

FRANCHISE DISCLOSURE DOCUMENT

KONGDOG FRANCHISING, INC.

An Illinois Corporation
1120 Easton Road
Willow Grove, PA 19090
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kongdog.us/



The franchise offered is for a quick serve “KongDog” restaurant offering specialty corndogs, egg dishes, bubble tea, and other related items.

The total investment necessary to begin the operation of KongDog franchise ranges from \$137,750 – \$635,500. This includes \$50,000 that must be paid to the franchisor or an affiliate.

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

The terms of your contract will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contract. Read all of your contracts carefully. Show your contract and this disclosure document to an advisor, like a lawyer or 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 home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: February 1, 2022 April 11, 2023

Special Risks to Consider About *This* Franchise

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

1. **Out-of-state Dispute Resolution.** The franchise agreement requires you to resolve disputes with us by mediation and litigation only in Illinois. Out-of-state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate and litigate with us in Illinois than in your own state.
2. **Spouse Liability.** Your spouse must sign a document that makes your spouse liable for your financial obligations under the franchise agreement, even though your spouse has no ownership interest in the business. This guarantee will place both your and your spouse's personal and marital assets, perhaps including your house, at risk if your franchise fails.
3. **Financial Condition.** The franchisor's financial condition as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services to you.
4. **Short Operating History.** The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with longer operating history.
5. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments, may result in termination of your franchise and loss of your investment.
7. **Supplier Control.** "You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business."

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

KONGDOG FRANCHISING, INC.
Franchise Disclosure Document
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- ATTACHMENT 2: Trademarks
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- ATTACHMENT 5: Authorization Agreement Automatic Deposits (ACH Withdrawals)
- ATTACHMENT 6: Conditional Assignment of Lease
- ATTACHMENT 7; Statement of Ownership Interests in Franchisee
- ATTACHMENT 8: Guaranty
- ATTACHMENT 9: Confidentiality and Non-Compete Agreement
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EXHIBIT C: ~~Multi-Unit Development Agreement~~

~~**EXHIBIT D:** Financial Statements of Kongdog Franchising, Inc..~~

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~~**EXHIBIT G:** State Addenda~~

~~**EXHIBIT H:** Receipt~~

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

To simplify the language in this disclosure document, the terms “Franchisor”, or “we” or “us” means KongDog Franchising, Inc., the Franchisor. The terms “we”, “us” and “Franchisor” do not include you, the “Franchisee”. We refer to the purchaser(s) of a KongDog franchise, as “you” or “Franchisee”, whether an individual, a partnership, corporation, or limited liability company. If you are a corporation, partnership or other entity, our Franchise Agreement also will apply to your owners, officers and directors. If you are married and your spouse is not a partner in the franchise business, certain provisions of our Franchise Agreement will also apply to that spouse.

We were incorporated in the State of Illinois on December 23, 2021. Our principal business address is 1120 Easton Road, Willow Grove, PA 19090, and our telephone number is (201) 957 - 6605. We do business under our company name, “KongDog” and its associated design (the “Mark”). We have not offered franchises in any other line of business. We only offer franchises which operate under the “KongDog” Mark. We began offering franchises as of ~~the effective date of this Franchise Disclosure Document~~ February 1, 2022.

The principal business addresses of our agents for service of process are shown on Exhibit A.

Our Parents, Predecessors and Affiliates:

Our Parent company, KongDog, LLC, Our principal business address is 1120 Easton Road, Willow Grove, PA 19090. KongDog, LLC is limited liability company formed under the laws of the Commonwealth of Pennsylvania on September 2, 2021. Kongdog, LLC, is the owner of the “KongDog” Marks and has exclusively licensed use of the Marks to us. KongDog, LLC is also the holder of patents for KongDog products. KongDog, LLC has not offered franchises in this or in any other lines of business previously. Kongdog, LLC is the approved supplier for ingredients for Kongdog Franchisees.

Our affiliate, HS Chicago Food and Drink Cafe, Inc. was incorporated in the State of Illinois on October 4, 2018. HS Chicago Food and Drink Cafe, Inc.’s principal business address is 1749 Milwaukee Ave, Glenview, Illinois 60025. HS Chicago Food and Drink Cafe, Inc. has not offered franchises in this or any other lines of business. HS Chicago Food and Drink Cafe, Inc. owns and operates KongDog’s locations which are similar to the franchise being sold, ~~HSI~~ and may serve as the location for training franchisees.

We may operate other KongDog concepts, including additional KongDog outlets, in the future.

The Franchise Offered:

We grant franchises for the right to operate a quick serve restaurant that that offers specialty comdogs, egg dishes, bubble tea, and other food options from a modern location under the “KongDog” Mark, using our distinctive operating procedures and standards in limited protected territory and from a single location (the “Franchised Business”).

The distinguishing characteristics of the Franchised Business includes our distinctive interior and exterior design, décor, color schemes, graphics, fixtures and furniture, our proprietary products and recipes, operation methods, customer services standards, advertising and marketing specifications, and other standards, specifications, techniques, and procedures that we designate for developing,

operating, and managing KongDog outlets, all of which we may change, improve, and further develop (collectively, our “System”).

Market and Competition:

The market for your KongDog Franchised Business consists of the general public who seek a unique food in a fast-casual setting. Our franchises are located in or adjacent to a retail strip, shopping center, college university, or, in the alternative, in an urban storefront, and range between 1,200 to 2,000 square feet.

The restaurant industry is highly competitive. You will compete with businesses, including national, regional and local businesses, offering products and services similar to those offered by your KongDog Franchised Business including other quick-serve restaurants, sit-down restaurants, and supermarkets and other establishments that offer prepared food for on- or off-premises consumption. There are many other quick-serve food and beverage franchises, as well as independent businesses throughout the United States that may offer similar products and services to those offered by your Franchised Business. The market for our products and services may experience seasonal variations, and may be affected by economic conditions.

Industry Specific Regulations:

At all times during the operation of your KongDog Franchised Business, you must obtain a ServSafe® Food Handler certification and comply with all laws and regulations for proper food storage, preparation, and service.

Unless we agree otherwise, you must serve beer and wine. You must have a liquor license, or your districts equivalent for beer and wine, before you sell alcoholic beverages at your KongDog Franchised Business. The difficulty and cost of obtaining a liquor license, and the steps for securing the license, vary greatly from area to area. There is also wide variation in state and local laws and regulations that govern the sale of alcoholic beverages. In certain limited instances, and if permitted by your state, we may permit you to allow customers to bring their own alcoholic beverages, in which case you must obtain a license to allow consumption of alcohol at your KongDog Franchised Business. In addition, state dram shop laws give rise to potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce laws and regulations that govern food preparation and serve and foodservice establishment sanitary conditions. State and local agencies inspect foodservice establishments to ensure that they comply with these laws and regulations. Some state and local authorities have adopted, or are considering adopting, laws or regulations that could affect: the content or make-up of food served at your KongDog outlet, such as the level of trans fat contained in a food item; general requirements or restrictions on advertising containing false or misleading claims, or health and nutrient claims on menus or otherwise, such as “low calorie” or “fat free”; and the posting of calorie and other nutritional information on menus.

You must comply with all local, state and federal laws and regulations that apply to the operation of your KongDog Franchised Business, including, among others, business operations, land use, insurance, discrimination, employment, health, sanitation and workplace safety laws. Your

advertising of the Franchised Business is regulated by the Federal Trade Commission. There may be federal, state and local laws which affect your Franchised Business in addition to those listed here.

You should investigate whether there are any state or local regulations or requirements that may apply in the geographic area in which you intend to conduct business. You should consider both their effect on your business and the cost of compliance. You are responsible for obtaining all licenses and permits which may be required for your business.

ITEM 2: BUSINESS EXPERIENCE

Sangyun Shin: CEO

Employer	Start/End Date	Title	Location
KongDog Franchising, Inc.	2013 December 2021 – Present	CEO	Glenview, IL
KongDog, LLC	September 2021 – Present	CEO	Glenview, IL
Lours Café	July 2017 – Present	Owner	Glenview, IL

Sunhee Kim: CFO

Employer	Start/End Date	Title	Location
KongDog Franchising, Inc.	2013 December 2021 – Present	CFO	Glenview, IL
Lours Café	July 2017 – Present	Owner	Glenview, IL

Jason Hairston: COO

<u>Employer</u>	<u>Start/End Date</u>	<u>Title</u>	<u>Location</u>
KongDog Franchising, Inc.	July 2022 – Present	CFO	Glenview, IL
TNI NYC I, LLC	October 2013 – Present	Owner	New York, NY

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

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

ITEM 5: INITIAL FEES

We will charge you an initial franchise fee (“Initial Franchise Fee”) when you sign the Franchise Agreement. The Initial Franchise Fee is Twenty-Five Thousand Dollars (\$25,000.00). This payment is fully earned by us and due in lump sum when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable under any circumstance.

You are required to make an initial inventory purchase of approximately \$25,000 from our parent company Kongdog, LLC. This purchase includes comdog premix powers, container cups and comdog boxes you need to begin operation of your franchise. The inventory purchase is refundable if unopened in its original packaging.

Should you require additional initial training, beyond our initial training provided, you must pay us \$500 per person per day as an additional training fee. This fee is due before you attend additional training. Fees paid to us for additional training are not refundable.

ITEM 6: OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Continuing Royalty Fee	5% of monthly Gross Revenue	Monthly via ACH on the 5 th of the month for gross revenues of the prior month.	Payable to us. See footnote 1.
Required Minimum Expenditure for Local Marketing and Advertising	A minimum of 2% of monthly Gross Revenue per calendar month. \$1,000 - \$3,000 on grand opening advertising	As incurred.	Payable to third-party suppliers. All advertising must be approved by us. See Item 11. See footnote 2.
Brand Fund Contribution	Currently none. We reserve the right to require up to 2% of monthly Gross Revenue upon 30 day’s written notice	Monthly via ACH on the 5 th of the month for the gross revenues of the prior month.	Payable directly to the Brand Fund. See footnote 3.
Technology Fee	\$250 per month	Monthly via ACH on the 5 th of the month.	Payable to third party suppliers or to us. See footnote 4.

