315,011.00
	$ 2,177,591.43	$ 1,257,644.73

* * * * *

MANAGEMENT SUPPLEMENTAL DISCLOSURE
REGARDING 2024 COMPARATIVE FINANCIAL INFORMATION

This disclosure is not part of the independent auditor's report or the audited financial statements.

The following management supplemental disclosure accompanies the audited financial statements included in this Franchise Disclosure Document filing and is intended to address the presentation of the 2024 comparative financial information.

The comparative financial statements for the fiscal year ended December 31, 2024 included herein are management-prepared figures and were not subject to audit procedures in connection with the current year audit engagement.

The Company previously provided reviewed financial statements for the fiscal year ended December 31, 2024 prepared under a separate review engagement. The comparative figures presented herein differ from those previously issued reviewed financial statements. Such differences arise from the differing scope of the respective engagements: the reviewed financial statements reflected adjustments identified through review procedures conducted at that time, whereas the comparative figures included herein represent the financial data as prepared and presented by management for purposes of the current year audit.

These differences do not constitute a restatement of the previously issued reviewed financial statements, nor do they reflect a correction of errors or a change in accounting policy. The determination of whether such differences are material to the overall financial position of the Company is the responsibility of management.

Submitted by Management:

Signature: Jonghyeon Baik

Name: Jonghyeon Baik

Title: Chief Executive Officer

EXHIBIT “B-1”

JJ FOODS GLOBAL INC

Excerpt from Master Franchise Agreement (Designated Territories)

EXHIBIT 2
TO MULTI-UNIT MASTER FRANCHISE AGREEMENT

DEVELOPMENT AREA - MAP

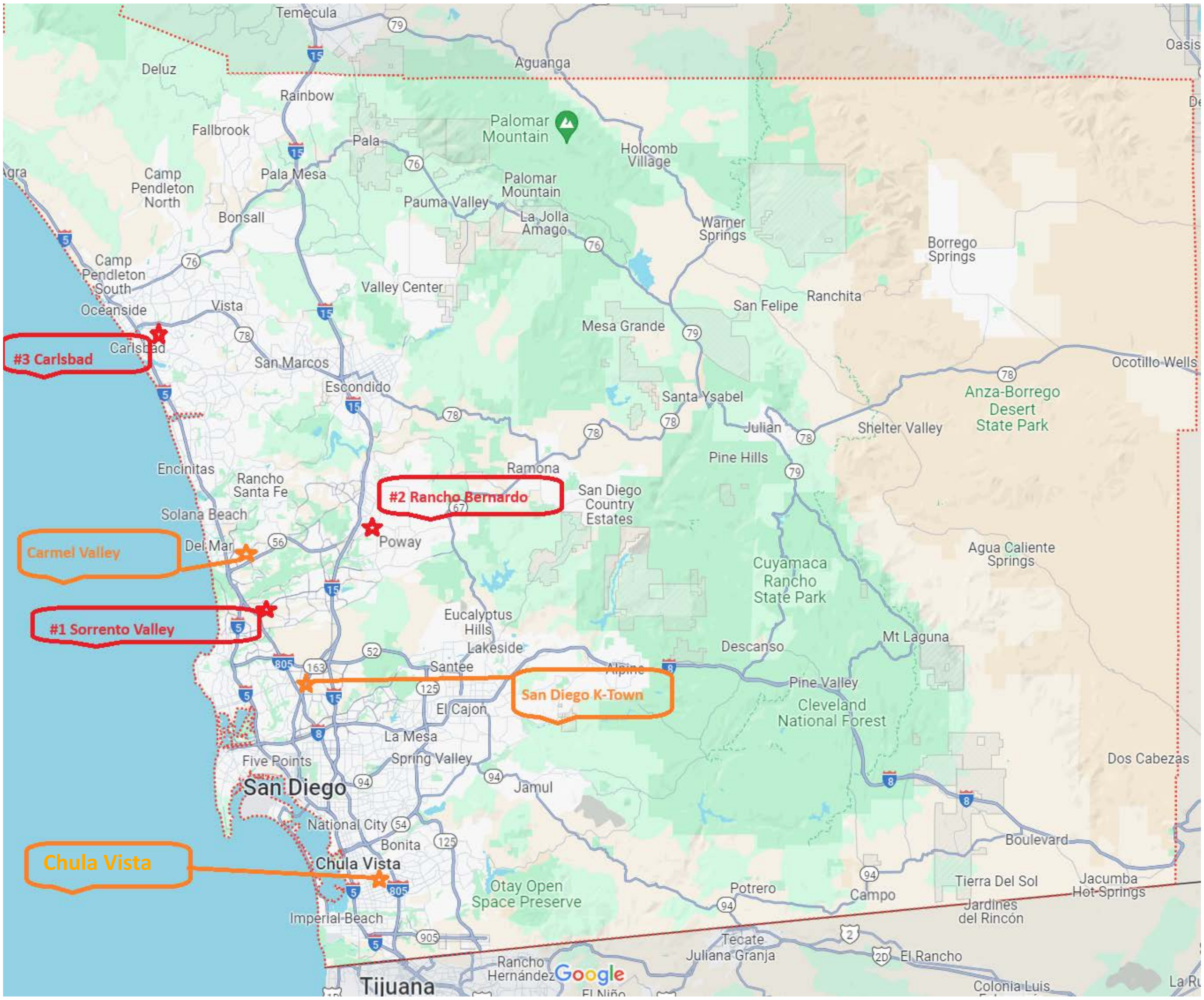

EXHIBIT 2

TO MULTI-UNIT FRANCHISE AGREEMENT

DEVELOPMENT – MAP

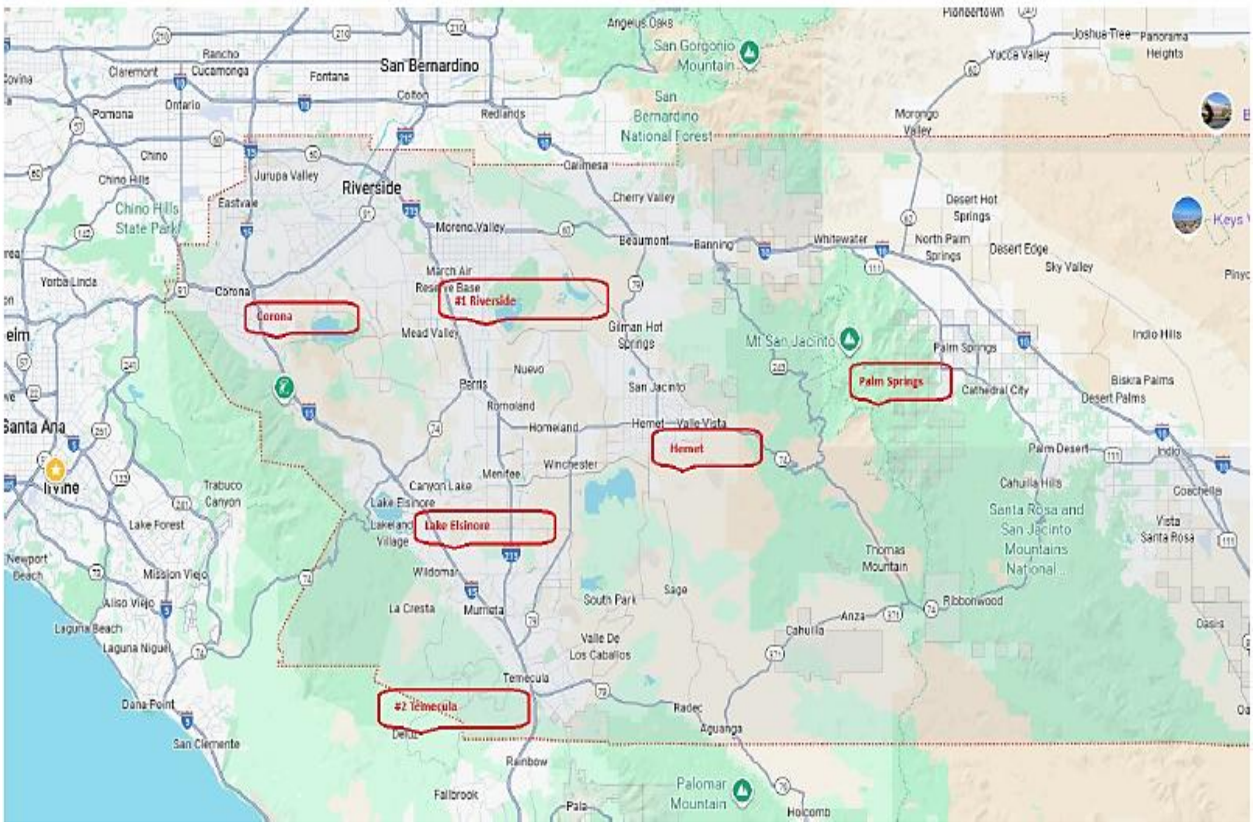

EXHIBIT “C”

JJ FOODS GLOBAL INC

LIST OF EXISTING AND PROJECTED COMPANY-OWNED BHC RESTAURANTS

EXHIBIT "C"

LIST OF EXISTING AND PROJECTED COMPANY-OWNED BHC RESTAURANTS

As of the issuance date of this Franchise Disclosure Document, JJ FOODS GLOBAL INC. has not offered or sold any subfranchises and does not have any subfranchised BHC Stores in operation.

All BHC Stores listed below are company-owned and operated by JJ FOODS GLOBAL INC.

Store No.	Store Address	Opening Date (ETA)	County	Area	Ownership Status
1	9450 Scranton Road, Suite 112, San Diego, CA 92121	May 30, 2024	San Diego	Sorrento Valley	Company-Owned / Operating
2	11983 Bernardo Plaza Drive, San Diego, CA 92128	February 8, 2025	San Diego	Rancho Bernardo	Company-Owned / Operating
3	2540 El Camino Real, Suite D, Carlsbad, CA 92008	August 2, 2025	San Diego	Carlsbad	Company-Owned / Operating
4	22430 Van Buren Boulevard #300, Riverside, CA 92518	April 10, 2026 (ETA)	Riverside	March Air Reserve Base	Company-Owned / Projected
5	133 N Twin Oaks Valley Rd Suite #100, San Marcos, CA 92069	October 2026 (ETA)	San Diego	San Marcos	Company-Owned / Projected

At the time of filing, no subfranchised BHC restaurants had been opened or sold by JJ FOODS GLOBAL INC.

EXHIBIT “D”

JJ FOODS GLOBAL INC

LIST OF TERMINATED FRANCHISES

EXHIBIT "D"

LIST OF TERMINATED FRANCHISES

No subfranchisee had a BHC Store terminated, canceled or not renewed, or otherwise voluntarily or involuntarily ceased to do business under its subfranchise agreement with us during 2025.

EXHIBIT “E”

JJ FOODS GLOBAL INC

STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT "E"