Type of Fee	Amount	Due Date	Remarks
Additional Training	The current fee to repeat initial training or to train additional key personnel is \$500 per person per day. We may impose a reasonable fee for all other training programs. <u>You may also be required to attend a national business meeting at the current tuition of \$1,000 per person which may increase with facility cost increases.</u> You pay all travel and other related expenses incurred by you and your personnel to attend training.	As incurred.	See footnote 6.
Remedial Training Fee	Our then-current trainer per diem rate plus expenses. Our current per diem rate is \$500 per day, plus travel and other expenses.	As incurred.	We may impose this fee, payable to us, if you request additional training at your premises from time-to-time, or if you are operating below our standards and we require you to have additional training. You must also pay all costs of our trainer, which include but are not limited to, airfare, transportation, hotel and meals.
Interim Management Support Fee	10% of gross revenue earned during the term of interim management, plus travel and other expenses.	As incurred.	We may impose this fee (in addition to all regularly occurring fees such as the Continuing Royalty Fee and Brand Fund Contributions), payable to us, if we provide on-site management of your Franchised Business.

Type of Fee	Amount	Due Date	Remarks
Confidential Operating Manual Replacement Fee	\$100, or our then-current fee	As incurred	Paid to us
Insurance	Amount paid by us for your insurance obligations	As incurred	You must reimburse us for any insurance costs and other fees we incur due to your failure to meet the insurance obligations required by the Franchise Agreement.
Taxes	Amount of taxes	When incurred.	You must reimburse us for any taxes that we must pay to any taxing authority on account of either the operation of your Franchised Business or payments that you make to us, including, but not limited to any sales taxes or income taxes imposed by any authority.

All fees and expenses described in this Item 6 are nonrefundable and are uniformly imposed. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us.

¹ You must pay us a Continuing Royalty Fee equal to five percent (5%) of the Gross Revenue generated monthly by your Franchised Business. “Gross Revenue” means all revenues and income from any source derived or received by Franchisee from, through, by or on account of the operation of the Franchised Business or made pursuant to the rights granted hereunder, including but not limited, any and all other revenues received using Franchisor’s methods, operations and/or trade secrets whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise. It does not include (i) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (ii) properly documented refunds to customers, (iii) properly documented promotional discounts (i.e. coupons) or (iv) properly documented employee discounts (limited to 3% of Gross Revenue). Gross Revenue does not include gift card purchases, at the time of purchase, but Gross Revenue does include the redemption amount of purchases made by gift card. If you do not report revenues for the month, then we will collect 120% of the last Continuing Royalty Fee collected and settle the balance the next period in which you report revenue. You are required to set up authorization at your bank to allow us to electronically transfer funds from your bank account to our bank account. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds. The highest interest rate allowed by law in California for late payments is 10% annually.

² You must spend a minimum of two percent (2%) of your Gross Revenue per month on local advertising and marketing activities. You must spend \$1,000 - \$3,000 on grand opening advertising. Upon our request, you must furnish us with a quarterly report and documentation of local advertising expenditures during the previous calendar quarter.

³ There is currently no brand fund contribution. Upon thirty days written notice you must pay directly to our Brand Fund a Brand Fund Contribution of up to two percent (2%) of weekly Gross Revenue generated by your Franchised Business. Payments are due at the same and in the same manner as the Royalty Fee. You may be required to set up authorization at your bank to allow the Brand Fund to electronically transfer funds from your bank account to the Brand Fund's bank account. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds. If you do not report your revenues for the month, then we will collect 120% of the last Brand Fund collected and settle the balance the next period in which you report revenue.

⁴ You must pay us a Technology Fee of \$250 per month the same manner as you are required to pay your Royalty Fee. The fee will be used to maintain the website to include your location and updates on it and to maintain social media activity. Franchisor reserves the right in Franchisor's sole discretion and at any time and from time to time, to increase the amount of the Technology Fee in accordance with increases from third party vendors and service providers.

⁵ Each outlet in the cooperative, whether franchised or affiliate-owned, shall have one vote to determine any fees or other requirements imposed by the advertising cooperative. No cooperatives will be formed or maintained that result in our affiliate-owned outlets having a controlling voting power.

⁶ If you do not complete the Initial Management Training Program to our satisfaction, we may allow you to repeat it at an additional fee of \$500 per person per day. We also charge a fee to provide initial training to any manager you appoint, with our approval, after the initial opening of your Franchised Business. The current fee for initial training of your manager appointed after opening is \$500 per person day. We may offer mandatory and/or optional additional training programs from time to time. If we require it, you must participate in additional training for up to three (3) days per year, at a location we designate. We may also require you to attend a national business meeting or annual convention for up to three (3) days per year, at a location we designate. We reserve the right to impose a reasonable fee ~~for all additional training programs, including,~~ currently \$1,000 per person which may increase with facility cost increases for the national business meeting or annual convention. You are responsible for any and all incidental expenses incurred by you and your personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages.

⁷ If you wish to purchase, lease or use any, equipment, supplies, services or other items unapproved or from an unapproved supplier, you must request our prior written approval. As a condition to our approval, we may require inspection of the proposed supplier's facilities and evaluation and testing of the proposed item or service. We reserve the right to charge you \$250 for any inspection and testing.

⁸ We reserve the right in the Franchise Agreement to establish quality assurance programs conducted by third-party providers, such as, by way of example only, mystery shop programs and periodic quality audits, to monitor the operations of your Franchised Business. If we require it, you must subscribe and pay the fees for any such program.

¹⁰ You must indemnify and hold us, our affiliates, and all of our respective officers, directors, agents and employees harmless from and against any and all claims, losses, costs, expenses, liability and damages arising directly or indirectly from, as a result of, or in connection with your business

operations under the Franchise Agreement, as well as the costs, including attorneys' fees, of defending against them.

¹¹ In our sole discretion, we may correct any deficiency in the Franchised Business and/or your operation of the Franchised Business or take steps to modify, alter or de-identify the Franchised Business location upon the termination or expiration of the Franchise Agreement, if you fail to do so. You will reimburse us for our costs and expenses incurred to correct any deficiency or to modify, alter or de-identify the Franchised Business location.

ITEM 7: ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Single KongDog Restaurant

Type of Expenditure	New Construction	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee ¹	\$25,000	Lump sum payment in cash or available funds.	Upon signing the Franchise Agreement.	Us
Your Training Expenses ²	\$3,000 - \$5,000	As required for transportation, lodging & meals	As required by suppliers of transportation, lodging & meals.	Suppliers of transportation, lodging & meals.
Lease & Utilities deposits ³	\$3,000 - \$25,000	As required by landlord & utility providers	As required by landlord & utility providers	Landlord, Utility providers
Architectural Plans	\$3,000 - \$15,000	As required by supplier	Before opening as required by supplier	Supplier
Leasehold Improvements and Construction ⁴	\$10,000 - \$200,000	As required by supplier, contractor or landlord	Before opening, as required by supplier.	Suppliers, contractor and/or Landlord
Furniture, Fixtures, Equipment, Computers, and Communications System ⁵	\$30,000 - \$159,000	As required by supplier	As required by supplier	Suppliers
POS System	\$750 - \$1,500	As incurred	As required by supplier	Supplier

Signage ⁶	\$10,000 - \$40,000	As incurred	Before opening	Suppliers
Business Licenses and Permits ⁷	\$2,000 - \$5,000	As required by government agencies	Before opening, as required by government agencies	Government Agencies
<u>POS System⁸</u>	<u>\$750 - \$1,500</u>	<u>As incurred</u>	<u>As required by supplier</u>	<u>Supplier</u>
Initial Inventory ⁹	\$30,000 - \$70,000	As required by suppliers	Before opening	Suppliers, Us
Professional Fees ¹⁰	\$2,000 - \$10,000	As required by providers	As incurred	Attorney, Accountant, Other Professional Service Providers
Grand Opening Advertising ¹¹	\$1,000 - \$3,000	As required by supplier	As required by supplier	Suppliers
Insurance ¹²	\$3,000 - \$12,000	As required by insurer	Before opening	Insurer
Operating Expenses / Additional Funds – 3 months ¹³	\$15,000 - \$65,000	As incurred	Payroll weekly, other purchases according to agreed-upon terms	Employees, utilities, suppliers, etc.
TOTAL <u>TOTAL¹⁴</u>	\$137,750 – \$635,500			

¹ Please see Item 5 for information on incentive programs that may offer a discount on the Initial Franchise Fee.

² The cost of the Initial Training Program for up to three (3) franchisee partners and one (1) manager of each Franchised Business location is included in the Initial Franchise Fee. The chart estimates the costs for transportation, lodging, and meals for your trainees. These incidental costs are not included in the Initial Franchise Fee. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses. The duration of the training program is ten (10) days. This estimate does not include employee wages.

³ This estimate represents a two (2) month deposit of rent for a 1,200 – 2,000 square foot location for a KongDog outlet, plus utilities deposits you may incur. Real estate costs vary widely from place to place. This estimate is based on the experience of our affiliate-owned outlets. Rental rates may be more or less than this range depending on the location of your Franchised Business. In certain real estate markets, rents may be three times higher or more than the rents on which the estimates in the above table are based. You may also incur real estate broker fees, additional prepayments (e.g., first and/or last month's rent), common area maintenance (CAM) fees, real estate taxes and insurance costs, advertising or promotional fund fees or other costs, depending on

time and in the manner we specify. Thereafter, you are required to spend at least two percent (2%) of your Gross Revenue per month on local advertising. You may elect to expend additional amounts to conduct a larger, more elaborate grand opening event. The estimate in the above Table includes the cost of promotional materials.