STATE FRANCHISE ADMINISTRATORS

CALIFORNIA Department of Financial Protection and Innovation 651 Bannon Street, Suite 300 Sacramento, CA 95811 Agent: Commissioner of the Department of Financial Protection and Innovation Agent for Service of Process (Registrant): Jonghyeon Baik 11091 Roxboro Road San Diego, California 92131	HAWAII Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2744 Agent: Commissioner of Securities
ILLINOIS Franchise Division Office of Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465 Agent: Illinois Attorney General	MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360 Agent: Maryland Securities Commissioner
MICHIGAN Consumer Protection Division 670 Law Building Lansing, Michigan 48913 (517)373-7177 Agent: Michigan Department of Commerce Corporations and Securities Bureau	MINNESOTA Minnesota Department of Commerce 85 7* Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651)296-4026 Agent: Minnesota Commissioner of Commerce
INDIANA Franchise Section Indiana Securities Division Room E-111 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681 Agent: Indiana Secretary of State	NEBRASKA Nebraska Department of Banking and Finance 1200 N Street P.O. Box 95006 Lincoln, Nebraska 68509-5006
NEW YORK Administrator: New York State Department of Law Investor Protection Bureau 120 Broadway 23rd FI	NORTH DAKOTA Office of Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, North Dakota 58505

New York, NY 10271 Agent: New York Secretary of State 99 Washington Avenue Albany, NY 12231	(701) 328-2910 Agent: North Dakota Securities Commissioner
OREGON Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387 Agent: Director of Oregon Department of Insurance and Finance	SOUTH DAKOTA Division of Securities c/o 118 West Capitol Pierre, South Dakota 57501 (605) 773-4013 Agent: Director of South Dakota Division Securities
TEXAS Secretary of State P.O. Box 12887 Austin, Texas 78711	VIRGINIA State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804)371-9051 Agent: Clerk of the State Corporation Commission
RHODE ISLAND Division of Securities Suite 232 233 Richmond Street Providence, Rhode Island 02903 (401)222-3048 Agent: Director of Rhode Island Department of Business Regulation	WASHINGTON Director Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507 (360) 902-8760 Agent: Securities Administrator, Director of Department of Financial Institutions
WISCONSIN Securities and Franchise Registration Wisconsin Securities Commission P.O. Box 1768 Madison, Wisconsin 53703 (608) 266-8559 Agent: Wisconsin Commissioner of Securities	

EXHIBIT “F”

JJ FOODS GLOBAL INC

STATE SPECIFIC ADDENDUM

EXHIBIT "F"
APPENDIX FOR CALIFORNIA FRANCHISEES

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

1. California Business and Professions Code sections 20000 through 20043 (the "Act") provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Subfranchise Agreement contains a provision that is inconsistent with the Act, the Act will control.

2. Section 31125 of the California Corporations Code requires the franchisor to give you a disclosure document, approved by the Department of Financial Protection and Innovation before a solicitation of a proposed material modification of an existing franchise.

3. The Subfranchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. §101 et seq.)

4. The Subfranchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California Law.

5. The Subfranchise Agreement requires you to execute a general release of claims upon transfer of the Subfranchise Agreement. California Corporations Code section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (Corporations Code §§31000-31516). Business and Professions Code section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000-20043).

6. The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the disclosure document.

7. The agreements contain a liquidated damage clause, under Civil Code, Section 1671, certain liquidated damage clauses are unenforceable.

8. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

9. Neither the Master Franchisee (JJ Foods Global Inc), nor any person or franchise broker listed in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934 (15 U.S.C.A. §78A et seq.), suspending or expelling these persons from membership in such association or exchange.

10. The Subfranchise Agreement contains a provision requiring you to waive your right to punitive or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

11. 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 (1) waiving any claims under any applicable 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 or any document executed in connections with the franchise.

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

EXHIBIT "G"

JJ FOODS GLOBAL INC

LIST OF APPROVED SUPPLIES

Subfranchisee must purchase all products that Franchisee offers from Franchisee's BHC Store, including products which bear any of the Marks, solely and exclusively from the Master Franchisee (JJ FOODS GLOBAL INC), Franchisor (BHC USA LLC), or Franchisor's designated supplier. We will provide Subfranchisee with a list of approved manufacturers, suppliers, and distributors ("Approved Suppliers List") and approved inventory products, fixtures, furniture, equipment, signs, stationery, supplies and other items or services necessary to operate the BHC Store ("Approved Supplies List"). The Approved Supplies List may specify a required manufacturer or supplier of a specific product or piece of equipment. We may revise the Approved Suppliers List and Approved Supplies List.