¹² Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. This includes comprehensive general liability insurance, including public liability, personal injury, advertising injury, and products liability with a combined single limit of at least \$1 million per occurrence and \$2 million aggregate; worker's compensation coverage in the limits required by the state in which the Franchised Business is located and operated; business interruption insurance which provided for payment to Company of royalties and advertising payment lost during the business interruption; and property insurance for the full replacement value of furniture, fixtures, equipment and leasehold improvements. Each policy must be written by a responsible carrier or carriers acceptable to us and must name us and our respective officers, directors, partners, agents and employees as additional insured parties, as their interests may appear. Insurance costs and requirements may vary widely in different localities. The estimate is for the first quarterly premium for required minimum insurance coverage. We reserve the right to require additional types of insurance and coverage as provided in the Franchise Agreement.

¹³ This is an estimate of the amount of additional operating capital that you may need to operate your Franchised Business before operations begin and during the first three (3) months after commencing operations. ~~We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate.~~ This estimate includes such items as rent, utilities, internet service, initial payroll and payroll taxes, Royalties (as described in this disclosure document), Brand Fund Contributions, repairs and maintenance, bank charges, miscellaneous supplies and equipment, initial staff recruiting expenses, and other miscellaneous items. These estimates do not include any compensation to you nor do they include debt service. ~~These items are by no means all inclusive of the extent of possible expenses.~~

¹⁴ We relied upon the experience of our affiliate-owned KongDog outlets to compile these estimates. You should review these figures carefully with a business advisor before making any decision to invest in the franchise. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your Franchised Business. Your additional costs will depend on factors such as how closely you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for our service; competition; and the sales level reached during your initial period. We estimate that a franchisee can expect to put additional cash into the business during at least the first three to six months, and sometimes longer. Notwithstanding, we cannot estimate or guarantee when, or whether, any individual franchisee will achieve positive cash flow or profits.

We do not offer financing for any part of the initial investment.

All fees and payments are non-refundable, unless otherwise stated or permitted by payee.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have identified various suppliers, distributors and manufacturers of equipment, fixtures, furnishings, ingredients, supplies and services that your Franchised Business must use or provide which meets our standards and requirements. Your architect and building contractor must meet our approval. You must purchase all equipment, fixtures, furnishings, ingredients, supplies and

services, including computer systems and certain software, from our designated suppliers and contractors or in accordance with our specifications. We maintain written lists of approved items of equipment, fixtures, furnishings, ingredients, supplies and services (by brand name and/or by standards and specifications) and a list of designated suppliers and contractors for those items. We will update these lists periodically and issue the updated lists to all franchisees.

We approve suppliers after careful review of the quality of the products they provide to us and our franchisees. If you would like us to consider another item or supplier, you must make such request in writing to us and have the supplier give us samples of its product or service and such other information that we may require. If the item and/or supplier meets our specifications, as we determine in our sole discretion, we will approve it as an additional item or supplier. We will make a good-faith effort to notify you whether we approve or disapprove of the proposed item or supplier within 30 days after we receive all required information to evaluate the product or service. If we do not approve any request within 30 days, it is deemed unapproved. We reserve the right to revoke approval of any item or supplier that does not continue to meet our then-current standards. Our criteria for approving items and suppliers are not available to you. If you request that we approve a proposed item or supplier, we may charge for our actual costs of product testing and evaluation.

We maintain written lists of approved items of equipment, fixtures, inventory and services (by brand name and/or by standards and specifications) and a list of designated suppliers and contractors for those items. We update these lists periodically and issue the updated lists to all franchisees. We are not currently, but reserve the right to be in the future, the designated supplier for proprietary marinades and sauces.

Our parent company, Kongdog, LLC, is currently the only approved supplier for all corndog premix powers, container cups, and corndog boxes. Sangyun Shin is the owner of this company. No franchisor officer owns an interest in any other supplier.

We have received no revenue from required purchases by franchisees for the most recent fiscal year ending on December 31, 2021~~2022~~.

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

We estimate that your purchase or lease of products, supplies and services from approved suppliers (or those which meet our specifications) will represent approximately 60%-80% of your costs to establish your Franchised Business and approximately 65%-75% of your costs for ongoing operation.

Currently, there are no purchasing or distribution cooperatives. However, we can require that you make your purchases through a cooperative if one is formed.

Although we have not yet done so, from time to time, we may negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of all franchisees.

Insurance

Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. This includes comprehensive general liability insurance,

including public liability, personal injury, advertising injury, and products liability with a combined single limit of at least \$1 million per occurrence and \$2 million aggregate; worker's compensation coverage in the limits required by the state in which the Franchised Business is located and operated; business interruption insurance which provided for payment to Company of royalties and advertising payment lost during the business interruption; and property insurance for the full replacement value of furniture, fixtures, equipment and leasehold improvements. Each policy must be written by a responsible carrier or carriers acceptable to us and must name us and our respective officers, directors, partners, agents and employees as additional insured parties, as their interests may appear. Insurance costs and requirements may vary widely in different localities. The estimate is for the first quarterly premium for required minimum insurance coverage. We reserve the right to require additional types of insurance and coverage as provided in the Franchise Agreement.

We provide no material benefits (such as the grant of additional franchises) based on your use of designated sources; however, failure to use approved items or designated suppliers and contractors may be a default under the Franchise Agreement. Additionally, when there is any default under the Franchise Agreement, we reserve the right, in addition to other remedies available under the Franchise Agreement, to direct suppliers to withhold furnishing products and services to you.

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
a. Site Selection and Acquisition/Lease	8.1	11
b. Pre-Opening Purchase/Leases	8.3, 10.5, 12.3.1	7, 11
c. Site Development & other Pre-Opening Requirements	8.2, 8.3, 12.1.1, 12.1.3	11
d. Initial and Ongoing Training	Article 7	11
e. Opening	8.2.3, 8.3	11

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
f. Fees	5.1, 5.2.7, Article 6, 12.3.7, 12.6, 15.6, 16.4, 18.1.4, 18.1.5, 18.1.8, 19.1.5	5, 6, 7
g. Compliance with Standards and Policies/Operating Manual	Article 9, 12.1, 19.1.1	8, 11
h. Trademarks and Proprietary Information	9.4, 12.1.8, Article 14, 19.2, 19.3, 19.4	13, 14
i. Restrictions on Products/Services Offered	12.1.1, 12.1.4, 12.6	8
j. Warranty and Customer Service Requirements	Not Applicable	Not Applicable
k. Territorial Development and Sales Quotas	13.2	12
l. Ongoing Product/Service Purchases	12.1.4, 12.3.5	8
m. Maintenance, Appearance and Remodeling Requirements	Article 9, 12.1.2, 12.1.5, 12.1.9	Item 11
n. Insurance	Article 15	<u>7, 8</u>
o. Advertising	12.1.9, Article 13	6, 11
p. Indemnification	15.6, 16.3.6, 21.1	14
q. Owner's Participation, Management, Staffing	11.1, 11.3, 12.1.6	11, 15

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
r. Records /Reports	12.2	6
s. Inspections and Audits	9.2, 12.1.7, 12.2.5	6, 11
t. Transfer	Article 16	17
u. Renewal	Article 5	17
v. Post-Termination Obligations	Article 18	17
w. Non-Competition Covenants	19.5	17
x. Dispute Resolution	Article 20	17
y. Guaranty	11.2.6, Exhibit F	15

ITEM 10: FINANCING

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

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

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

1. Pre-Opening Obligations

Before you open your Franchised Business, we will:

- a. provide you with site selection guidelines and approve a location for your Franchised Business. Within ninety (90) days of signing the Franchise Agreement, you must submit a written request for approval to us describing the proposed location and providing other information about the site that we reasonably request. We will respond within ten (10) business days, either accepting or rejecting the proposed location. We consider the following factors in approving a site: general location and neighborhood, distance from neighboring franchise territories, proximity to major roads and residential areas, traffic patterns, condition of premises, tenant mix, and demographic characteristics of the area. We will not own and/or lease a site to you. You are responsible for negotiating a purchase or lease with the owner of a site we approve. If you do not identify a site that meets our approval within ninety (90) days of signing the Franchise Agreement, we reserve the right

to terminate the Franchise Agreement. ~~We will not own and/or lease a site to you. You are responsible for negotiating a purchase or lease with the owner of a site we approve.~~ (Franchise Agreement, Sections 8.1.2, 8.1.3, 10.1, 17.2.1).

- b. provide you with prototypical plans and specifications for the layout, design, appearance, and signage for your KongDog outlet. We are not responsible for assisting you with conforming the premises to local ordinances and building codes and/or constructing, remodeling, or decorating the premises. You, your architect and your contractor are required to adapt our prototypical plans and specifications for the construction of your premises and obtain permits. We do not adapt plans or obtain permits for you. Your architect and contractor must be approved by us. (Franchise Agreement, Sections 8.2.1, 10.2).
- c. loan to you the KongDog Operations Manual and other manuals and training aids we designate for use in the operation of your KongDog Franchise, as they may be revised from time to time (Franchise Agreement, Section 10.3).
- d. provide a written list of equipment, fixtures, furnishings, signage, supplies and products that will be required to open the Franchised Business. We and our affiliates do not deliver or install any of these items (Franchise Agreement, Section 10.5).
- e. recommend minimum and maximum prices for products and services at your KongDog outlet (Franchise Agreement, Section 12.5).
- f. provide you with initial training at an affiliate- or franchised-owned outlet. We will determine, in our sole discretion, whether you satisfactorily complete the initial training. (Franchise Agreement, Sections 7.1, 7.2).
- g. provide you with standards for qualifications and training of your employees. We do not otherwise assist you with employee hiring and training (Franchise Agreement, Section 12.1.6).