Product (EN)	**SPEC.**	**Supply Form**	**Unit**
Bburing Bburing Sauce	**1KG×10BG/BOX**	**Mandatory**	**BOX**
Sweet Habanero Sauce	**1KG×10BG/BOX**	**Mandatory**	**BOX**
Hot Crunchy Chicken Seasoning	**2KG×10BG/BOX**	**Mandatory**	**BOX**
Crunchy Chicken Batter Mix	**5KG×4BG/BOX**	**Mandatory**	**BOX**
Basakle Batter Mix	**5KG×4BG/BOX**	**Mandatory**	**BOX**
Macho-King Batter Mix	**5KG×4BG/BOX**	**Mandatory**	**BOX**
Bburinkle Seasoning	**1KG×10BG/BOX**	**Mandatory**	**BOX**
Sweet & Sour Sauce	**3KG×6BG/BOX**	**Mandatory**	**BOX**
Macho-King Sauce	**3KG×6BG/BOX**	**Mandatory**	**BOX**
Gold-King Sauce	**3KG×6BG/BOX**	**Mandatory**	**BOX**
Red-King Sauce	**2KG×6BG/BOX**	**Mandatory**	**BOX**
Mapso-king Sauce	**2KG×6BG/BOX**	**Mandatory**	**BOX**
Chicken Box(Large)	**200EA/BOX**	**Mandatory**	**BOX**
Side Box	**100EA/BOX**	**Mandatory**	**BOX**
Chicken Box(Extra-Large)	**200EA/BOX**	**Mandatory**	**BOX**
Box Tray(Extra-Large)	**200EA/BOX**	**Mandatory**	**BOX**
Box Tray(Large)	**200EA/BOX**	**Mandatory**	**BOX**
Box Tray(Small)	**200EA/BOX**	**Mandatory**	**BOX**
Chicken Box(Small)	**200EA/BOX**	**Mandatory**	**BOX**
Shopping Bag(Paper)	**200EA/BOX(310*140*260)**	**Mandatory**	**BOX**
Craft bag	**1,000EA/BOX**	**Mandatory**	**BOX**
Bugger Wrap Paper	**2,000EA/BOX**	**Mandatory**	**BOX**
Square Sticker	**30,000EA/BOX**	**Mandatory**	**BOX**
Soda Cup_16oz	**1,000EA/BOX**	**Mandatory**	**BOX**

Product (EN)	SPEC.	Supply Form	Unit
Parchment Paper (Small)	225*380(500EA/BONG)(15BONG/BOX)	Mandatory	BOX
Uniform (long-sleeved 120)	120 Size (Extra Large)	Mandatory	EA
Uniform (long-sleeved 130)	130 Size (Double Extra Large)	Mandatory	EA
Uniform (long-sleeved 95)	95 Size (Small)	Mandatory	EA
Uniform (long-sleeved 110)	110 Size (Large)	Mandatory	EA
Uniform (long sleeved 115)	115 Size (Extra Large)	Mandatory	EA
Uniform (Short sleeved 110)	110 Size (Large)	Mandatory	EA
Uniform (Short sleeved 115)	115 Size (Extra Large)	Mandatory	EA
Uniform (Short sleeved 130)	130 Size (Double Extra Large)	Mandatory	EA
Uniform (Short sleeved 95)	95 Size (Small)	Mandatory	EA
Uniform (Short sleeved 100)	100 Size (Medium)	Mandatory	EA
Uniform (Short sleeved 105)	105 Size (Large)	Mandatory	EA
Apron(BHC)	To be determined	Mandatory	EA
Cap (mesh)	Navy, mesh	Mandatory	EA
Fish Meat Extract Broth	600G X 10BG / BOX	Mandatory	BOX
Spicy Fish Cake Soup	390G X 10BG / BOX	Mandatory	BOX
Sticky Crunch Ball	30G X 50PCS X 8BG / BOX	Mandatory	BOX
Chi-PongDang Crumbles	1KG X 10BG / BOX	Mandatory	BOX
Hot Bburinkle Seasoning	500G X 20BG / BOX	Mandatory	BOX
Spicy Tteokbokki Mix	1KG X 15BG / BOX	Mandatory	BOX
Rose Tteokbokki Mix	1KG X 15BG / BOX	Mandatory	BOX
Kimchi Pilaf	300G X 30BG / BOX	Mandatory	BOX
Pork Kimchi Stew	400G X 20BG / BOX	Mandatory	BOX
Cheese Twist	To be determined	Mandatory	BOX
Sweet Red Bean Twist	To be determined	Mandatory	BOX
Seasoning Salt	5kg X 4BG/BOX	Mandatory	BOX
High-Oleic Sunflower Oil	15KG/CAN	Mandatory	EA
BHC Marinated Chicken (Whole Chicken)	To be determined	Mandatory	BOX
BHC Marinated Chicken (Boneless)	To be determined	Mandatory	BOX
BHC Marinated Chicken (Drumsticks)	To be determined	Mandatory	BOX

Product (EN)	SPEC.	Supply Form	Unit
BHC Marinated Chicken (Wings)	To be determined	Mandatory	BOX

EXHIBIT "H"

JJ FOODS GLOBAL INC

ACKNOWLEDGMENT AND AUTHORIZATION FOR BACKGROUND CHECK

<u>**Acknowledgment and Authorization for Background Check**</u>

The information requested in this form is to be used to evaluate your suitability to become a JJ FOODS GLOBAL INC BHC Chicken restaurant subfranchisee.

Do you intend have a co-subfranchisee? ___Yes ___No

If yes, name(s) of Prospective Co-Subfranchisees and their estimated percentage of ownership.
1. ______________________________________ Percentage of Ownership: ___________
2. ______________________________________ Percentage of Ownership: ___________
3. ______________________________________ Percentage of Ownership: ___________

(Please note: Each Prospective Subfranchisee must fill out and sign the Acknowledgment and Authorization for Background Check).

A. Prospective Subfranchisee Information

1. <u>**(If Individual)**</u> Name: ____
Date of Birth: _____________________ Place of Birth: _____________________
Address: ____
Home Phone: _____________________ Cell Phone: ______________________________
Are you a U.S. Citizen? ___Yes ___No If not, what is your citizenship? _______
Have you been convicted of a felony, or have felony charges pending? ___Yes ___No
If yes, please provide details: ____
Do you own or rent? _________ How long have you lived at your current residence? ___
If less than five years, please list your addresses for the past five years:
____

2. **(If Entity)** Name: ____
Date of Formation: ________________________Place of Formation: _______________________
Address: ____
Office Phone: ____
Officers: ____
Directors: ____
Names of Shareholder / Members / Partners: ____________________________________
____

B. Education (If Individual)
High School Name:________________________________ Year Graduated: _____________
College Name: ____________________________ Year Graduated: _____________
Graduate School:__________________________________

C. Employment / Business Experience
Company: ____
Address: ____
Dates of Employment: ____
Title: ___________________________________ No. of Employees Supervised: ________
Duties and Responsibilities: ____
Type of Business: ____

D. Financial Statement

Your Assets: ______________________________	Your Liabilities: ___________________________
Cash in bank: ______________________________	Bills Payable: ______________________________
Value of Home if owned: ___________________	Home Mortgage: _____________________________
Savings: __________________________________	Other Mortgage: ____________________________
Vehicles: _________________________________	Other Obligations: __________________________
Existing Business (Sale Value): _______	____
Money Due to You: ________________________	____
Other Assets:_____________________________	____
Total Assets: ______________________________	**Total Liabilities: __________________________**
Net Worth: ______________________________	