Time to Open

We estimate the typical length of time between the signing of the Franchise Agreement and the time you open your KongDog outlet is two hundred forty to three hundred (240-300) days. Factors that may affect this time period include your ability to acquire a site, financing, zoning or other permits; compliance with local ordinances and restrictions; shortages for construction; delivery and installation of fixtures, signs and equipment, and completion of required training. If you have not opened your Franchised Business within one (1) year after you sign the Franchise Agreement, you must obtain our consent to extend the time to open, which we may or may not grant, at our discretion. Failure to open your Franchised Business within the original time as extended, is a default of the Franchise Agreement. (Franchise Agreement, Sections 8.1.2, 8.3 and 8.4)

3. Obligations After Opening

During the operation of your franchise, we will:

- a. offer from time to time, in our discretion, mandatory or optional additional training programs. If we require it, you must attend mandatory additional training offered by us for up to three (3) days each year at a location we designate and attend an annual business meeting or franchisee conference for up to three (3) days each year at a location we designate. Failure to attend mandatory additional training or an annual business meeting or conference is a default of the Franchise Agreement. We reserve the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference. The current rate for an annual meeting is \$1,000 per person which may increase with facility cost increases. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs. (Franchise Agreement, Section 7.4).
- b. upon your request, or as we determine to be appropriate, provide remedial on-site training and assistance at your premises. For any on-site remedial training, you must reimburse all costs for the services of our trainer, including but not limited to the trainer's then-current per diem fee and all travel-related expenses, such as transportation, meals and lodging (Franchise Agreement, Section 7.5).
- c. upon your request, provide individualized assistance to you within reasonable limits by telephone, fax, electronic mail or postage service, subject at all times to availability of our personnel and in reasonable limits (Franchise Agreement, Section 7.6).
- e. from time to time, as may become available, provide you with samples or digital artwork, advertising and promotional materials (Franchise Agreement, Section 10.6).
- f. conduct inspections of your Franchised Business, at the frequency and duration that we deem advisable. Such inspections include evaluating your products, service and premises to ensure that they meet our standards (Franchise Agreement, Section 10.4).
- g. provide you with any written specifications for required equipment, fixtures, products and services and provide you with updated lists of any approved suppliers of these items (Franchise Agreement, Section 10.7).
- h. during the seven (7) days prior to and seven (7) days following your opening , provide you with on-site opening assistance for up to three (3) days following the opening of your first KongDog outlet.. (Franchise Agreement, Section 7.3).
- i. recommend minimum and maximum prices for products and services at your KongDog outlet (Franchise Agreement, Section 12.5).
- j. approve or disapprove of all advertising, direct mail, and other promotional material and campaigns you propose in writing to us. We will respond within fifteen (15) business days, either accepting or rejecting the proposed material and/or campaign; however, if we do not respond within fifteen (15) business days, the proposed material and/or campaign is deemed "disapproved". (Franchise Agreement, Section 13.6).
- k. provide the plans and specifications being used for new or remodeled franchised businesses that are due to be completed on the renewal date. There are no contractual restrictions on

the franchisor's ability to require these upgrades or renovations over the term of the Franchise Agreement. (Franchise Agreement, Section 5.2.6, 8.4.1, and 9.1).

4. Advertising

Local Advertising (Franchise Agreement, Sections 13.2 and 13.6)

We require you to spend at least \$1,000 – \$3,000.00 in opening advertising and promotional activities, at the time and in the manner we specify, in the Territory. Thereafter, you are required to spend at least two percent (2%) of monthly Gross Revenue on local advertising to promote your Franchised Business. Upon our request, you must furnish us with a quarterly report and documentation of local advertising expenditures during the previous calendar quarter.

You may develop advertising materials for your own use at your own cost, and you may use marketing materials that we may offer to you from time to time. You may not use any advertising or marketing materials, including press releases, unless they have been approved in advance in writing by us, which approval may be withheld in our discretion. We will respond to your request for approval within fifteen (15) business days; however, if we do not respond within fifteen (15) business days, the proposed advertising or marketing material is deemed “disapproved”.

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

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

There is currently no Brand Fund contribution. Upon 30 days written notice from Franchisor you are required to contribute to the Brand Fund up to two percent (2%) of monthly Gross Revenue generated by your Franchised Business. Each KongDog outlet operated by our affiliate or us may contribute to the Brand Fund, in our discretion, but has no obligation to do so.

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

The Brand Fund will not be used to defray any of our other general operating expenses. Brand Fund contributions will not be used to solicit new franchise sales; provided however, we reserve the right to include “Franchises Available” or similar language and contact information in advertising produced with Brand Fund contributions.

The Brand Fund collects and expends the Brand Fund contributions for the benefit of the System as a whole. We reserve the right to use the Brand Fund contributions to place advertising in national, regional or local media (including broadcast, print, or other media) and to conduct

The Cloudhood POS software allows us to independently and remotely access all of your sales data, including your Gross Revenue, through the Internet. We may in the future establish or modify the sales reporting systems as we deem appropriate for the accurate and expeditious reporting of Gross Revenue, and you must fully cooperate in implementing any such system at your expense.

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

The current initial cost of the required computer hardware and software is between \$750 - \$1,500. Monthly software access fees are approximately \$150 subject to increase.

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

We will have independent, unlimited electronic access to the information generated by and stored in your computer software and applications. There are no contractual limitations on our right to have full access to this information. We may retrieve, download, analyze and store such information and data at any time. We own all customer data stored in your customer management account.

We have no obligation to maintain, repair, update or upgrade your computer and software. At your cost, you must provide on-going maintenance and repairs to your computer and software. You must upgrade your computer hardware and software as necessary to operate the most current version of the POS System or any replacements thereto. We ~~cannot~~ estimate the cost of maintaining, updating and upgrading your computer hardware and software ~~because it will depend~~ to be approximately \$1,200 per year. This may vary depending on the make and model of your computer, required upgrades to operate our current management and payment processing applications, repair history, usage, local cost of computer maintenance services in your area and technological advances that we cannot predict.

7. Table of Contents of Operations Manual

The Table of Contents of our KongDog Operations Manual, current as of the date of this Disclosure Document is attached as Exhibit E. The Operations Manual has approximately 193 pages.

8. Training (Franchise Agreement, Article 7)

You (if the franchisee is an individual) or all of your owners (if the franchisee is a business entity) and your general manager must complete our seven (7) - day Initial Management Training Program, to our satisfaction, at least ten (10) days before opening your Franchised Business. We will train you and your general manager at a KongDog outlet in Glenview, Illinois, operated by one of our affiliates, and/or at another affiliate-owned or franchised-owned outlet, in our discretion:

INITIAL MANAGEMENT TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
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Use of the Manual	2.5	2	Classroom/onsite
Tour of the location	1	1	Classroom/onsite
Pre-Opening Procedures	1	2	Classroom/onsite
Personnel Issues	1	0.5	Classroom/onsite
Advertising	1	0.5	Classroom/onsite
Management Procedures	2	1	Classroom/onsite
Franchise Reporting Requirements	1	1	Classroom/onsite
Accounting/Record keeping	2	1	Classroom/onsite
Customer Service Procedures	2	1	Classroom/onsite
Information Procedures	1	1	Classroom/onsite
Application Procedures	1	0.5	Classroom/onsite
Safety Procedures	3	1	Classroom/onsite
Totals	18.5	12.5	

We periodically conduct our Initial Management Training Program throughout the year as needed. Training is ~~currently provided~~ overseen by ~~Min Kim or another qualified member of the KongDog team.~~ Min Kim, Jason Hairston our training supervisor. Jason Hairston has worked for KongDog since ~~August 2020~~ July 2022, and since then have worked developing and growing the brand. ~~Min Kim~~ Jason Hairston has 14 years of experience in the restaurant industry. He oversee all aspects of the KongDog brand operations, including product development, service methods and techniques, sales, marketing, brand development, technology and process management. We reserve the right to make changes in our training staff as we deem necessary and advisable without prior notice. There is a minimum of five years of experience for trainers.

Our training materials consist of the operations manual, digital presentations and tutorials, web-based instruction marketing and promotional materials, and any other materials that we believe will be beneficial to our franchisees in the training process. Hands-on training also includes observation and active instruction.

The cost of our instructors and training materials for up to two (2) franchisee partners and one (1) general manager per Franchised Business, approved prior to opening, is included in the Initial Franchise Fee. You must pay for all of travel and personal expenses, including, but not limited to, all costs for your transportation, meals, and lodging for yourself and your personnel. Our current fee to provide initial training to any additional trainees is \$500 per person per day.

If you or your general manager does not complete our Initial Management Training Program to our satisfaction, we reserve the right to terminate the Franchise Agreement; however, we may allow you to repeat the Initial Management Training Program at an additional fee of \$500 per person per day. We also reserve the right to charge a reasonable fee to provide initial training in Glenview, Illinois, to any manager you appoint, with our approval, after the initial opening of your Franchised Business. Our current fee to provide initial training to any replacement manager is \$500 per person per day. You must also pay your manager's travel and personal expenses.

During the seven (7) days prior to and the seven (7) days during the grand opening of your Franchised Business, we will provide you with on-site training, supervision and assistance for opening assistance for up to three (3) days.

We may conduct mandatory or optional additional training programs, including an annual conference or national business meeting. If we require it, you must attend mandatory training programs that we offer for up to three (3) days each year, and an annual conference or national business meeting for up to three (3) days each year, at a location we designate. Failure to attend mandatory training, including an annual conference or business meeting is a default under the Franchise Agreement. We reserve the right to impose a reasonable fee, as yet to be determined, for tuition and/or attendance for all additional training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs.

ITEM 12: TERRITORY

Under the Franchise Agreement, you have the right to establish and operate one (1) KongDog outlet within a territory that will be defined after the location of your KongDog outlet is identified and approved by us (the "Territory"). You are required to find and obtain possession of a specific location for your Franchised Business that meets our site selection criteria and our approval. Your Territory is located in all or a portion of a listed town, city, or county, and is identified by a group of contiguous zip codes. The Territory is determined on an individual basis taking into account minimum numbers of households, average home prices and household incomes. The minimum Territory that may be granted is a five (5) mile radius or 50,000 people, whichever is less. Your Territory will be defined and attached to your Franchise Agreement as Exhibit B.

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

During the term of your Franchise Agreement, and provided that you are not in default of your Franchise Agreement, we will not open another KongDog outlet or grant the right to anyone else to open a KongDog outlet within the Territory. However, notwithstanding this limited protection right we grant to you, we reserve all rights to sell our products and services under the Mark in the Territory through alternative distribution channels, as discussed below.

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

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

contribution, and Technology Fee equal to the average paid during the four (4) calendar quarters immediately preceding the loss of your premises.

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

We reserve all rights not expressly granted in the Franchise Agreement. For example, we or our affiliates may own, operate or authorize others to own or operate KongDog outlets outside of the Territory and may operate other kinds of businesses within the Territory. Although we do not currently do so and have no plans to do so, we and our affiliates may own, acquire, conduct, or authorize others to conduct, any form of business at any location selling any type of product or service not offered under the Mark, including a product or service similar to those you will sell at your Franchised Business.

We and our affiliates may sell products and services under the Mark within or outside the Territory or development area through any method of distribution other than a dedicated KongDog outlet location, such as distribution through retail outlets, including but not limited to, grocery stores; in captive market locations, such as airports and malls; and the Internet (“Alternative Distribution Channels”). You will receive no compensation for our sales through Alternative Distribution Channels in the Territory or development area.

You may not use Alternative Distribution Channels to make sales inside or outside your Territory; however, we will include a listing on our website of your KongDog outlet location. You may only solicit sales from customers in your Territory. Your local advertising must target customers in your Territory, although the reach of your local advertising may extend beyond your Territory.

ITEM 13: TRADEMARKS

KongDog, LLC (“Licensor”) is the owner of the Mark and has granted us the exclusive right to use the Mark and license to others the right to use the Mark in the operation of a KongDog outlets in accordance with the System. The Franchise Agreement will license to you the right to operate your Franchised Business under the KongDog service mark, as described below (“Principal Mark”):

Mark	<u>SerialRegistration</u> Number	Registration Date	Register
	97086055 <u>6987591</u>	October February 21, 2024 <u>2023</u>	<u>Principal</u> Pending

We have filed the required affidavits for the above marks related to incontestability and use in commerce.

You must notify us immediately when you learn about an infringement of or challenge to your use of the Principal Mark or other trademarks. Licensor and we will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of the Principal Mark or other trademarks. Licensor and we have the right to control any administrative proceedings or litigation involving the Principal Mark or other trademarks licensed by us to you. You must cooperate fully with Licensor and us in defending and/or settling the litigation.

We reserve the right to substitute different Marks if we can no longer use the current Mark, or if we determine that substitution of different Marks will be beneficial to the System. In such event, we may require you, at your expense, to modify or stop using any Mark, including the Principal Mark, or to use one or more additional or substitute Marks.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the Trademark Administration of any state, or any court relating to the Mark. There is no pending infringement, opposition or cancellation. There is no pending material federal or state court litigation involving the Principal Mark or other of our trademarks.

There are no currently effective agreements that significantly limit Licensor's or our rights to use or license the use of the Principal Mark or other of our trademarks in a manner material to the franchise.

As of the date of this Disclosure Document, we know of no superior prior rights or infringing uses that could materially affect your use of the Principal Mark.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We hold no patents and have no pending patent applications that are material to the franchise. We have registered no copyright with the United States Copyright Office. However, we claim copyrights on certain forms, advertisements, promotional materials, photographs and other written materials. We also claim copyrights and other proprietary rights in our Manual.

There are no current material determinations of, or proceedings pending in, the United States Patent and Trademark Office, the U.S. Copyright Office, or any court regarding any of our copyrights discussed above.

There are no agreements currently in effect which limit your right to use any of our copyrights. As of the date of this Disclosure Document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights which could materially affect your use of them.

Our mutual obligations to protect your rights to use our copyrights are the same as the obligations for Trademarks described in Item 13 of this disclosure document.

During the term of the Franchise Agreement, you may have access to and become acquainted with our trade secrets, including, but not limited to, methods, formulas, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, costs, product prices and names,

software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of your KongDog outlet; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications which are part of the System; the Operations Manual; methods of advertising and promotion; instructional materials; marketing plans, business methods, research, development or know-how, any other information which we may or may not specifically designate as "confidential" or "proprietary", and the components of our System whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively called the "Confidential Information"). You agree that you will take all reasonable measures to maintain the confidentiality of all Confidential Information in your possession or control and that all such Confidential Information and trade secrets shall remain our exclusive property. You may never (during the Initial Term, any Renewal Term, or after the Franchise Agreement expires or is terminated) reveal any of our confidential information to another person or use it for any other person or business. You may not copy any of our Confidential Information or give it to a third party except as we authorize in writing to you prior to any dissemination. Your personnel who have access to our Confidential Information must sign our Confidentiality/Non-Competition Agreement (Franchise Agreement, Exhibit G).

You must promptly tell us when you learn about unauthorized use of any Confidential Information. We are not obligated to take any action, but will respond to this information as we think appropriate. We will indemnify you for losses brought by a third party concerning your use, in strict compliance with the Franchise Agreement, of the Confidential Information.

ITEM 15: OBLIGATIONS OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Franchise Agreement does not require that you personally supervise your KongDog outlet, although we recommend it. Your KongDog outlet must be directly supervised by a general manager. Your general manager can either be you or someone appointed by you who is acceptable to us. Your general manager must successfully complete our Initial Management Training Program and all other training courses we require. Your general manager must devote full time to the job and cannot have an interest or business relationship with any of our competitors. If the franchisee is a business entity, your general manager is not required to have an equity interest in the franchisee entity. Your manager must devote full time to the job and cannot have an interest or business relationship with any of our competitors.

Your manager and all other personnel who will have access to our proprietary and Confidential Information and training must sign our Non-Disclosure/Non-Competition Agreement, which is attached to our Franchise Agreement as Exhibit G. If your Franchised Business is owned by an entity, all owners of the entity must personally sign the Franchise Agreement as a Principal. If you are a married individual, your spouse must sign our Spousal Guaranty, which is attached to our Franchise Agreement as Exhibit F.

ITEM 16: RESTRICTION ON WHAT FRANCHISEE MAY SELL

~~You must offer and sell all products and services that are part of the System, and all services and products which we incorporate into the System in the future. You may only offer products and services that we have previously approved.~~

You must offer for sale only products and services that have been approved and specified by us in the Manual and any updates that are incorporated in the Manual from time to time. You may not offer for sale any products or services not specifically approved by us in writing and you may not use your Franchised Business for any other purpose than the operation of a Business and the sale of products or services approved by us. You must offer any products and/or services that we designate as required products and/or required services in the Manual. There are no limits on our ability to make changes to the products or services we require you to sell, including any related to staffing requirements; minimum or specific hours of operations; and requirements to participate or maintain participation in gift card, coupon, or client incentive programs.

You may not use our Principal Mark or other trademarks for any other business, and you may not conduct any other business from your Franchised Business location. You cannot engage in any other business that competes with your Franchised Business, with us or our affiliates, or with KongDog outlets owned by other franchisees, whether such business is inside or outside of the Territory.

We may add to, delete from or modify the products and services that you can and must offer. You must abide by any additions, deletions and modifications, but only if the changes do not materially and unreasonably increase your obligations under the Franchise Agreement. There are no other limits on our rights to make these changes.

You may only sell products and services in the manner we prescribe. You may only solicit sales from customers in your Territory. Your local advertising must target customers in your Territory, although the reach of your local advertising may extend beyond your Territory. See Item 12 for restrictions on sales within and outside the Territory.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	Art. 4	Term is 10 years
b.	Renewal or extension of the Term	Sections 5.1 and 5.5	If you are in good standing as defined below, you can renew for up to one (1) additional term of ten (10) years, unless we have determined, in our sole discretion, to withdraw from your Territory

	Provision	Section in Franchise Agreement	Summary
i.	Franchisee's obligations on termination/ non-renewal	Article 18	Upon termination, you must: cease operations; cease to identify yourself as a KongDog franchisee; cease to use our trademarks; cancel any assumed name registration that contains any Mark; pay us and our affiliates all sums owing; pay us any damages, costs or expenses we incur in obtaining any remedy for any violation of the Franchise Agreement by you, including, but not limited to attorney's fees; deliver to us all Confidential Information, the Operations Manual and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; sell to us, at our option, all furnishing, fixtures, equipment, inventory and supplies of your Franchised Business; and assign, at our option, your telephone numbers, directory and internet listings, and social media accounts and the lease for the location.
j.	Assignment of contract by franchisor	Section 16.1.1	No restrictions on our right to assign.
k.	"Transfer" by franchisee defined	Section 16.3	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Franchise Agreement, the Franchised Business, any assets of the Franchised Business, or in the Franchisee (if the Franchisee is a business entity).
l.	Franchisor approval of transfer by franchisee	Section 16.3	No transfer is allowed without our consent, which we will not unreasonably withhold.
m.	Conditions for franchisor approval of a transfer	Section 16.3 and 16.4	Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying franchisees; transferee signs our then-current form of Franchise Agreement, which may have materially different terms from your Franchise Agreement; transferee and its general manager successfully complete our Initial Management Training Program; you have paid us and third-party creditors all amounts owed; you and the transferee sign a General Release in the form of Exhibit C Attachment 4 to the Franchise Agreement; you shall subordinate any claims you have against the transferee to us; you will indemnify us for a period of 3 years following the transfer; our approval of the material terms and conditions of the transfer; landlord's consent of a lease assignment, if applicable; payment of a transfer fee equal to 100% of the then current franchise fee or \$25,000, whichever is greater.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