Have you ever filed for bankruptcy? ___Yes ___No. If yes, please give details: _____________________
____
____

Are you subject to any court judgments? ___Yes ___No. If yes, please give details: _________________
____
____

E. References

Credit References (e.g., Bank, Suppliers, Accountant)	**Personal References** (Someone who has known you for at least 2 years)
1.	1.
2.	2.
Bank Details	
Bank Name:	
Account Number:	
Address:	
Phone:	

ACKNOWLEDGEMENT

A. The Prospective Subfranchisee represents, warrants and covenants to JJ FOODS GLOBAL INC ("JJ FOODS") that all of the following matters are true and accurate as of the date of execution of this Acknowledgment and Authorization for Background Check ("Acknowledgment"):

1. No Prospective Subfranchisee and his/her/its Affiliates (as that term is defined below) had or has any relationship, affiliation, or ownership interest, directly or indirectly, with JJ FOODS or its Affiliates ("Prohibited Persons"). "Affiliates" mean a party's respective present and former, direct and indirect, parents, subsidiaries, employees, officers, directors, shareholders, managers, members, agents, representatives, and spouses (for individuals), including any other person directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such person. "Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.

2. The Prospective Subfranchisee has not made nor is making any act of providing money, goods, gifts, entertainment or other monetary or non-monetary benefits to any of the Prohibited Persons (including, but not limited to, the provision of rebates/back margins, granting of an opportunity to acquire intermediate margin, lending of money, reduction of debt, provision of collateral, provision of transaction/investment opportunities, job placement, high-price purchase/low-price sale, etc.).

3. The Prohibited Persons shall not hold any interest in the Prospective Subfranchisee nor have any management right, other substantial control, and/or claim against the Prospective Subfranchisee. In addition, if the Prohibited Persons have any right or legal relationship with the Prospective Subfranchisee, claim/debt, employment, delegation, or other right or legal relationship, regardless of whether real name/borrowed name or registered/non-registered, the Prospective Subfranchisee shall immediately notify JJ FOODS in writing.

4. The Prospective Subfranchisee shall not provide any money, goods, gifts, entertainment or other monetary or non-monetary benefits to any of the Prohibited Persons (including, but not limited to, the provision of rebates/back margins, granting of an opportunity to acquire intermediate margin, lending of money, reduction of debt, provision of collateral, provision of transaction/investment opportunities, job placement, high-price purchase/low-price sale, etc.).

5. The Prospective Subfranchisee shall comply with various civil and criminal laws and regulations for the prevention of occupational breach of trust, embezzlement, and other crimes in the formation, maintenance, and termination of transactions with JJ FOODS and other legal relations. In addition, the Prospective Subfranchisee shall not instruct, aid, or participate in any occupational breach of trust, embezzlement, or other criminal act of any third party, including any Prohibited Persons, and shall promptly inform JJ FOODS in writing of any proposed or detected criminal act.

B. Prospective Subfranchisee recognizes that JJ FOODS, is not in any way obligated to franchise a BHC store to Prospective Subfranchisee because of Prospective Subfranchisee’s execution of this Acknowledgment. Prospective Subfranchisee acknowledges that any false statement, in whole or in part, on this Acknowledgment shall be considered sufficient cause to deny any further consideration or cause revocation and termination of any agreement signed at any time with JJ FOODS, and to the extent permissible by such agreement or law, JJ FOODS shall have the right to exercise any and all remedies available to it at law or in equity, including specific performance and damages (including liquidated). Prospective Subfranchisee understands that any inquiry regarding Prospective Subfranchisee's character, general reputation, personal characteristics, financial background and general fitness for being a JJ FOODS Subfranchisee may be made as a result of this application. In addition, by signing below Prospective Subfranchisee releases any and all former and/or present employers, and any other personal or business references, from any liability whatsoever in connection with JJ FOODS' attempt to investigate Prospective Subfranchisee’s background and determine Prospective Subfranchisee’s fitness to become a JJ FOODS Subfranchisee.

C. Prospective Subfranchisee specifically authorizes JJ FOODS to obtain credit reports from one or more credit bureaus and background check on Prospective Subfranchisee and Prospective Subfranchisee’s business(es). In addition, Prospective Subfranchisee consents to receiving electronic communication (email, SMS, or calling devices) from JJ FOODS. Prospective Subfranchisee agrees that any notices, agreements, disclosures, or any other communications that JJ FOODS sends to Prospective Subfranchisee electronically will satisfy any legal communication requirements, including but not limited to, that such communications be in writing. A copy of this authorization may be used in place of and shall be valid as the original. Prospective Subfranchisee understands and acknowledges that if Prospective Subfranchisee is an individual and married but does not provide complete information for Prospective Subfranchisee and Prospective Subfranchisee's spouse, JJ FOODS cannot process this application.

DECLARATION

Signature: ________________________________
Print Name: ______________________________
Date: ____________________________________

I hereby confirm that the information I have given is to the best of my knowledge true and correct. I also give my consent to JJ FOODS to contact any person named in this form in connection with my interest in a BHC Franchise and to carry out reasonable checks on my finances and background.

Please note that this Acknowledgment and Authorization for Background Check is regarded as confidential information and will be applied only in relation to the assessment of you as a potential Subfranchisee.

Please email completed form to:

Jonghyeon Baik
11091 Roxboro Rd, San Diego, CA 92131
858-232-0139
Qorrha@gmail.com

EXHIBIT “I”

JJ FOODS GLOBAL INC

STATE EFFECTIVE DATES

EXHIBIT "I"

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document (FDD) 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 state(s), where the document has been filed, registered or determined to be exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	

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.

EXHIBIT “J”

JJ FOODS GLOBAL INC

RECEIPTS

EXHIBIT "J"

RECEIPT

This disclosure document summarizes certain provisions of the subfranchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If JJ FOODS GLOBAL INC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. If JJ FOODS GLOBAL INC 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 appropriate state agency listed in Exhibit E.

The name, address and telephone number of the franchise seller for this offering is:

Jonghyeon Baik
11091 Roxboro Rd, San Diego, CA 92131
858-232-0139
Qorrha@gmail.com

Date of Issuance: May 13, 2026.

JJ FOODS GLOBAL INC authorizes the respective stage agencies identified in Item 1 to receive service of process for it in your state. I received a Disclosure Document dated May 13, 2026 (please also see the State Effective Dates Page) that included the following Exhibits:

"A"	Subfranchise Agreement
"B"	Audited Financial Statements for the Fiscal Year Ended December 31, 2025, including Comparative Unaudited Financial Statements for the Fiscal Year Ended December 31, 2024, together with Management Supplemental Disclosure Regarding 2024 Comparative Financial Information
"B-1"	Excerpt from Master Franchise Agreement (Designated Territories)
"C"	List of Existing and Projected Company-Owned BHC Stores
"D"	List of Terminated Franchises
"E"	State Franchise Administrators and Agents for Service of Process
"F"	State Specific Addendum
"G"	List of Approved Supplies
"H"	Acknowledgment and Authorization for Background Check
"I"	State Effective Dates
"J"	Receipts

Dated: ____________________________

Prospective Subfranchisee:

____
Name of Business Entity or Individual

By: ___________________________________
(Signature)

By: ___________________________________
(Print Name and Title)

EXHIBIT "J"

RECEIPT
(FRANCHISOR COPY)

This disclosure document summarizes certain provisions of the subfranchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If JJ FOODS GLOBAL INC offers you a subfranchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. If JJ FOODS GLOBAL INC 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 appropriate state agency listed in Exhibit E.

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"J" Receipts

Dated: ____________________________

Prospective Subfranchisee:

____
Name of Business Entity or Individual

By:____________________________________
(Signature)

By:____________________________________
(Print Name and Title)