System-wide Outlet Summary
For Years ~~2019~~2020 to ~~2021~~2022

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020 2019	0	0	0
	2021 2020	0	0	0
	2021 2022	0	0	0
Company – Owned*	2020 2019	0	0	0
	2021 2020	0	2	+2
	2021 2022	2	0	-2
Total Outlets	2020 2019	0	0	0
	2021 2020	0	2	+2
	2021 2022	2	0	-2

Table No. 2

Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)
For Years ~~2019~~2020 to ~~2022~~2021

Column 1 State	Column 2 Year	Column 3 Number of Transfers
None	2020 2019	0
	2021 2020	0
	2021 2022	0
Total	2020 2019	0
	2021 2020	0
	2021 2022	0

Table No. 3

Status of Franchised Outlets
For Years ~~2019~~2020 to ~~2022~~2021

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
NoneMassachusetts	2020 2019	0	0	0	0	0	0	0
	2021 2020	0	0	0	0	0	0	0

	2021 2022	0	<u>0</u> <u>1</u>	0	0	0	0	<u>0</u> <u>1</u>
New Jersey	2020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2021	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2022	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Total	2019 2020	0	0	0	0	0	0	0
	2020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2021	0	0	0	0	0	0	0
	2022	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>

Table No. 4

Status of Company Owned* Outlets
For Years ~~2019~~2020 to ~~2022~~2021

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
Illinois	2019 2020	0	<u>0</u> <u>2</u>	0	0	0	<u>0</u> <u>2</u>
	2021 2020	<u>0</u> <u>2</u>	<u>2</u> <u>0</u>	0	0	0	2
	2021 2022	2	0	0	0	0	2
Total	2019 2020	0	<u>0</u> <u>2</u>	0	0	0	<u>0</u> <u>2</u>
	2021 2020	<u>0</u> <u>2</u>	<u>2</u> <u>0</u>	0	0	0	2
	2021 2022	2	0	0	0	0	2

Table No. 5

Projected Openings as of December 30, 2022

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company Owned Outlets in the Next Fiscal Year
Pennsylvania	0	2	2
Illinois	0	1	0
New York	0	1	0
<u>Maryland</u>	<u>0</u>	<u>1</u>	<u>0</u>
Total	0	<u>4</u> <u>5</u>	2

* Company-owned stores are operated by affiliated entities.

Exhibit F lists the location of each KongDog outlet in our System.

During our last fiscal year, no franchisee has had an outlet terminated, canceled, not renewed, or has otherwise voluntarily or involuntarily ceased to do business under the franchise agreement or has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisee has signed confidentiality clauses during the last three years.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

ITEM 21: FINANCIAL STATEMENTS

Kongdog Franchising, Inc. was formed on December 23, 2021. Because we have not been in business for three (3) years, we are not able to include the three (3) prior years of audited financial statements normally required by this Item 21. Our audited financial statements, ~~dated~~ as of February 1 December 31, 2022, are included in Exhibit ~~DC~~.

Our fiscal year end is December 31.

ITEM 22: CONTRACTS

Copies of all proposed agreements regarding the franchise offering are included in Exhibit B. These include our Franchise Agreement and all exhibits to it (Franchisee Acknowledgment Statement, Marks, Territory Description, General Release, Conditional Assignment of Lease, Statement of Ownership Interests in Franchisee, Spousal Guaranty, Confidentiality and Non-Compete Agreement, Internet, Social Media and Telephone Listing Agreement).

ITEM 23: RECEIPT

A receipt in duplicate is attached to this Disclosure Document as Exhibit H. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to Sangyun Shin, 1120 Easton Road, Willow Grove, PA 19090.

MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	Office of the New York State Attorney General Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8211 Phone (212) 416-6042 Fax <u>8222</u>	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5 th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT E

FRANCHISED OUTLETS

(as of December 31, ~~2021~~2022)

None.

Massachusetts

<u>Julia Kang</u> <u>275 2nd Ave #3034</u> <u>Needham, MA 02494</u> <u>(781) 366-8653</u>	
--	--

New Jersey

<u>Julia Yum</u> <u>91 West Northfield Road</u> <u>Livingston, NJ 07039</u> <u>(917) 208-8108</u>	
--	--

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

(as of December 31, ~~2021~~2022)

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

None.

EXHIBIT F
STATE ADDENDA

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF CALIFORNIA

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

The Department of Financial Protection and Innovation for the State of California requires that certain provisions contained in franchise documents be amended to be consistent with California Franchise Investment Law, Cal. Corp. Code Section 31000 et seq., and of the Rules and Regulations promulgated thereunder. To the extent that this Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended.

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
2. OUR WEBSITE: Kongdog.Us/ 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.
3. Item 3 is amended to add:

Neither Franchisor nor any person described 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. 8.78(a) et seq. suspending or expelling such persons from membership in such association or exchange.

4. Item 17 is amended to state:
 - (a) The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 et seq.).
 - (b) The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
 - (c) The franchise agreement contains a liquidated damages clause. Under California Civil Code section 1671, certain liquidated damages clauses are unenforceable.
 - (d) The Franchise Agreement requires application of the laws of Pennsylvania. This provision may not be enforceable under California law.

5. Item 6 of the FDD and section 6.3 of the Franchise Agreement are amended to state that the highest interest rate allowed by law in California for late payments is 10% annually.
6. The highest interest rate allowed by law in California for late payments is 10% annually.
7. Franchisee must comply with the requirements set forth in the Alcoholic Beverage Control Act and the California Code of Regulations for the sale of alcoholic beverages.
8. Revise 310.114.1(c)(1) - California Instructions for the UFOC, to add Corporations Code section 31119 language "14 DAYS PRIOR TO EXECUTION OF AGREEMENT" at end of statement.

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

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

ADDENDUM REQUIRED BY THE STATE OF CONNECTICUT

DISCLOSURE REQUIRED BY CONNECTICUT LAW: The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

1. If the franchisor fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the franchisor in writing and demand that the contract be cancelled.

2. Pursuant to Section 36b-63(b)(4) of the Connecticut Business Opportunity Investment Act, Item 3 of the Disclosure Document is hereby amended to state that the Company, its Officers, Directors and Sales Representatives have not been subject to disciplinary actions. During the previous ten fiscal years, no person has been convicted of a felony, been held liable in a civil action, or is subject to any current effective state or federal agency or court injunctive or restrictive order.
3. Pursuant to Section 36b-63(b)(5) of the Connecticut Business Opportunity Investment Act, Item 4 of the Disclosure Document is hereby amended to state that during the previous ten fiscal years, no person listed in Item 2 has: (A) filed in bankruptcy; (B) been adjudged bankrupt; (C) been reorganized due to insolvency; or (D) been a principal, director, executive officer or partner of any other person that has so filed or was so adjudged or reorganized, during or within one year after the period that such person held such position with such other person.

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of _____.

FRANCHISEE:

FRANCHISOR:

KongDog Franchising, Inc.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

PRINCIPALS:

Name: _____

Name: _____

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT**

Illinois law shall apply to and govern the Franchise Agreement.

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

Franchisee's right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

**AMENDMENT TO THE KONGDOG FRANCHISE AGREEMENT REQUIRED BY THE
STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS §§ 705/1 et seq. (1987) (the “Act”), which govern the attached KongDog Franchise Agreement (the “Franchise Agreement”), the parties thereto agree as follows:

1. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

“Section 4 of the Act provides that no franchisee shall be required to litigate any cause of action, with the exception of arbitration proceedings, arising under the Franchise Agreement or the Act outside of the State of Illinois.”

2. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

“Illinois law governs the terms of this Franchise Agreement.”

3. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

“Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Act, or any other Illinois law is void. The foregoing requirement, however, shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Act, and shall not prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.”

4. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

“To the extent any provision regarding termination or renewal of the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act §§ 815 ILCS §§ 705/19 and 705/20, the provisions of these sections of the Act will control.”

5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

The parties hereto have duly executed this Illinois Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

KONGDOG FRANCHISING, INC.

By: _____
Sangyun Shin , CEO
(Print Name, Title)

FRANCHISEE:

By: _____
(Print Name, Title)

PRINCIPAL:
(Print Name)

PRINCIPAL:
(Print Name)

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE INDIANA FRANCHISE DISCLOSURE LAW AND THE
INDIANA DECEPTIVE FRANCHISE PRACTICES ACT**

The Indiana Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with Indiana law, including the Indiana Franchises Act, Ind. Code Ann. §§ 1 - 51 (1994) and the Indiana Deceptive Franchise Practices Act, Ind. Code Ann. § 23-2-2.7 (1985) (collectively referred to as the “Acts”). To the extent that (a) the jurisdictional requirements of the Acts are met and (b) this Franchise Disclosure Document and Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

(a) To the extent the Franchise Agreement contains provisions allowing the establishment of franchisor-owned outlets that are inconsistent with the Indiana Deceptive Franchise Practices Act § 23-2-2.7(2), the requirements of this section of the Indiana Act will control.

(b) The franchisor may not make any substantial modification of the Franchise Agreement without the franchisee's written consent.

(c) To the extent any provision regarding renewal or termination of the Franchise Agreement is inconsistent with the Indiana Deceptive Franchise Practices Act §§ 23-2-2.7(7) and (8), the provisions of these sections of the Indiana Act will control.

(d) Any requirement in the Franchise Agreement that requires the franchisee to prospectively assent to a release, assignment, novation, waiver or estoppel shall not relieve any person from liability arising under the Acts.

(e) To the extent the covenants not to compete upon expiration or termination of the Franchise Agreement are inconsistent with the Indiana Deceptive Franchise Practices Act § 23-2-2.7(9), the provisions of this section of the Indiana Act will control.

(f) To the extent that any provision of the Franchise Agreement would be deemed unenforceable pursuant to the Indiana Deceptive Franchise Practices Act § 23-2-2.7(10), as this section of the Indiana Act is interpreted and applied, such provision of the Franchise Agreement shall be so deleted therefrom.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF MARYLAND

The Office of Attorney General for the State of Maryland requires that certain provisions contained in franchise documents be amended to be consistent with Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., and of the Rules and Regulations promulgated under the Act (collectively the "Maryland Franchise Law"). To the extent that this Disclosure Document or Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. No requirement that you agree to any release, assignment, novation, estoppel or waiver of liability as a condition to your purchasing a KongDog franchise shall act as a release, estoppel or waiver of any liability under the Maryland Franchise Law.

2. Item 17 is amended to state:

(a) Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.

(b) Any general release required by the terms and conditions of the Franchise Agreement as a condition of renewal, assignment or transfer shall not apply to any liability under the Maryland Franchise Law.

(c) Our right to terminate you upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*).

(d) Nothing herein shall waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

(e) Item 5 of the Disclosure is amended to state:

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

THE REGISTRATION OF THIS FRANCHISE DISCLOSURE DOCUMENT WITH MARYLAND SECURITIES DIVISION OF THE OFFICE OF ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE SECURITIES COMMISSIONER.

AMENDMENT TO THE KONGDOG FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 *et seq.*, and of the Rules and Regulations promulgated thereunder, the parties to the attached KongDog Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a franchisee’s assent to a release of liability under that Law as a condition for the sale, renewal, assignment or transfer of the franchise. To the extent of any inconsistencies with the Maryland Franchise Registration and Disclosure Law contained in Article 5 or Section 16.3 of the Franchise Agreement, such inconsistent provisions are hereby deleted.

2. To the extent of any inconsistencies, Section 17.1 of the Franchise Agreement is hereby amended to further state:

“Our right to terminate you upon your bankruptcy, however, may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*).”

3. To the extent of any inconsistencies, Section 20.3 of the Franchise Agreement is hereby amended to further state:

“Nothing herein shall waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.”

4. To the extent of any inconsistencies, Section 20.6 of the Franchise Agreement is hereby amended to further state:

“Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.”

5. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., are met independently without reference to this Amendment.

7. The Franchisee Agreement, Attachment 1 and the Franchise Disclosure Document, Acknowledgment Statements are amended to state:

“All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

8. Article 8 of the Franchise Agreement, and Article 3 of the Multi-Unit Development Agreement are amended to state:

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

The parties hereto have duly executed this Maryland Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

KONGDOG FRANCHISING, INC.

By: _____

Sangyun Shin, CEO
(Print Name, Title)

FRANCHISEE:

By: _____

(Print Name, Title)

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MINNESOTA

The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. Item 6, Non-Sufficient Funds Fee, is amended to state:

Pursuant to Minn. Stat. § 604.113, the Non-Sufficient Funds Fee is \$30.00 per occurrence.

2. Item 17 is amended to state:

(a) Minn. Stat. § 80C.21 and Minnesota Rules § 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in this Franchise Disclosure Document or agreement(s) shall abrogate or reduce (1) any of your rights as provided for in Minn. Stat. Chapter 80C or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

(b) In accordance with Minn. Stat. § 80C.14 subd. 3-5, except in certain specified cases, we will give you 90 days notice of termination (with 60 days to cure) and 180 days notice

for non-renewal of the Franchise Agreement. Additionally, we will not unreasonably withhold our consent to a transfer of your Board and Brush Creative Studio.

(c) In accordance with Minnesota Rules 2860.4400(D), we cannot require you to assent to a general release.

(d) In accordance with Minnesota Rules 2860.4400(J), we cannot require you to consent to liquidated damages.

(e) Minn. Stat. § 80C.17 subd. 5 requires that an action be commenced pursuant to the Franchise Act within three (3) years after the cause of action accrues.

(f) You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rules 2860.4400(J).

**AMENDMENT TO THE
KONGDOG FRANCHISING, INC.
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MINNESOTA**

In recognition of the requirements of the Minnesota Statutes Chapter 80C, the parties to the attached KongDog Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee’s assent to a release other than as part of a voluntary settlement of disputes. To the extent of any inconsistencies with the Minnesota Rules requirement contained in Sections 5.2.5 or 16.3.6 of the Franchise Agreement, such inconsistent provisions are hereby deleted.

2. To the extent of any inconsistencies, Section 5.1.1 of the Franchise Agreement is hereby amended to state:

“Except in certain specified cases as set forth in Minn. Stat. § 80C.14 subd. 4, Franchisor will give Franchisee 180 days’ notice for non-renewal of the Franchise Agreement.”

3. To the extent of any inconsistencies, Section 6.4 of the Franchise Agreement is hereby amended to state that the non-sufficient funds fee is Thirty Dollars (\$30.00) per occurrence.

4. To the extent of any inconsistencies, Sections 17.1 through 17.3 of the Franchise Agreement are hereby amended to state:

“Except in certain specified cases as set forth in Minn. Stat. § 80C.14 subd. 3, Franchisor will give Franchisee 90 days notice of termination (with 60 days to cure)”.

5. To the extent of any inconsistencies, Article 20, Dispute Resolution, of the Franchise Agreement is hereby amended to state:

“Franchisor cannot require Franchisee to: (i) conduct litigation outside Minnesota, (ii) waive a jury trial, or (iii) consent to liquidated damages, termination penalties or judgment notes. Nothing in this Franchise Agreement shall abrogate or reduce (1) any of Franchisee’s rights as

provided for in Minn. Stat. Chapter 80C or (2) Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Franchisee cannot consent to Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief."

8. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Statutes Chapter 80C are met independently without reference to this Amendment.

The parties hereto have duly executed this Minnesota Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

KONGDOG FRANCHISING, INC.

By:

(Print Name, Title)

FRANCHISEE:

By:

(Print Name, Title)

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

or its business operations.

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

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

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

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

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

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

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

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

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

____ You may terminate the agreement on any grounds available by law.^[1]_{SEP}

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

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

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

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York. **NEW YORK RIDER TO KONGDOG FRANCHISING, INC.**

FRANCHISE AGREEMENT

THIS RIDER TO THE FRANCHISE AGREEMENT FOR NEW YORK (“Rider”) is entered into by and between KongDog Franchising, Inc., a Illinois Corporation, with its principal office at 117 Hill Street, Hartland, WI, 53029 (“we,” “us” or “our”) and
____ (“you” or “your”), whose principal business address is
_____.

WHEREAS, we and you have entered into a certain Franchise Agreement dated
____, 20____ which grants you the right to operate a KongDog franchise (the “Franchise Agreement”);

WHEREAS, you are domiciled in New York and the KongDog franchise will be located in New York, and/or any of the offering or sales activity relating to the Franchise Agreement occurred in the State of New York; and

WHEREAS, in recognition of the requirements of the General Business Law of the State of New York, Article 33, Sections 680-695, we and you desire to amend certain terms of the Franchise Agreement in accordance with the terms and conditions contained in this Rider.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained in the Franchise Agreement and this Rider and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, we and you agree as follows:

1. Sections 5.2.5 and 16.3.6 of the Franchise Agreement are amended by adding the following language to each Section:

However, to the extent required by applicable law, notwithstanding the signing of a General Release, all rights you enjoy and any causes of action arising in your favor from the

provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force.

2. Section 16.1.1 of the Franchise Agreement is amended by adding the following language to this Section:

However, to the extent required by applicable law, Franchisor will not transfer and assign its rights and obligations under the Franchise Agreement unless the transferee will be able to perform the Franchisor's obligations under the Franchise Agreement, in Franchisor's good faith judgment.

3. Section 20.3 of the Franchise Agreement is amended by adding the following language:

New York Law governs any cause of action which arises under the New York General Business Law, Article 33, Sections 680-695. The provisions of this Franchise Agreement shall not be deemed a waiver of any rights conferred upon Franchisee by Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

4. In the event of any conflict between a provision of the Franchise Agreement and this Rider, the provision of this Rider shall control. All terms which are capitalized in this Rider and not otherwise defined, will have the meanings given to them in the Franchise Agreement. Except as amended by this Rider, the Franchise Agreement is unmodified and in full force and effect in accordance with its terms.

5. Each provision of this Rider will be effective only to the extent that the jurisdictional requirements of the New York General Business Law, Article 33, Sections 680-695 are met independent of this Rider.

The parties hereto have duly executed this New York Rider to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

KONGDOG FRANCHISING, INC.

By:

Sangyun Shin , CEO

(Print Name, Title)

FRANCHISEE:

By:

(Print Name, Title)

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following statements are added to Item 17.h.

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

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

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from \$137,750 to \$635,500. This amount exceeds the franchisor's stockholders' equity as of December 31, 2022, which is (\$24,612).

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF WASHINGTON**

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may

also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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

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

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

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

Item 17(i) and Item 17(o) of the FDD are modified to be consistent with RCW 19.100.180, including that the franchisor is required to purchase certain assets at fair market value at the time of termination or expiration of the franchise, offset by any amounts owed by the franchisee to the franchisor.

The relevant provisions of the Franchise Disclosure Document are revised such that the franchisor will defer collection of the initial franchise fee until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open for business.

**AMENDMENT TO THE
KONGDOG FRANCHISING, INC.
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF WASHINGTON**

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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

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

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

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

Item 17(i) and Item 17(o) of the FDD, and Section 18.2 of the Franchise Agreement, are modified to be consistent with RCW 19.100.180, including that the franchisor is required to purchase certain assets at fair market value at the time of termination or expiration of the franchise, offset by any amounts owed by the franchisee to the franchisor.

Section 8.1.1 and 9.5 of the Franchise Agreement are amended to state that the language in 8.1 and 9.5 will not waive any liability that may arise under the Franchise Investment Protection Act of Washington.

Section 15.6 of the Franchise Agreement is amended to state the franchisee will not be required to indemnify the franchisor, its officers, employees, and affiliates for these acts and/or those done by these parties' willful misconduct.

Section 16.3.6 of the Franchise Agreement is amended to state that the franchisee shall not be required to indemnify the franchisor for any misrepresentations alleged to be made by the franchisor, not only those made in the FDD.

Section 20.4 of the Franchise Agreement does not apply to Washington franchisees.

Attachment 1 of the Franchise Agreement, Franchisee Acknowledgement Statement is amended to state that Question 1, except for the first sentence; Question 3; Question 4; Question 5; and Question 12 of the Acknowledgement Statement do not apply to Washington franchisees and any language in this attachment that requires a franchisee to represent that is has not relied on a representation from the franchisor is removed.

Attachment 4, General Release is amended to state that, in accordance with RCW 19.100.220, claims arising from the Franchise Investment Protection Act of Washington, chapter 19.100 RCW, and any rule or order adopted thereunder are not waived.

The relevant provisions of the Franchise Agreement are revised such that the franchisor will defer collection of the initial franchise fee until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open for business.

The parties hereto have duly executed this Washington Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

KONGDOG FRANCHISING, INC.

By:

Sangyun Shin, CEO
(Print Name, Title)

FRANCHISEE:

By: _____

(Print Name, Title)

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

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STATE EFFECTIVE DATES – 2022

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date states below:

State	Effective Date
California	<u>Pending</u>
Hawaii	
Illinois	<u>Pending</u>
Indiana	<u>December 13, 2022</u>
Maryland	<u>Pending</u>
Michigan	<u>May 27, 2022</u>
Minnesota	
New York	<u>Pending</u>
North Dakota	
Rhode Island	
South Dakota	
Virginia	<u>Pending</u>
Washington	<u>Pending</u>
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

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EXHIBIT G
RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Kongdog Franchising, 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.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Kongdog Franchising, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Sangyun Shin 1120 Easton Road Willow Grove, PA 19090 (201) 957 - 6605		
--	--	--

Issuance Date: ~~February 1, 2022~~ April 11, 2023

I received a Disclosure Document dated _____, that included the following Exhibits:

_____ EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process
EXHIBIT B: Franchise Agreement with Attachments 1-10.
EXHIBIT C: ~~Multi-Unit Development Agreement~~ Financial Statements of Kongdog Franchising, Inc.
____ EXHIBIT D: Financial Statements of Kongdog Franchising, Inc.
_____ EXHIBIT E: Operations Manual Table of Contents
EXHIBIT FE: Outlets as of the date of this Disclosure Document
EXHIBIT GF: State Addenda _____
EXHIBIT HG: Receipt

Date Received: _____ DATE: _____
(If other than date signed)

(Signature of recipient)

(Printed name of recipient)

Legal residence address

Please return signed receipt to Kongdog Franchising, Inc.
1120 Easton Road, Willow Grove, PA 19090

EXHIBIT G
RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

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~~EXHIBIT D: Financial Statements of Kongdog Franchising, Inc.~~

EXHIBIT ~~E~~D: Operations Manual Table of Contents

EXHIBIT ~~F~~E: Outlets as of the date of this Disclosure Document

EXHIBIT ~~G~~F: State Addenda

EXHIBIT ~~H~~G: Receipt

Date Received: _____
(If other than date signed)

DATE: _____

(Signature of recipient)

(Printed name of recipient)

Legal residence address

KEEP FOR YOUR RECORDS

(\$100.00). This late fee is reasonably related to Franchisor's costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee's failure to pay the Royalty Fee, the Brand Fund Contribution, and/or submit Gross Revenue Reports in accordance with the terms of this Agreement.

- 6.3. Interest. Any and all amounts that shall become due and owing from Franchisee to Franchisor under the terms hereof shall bear interest from the date due until paid at the rate of 18% per annum or at the highest rate permitted by law, whichever is lower.
- 6.4. Non-Sufficient Funds Fee. In the event any of Franchisee's checks are returned, or an electronic funds transfer from Franchisee's bank account is denied, for insufficient funds, Franchisee shall pay Franchisor, in addition to the amount due, a non-sufficient funds fee of Seventy-Five Dollars (\$75.00) per occurrence. This non-sufficient funds fee is reasonably related to Franchisor's costs resulting from the delayed and declined payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement.
- 6.5. Taxes. If any sales, excise, use or privilege tax is imposed or levied by any government or governmental agency on Franchisor for any Royalty Fee, Brand Fund Contribution or other fees due and payable to Franchisor under this Agreement, Franchisee shall pay Franchisor a sum equal to the amount of such tax.
- 6.6. Technology Fee. Franchisee agrees to pay Franchisor, throughout the term of the agreement, a technology fee of Two Hundred and Fifty Dollars (\$250.00) ("Technology Fee"). Franchisor reserves the right in Franchisor's sole discretion and at any time and from time to time, to increase the amount of the Technology Fee- in accordance with increases from third party vendors and service providers. Payments will be made in the same manner and time as the Royalty Fees. The Technology Fee shall be used for software license and/or maintenance fees, website hosting and/or maintenance, Franchise web portal access, social media activity and marketing on your behalf, or other services as developed in the future.

7. TRAINING.

- 7.1 Initial Management Training Program. Franchisee (specifically including all Franchisee's principals) shall attend and complete to Franchisor's sole and absolute satisfaction, Franchisor's initial management training program ("Initial Management Training Program") at least ten (10) days (but no more than six (6) weeks, prior to the opening of the Franchised Business. The Initial Management Training Program consists of a seven (7)-day course conducted at one of Franchisor's headquarters and/or affiliated owned or franchised outlet. Franchisor reserves the right to designate an alternate location for any component of the Initial Management Training Program. Franchisee must at all times during the term of this Agreement have principals who have successfully completed the Initial Management Training Program to Franchisor's sole and complete satisfaction. No charge shall be made for up to three (3) principals and one (1) General

Manager (as defined below) to take the Initial Management Training Program prior to opening the Franchised Business ("Initial Trainees"). Notwithstanding the foregoing, Franchisee shall be required to pay all of the expenses of the Initial Trainees, including, without limitation, costs of travel, lodging, meals and wages.

- 7.2 Satisfactory Completion. Franchisor shall determine, in Franchisor's sole discretion, whether the Initial Trainees have satisfactorily completed the Initial Management Training Program, which shall include mastery of post-course applications. If the Initial Management Training Program is not satisfactorily completed by the Initial Trainees, or if Franchisor, in Franchisor's reasonable business judgment based upon the performance of the Initial Trainees, determines that the Initial Management Training Program cannot be satisfactorily completed by Franchisee and Franchisee's Principal(s), Franchisor may terminate this Agreement.
- 7.3 Opening Assistance. During the opening of the Franchised Business, Franchisor shall provide Franchisee with opening assistance by a trained representative of Franchisor. The trainer will provide on-site opening training, supervision, and assistance to Franchisee for up to three (3) days at no charge to Franchisee.
- 7.4 Additional Training. Franchisor may offer mandatory and/or optional additional training programs from time to time. If required by Franchisor, Franchisee, or Franchisee's principals shall participate in the following additional training:

(i) on-going training at a location designated by Franchisor.

(ii) a national business meeting or annual convention at a location designated by Franchisor.

The total amount of required ongoing training and/or annual meetings will be three (3) days or less per year. Franchisor reserves the right to impose a reasonable fee for all additional training programs. The current rate for an annual meeting is \$1,000 per person which may increase with facility cost increases. Franchisee shall be responsible for any and all incidental expenses incurred by Franchisee or Franchisee's personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages. Franchisee's failure to attend and/or complete mandatory additional training or failure to attend Franchisor's national business meeting or annual convention is a default of this Agreement. Franchisee or Franchisee's principal(s) shall be required to obtain any missed mandatory additional training at a location Franchisor designates. Franchisee shall pay all costs and expenses for such additional training, including but not limited to, tuition at the then-current rate and any and all transportation, meals and lodging of Franchisee, Franchisee's principal and Franchisor's training personnel. Franchisee shall pay to Franchisor any incurred expenses by Franchisor's training personnel within ten (10) days of Franchisor's billing thereof to Franchisee.

- 7.5 On-Site Remedial Training. Upon Franchisee's reasonable request or as Franchisor shall deem appropriate, Franchisor shall, during the term hereof, subject to the availability of

ATTACHMENT 3

TERRITORY DESCRIPTION AND FRANCHISED BUSINESS LOCATION

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

Territory (insert map and/or define by zip codes): The minimum Territory that may be granted is a five (5) mile radius or 50,000 people, whichever is less. **TERRITORY AND ADDRESS TO BE DETERMINED AND INSERTED AFTER A KONGDOG PREMISES IS IDENTIFIED BY FRANCHISEE AND APPROVED BY FRANCHISOR, IN ACCORDANCE WITH SECTION 8 OF THE FRANCHISE AGREEMENT, IN THE SITE SEARCH AREA OF

_____.

Franchised Business Address:

ATTACHMENT 5

AUTHORIZATION AGREEMENT AUTOMATIC DEPOSITS (ACH WITHDRAWALS)

Franchisor Name: **KongDog Franchising, Inc.**

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

Financial Institution Name: _____ Branch: _____

City: _____ State: _____ Zip: _____ Phone: _____

ACH/Routing Number: _____ Account Number: _____
(Nine Digits)

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

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

Print Franchisee / Account Holder Name

Print Franchisee/Co-Account Holder Name

Franchisee/ Account Holder Signature-Date

Franchisee/Co-Account Holder Signature-Date

Daytime Phone Number

Email Address

PLEASE ATTACH A VOIDED CHECK TO THIS FORM

Please Return Form to:
KongDog Franchising, Inc.
1120 Easton Road