FRANCHISE DISCLOSURE DOCUMENT

KYOCHON 1991

Kyochon Franchise LLC
a California limited liability company
3699 Wilshire Blvd., Suite 1240
Los Angeles, CA 90010
310-532-1220
smileguyus@kyochon.com
www.kyochonfranchise.com

As a Kyochon® franchisee, you will operate restaurant(s) that showcase the flavors of Korean-styled fried chicken, and other authorized food and beverages.

The total investment necessary to begin operation of a Kyochon franchise is $543,500 to $1,088,500. This includes $74,500 to $86,500 that must be paid to the franchisor or its affiliates.

The franchisor may also offer you a Multi-Unit Agreement granting a right to open at minimum five (5) or more additional stores for an additional investment that will depend on the development area, the number of stores and other special circumstances. The total investment necessary to begin operation of each Store developed under a Multi-Unit Agreement is the same as that for a single unit. You will be required to pay us a development fee of $40,000 multiplied by the number of Stores you plan to develop (minimum of five), which is then credited towards the initial franchise fee for each Store you develop. The total investment necessary to begin operation as franchisee under a Multi-Unit Agreement, assuming a minimum of 5 stores, is from $2,717,500 to $5,442,500. This includes $234,500 to $246,500 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Mr. Jaewon Kim at 3699 Wilshire Blvd., Suite 1240, Los Angeles, CA 90010, (310) 532-1220, smileguyus@kyochon.com.

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

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

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

Issuance Date: March 19, 2026

How to Use This Franchise Disclosure Document

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

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

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About This Franchise

Certain states require that the following risks be highlighted:

1. **Out-of-state dispute resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration or litigation only in California. Out-of-state mediation, arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate or litigate with the franchisor in California than in your own state.

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

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

(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW)

THE STATE OF MICHIGAN PROHIBITS CERTAIN PROVISIONS THAT ARE SOME TIMES IN FRANCHISE DISCLOSURE DOCUMENT. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents related to a franchise:

A. Prohibition on the right of a franchisee to join an association of franchisees.

B. A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

C. A provision that permits a franchisor to terminate a franchise prior to the expiration of this term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice and a reasonable opportunity, which will not be more than 30 days, to cure such failure.

D. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

E. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

F. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

G. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
   i. The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
   ii. The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
   iii. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
   iv. The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

H. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (C).

I. A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless a provision has been made for providing the required contractual services.

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENFORCEMENT BY THE ATTORNEY GENERAL. Any questions regarding this notice should be direct to:

Michigan Department of Attorney General
G. Mennen Williams Building
525 West Ottawa
Lansing, MI 48909
(517) 335-7567

KYOCHON FRANCHISE LLC FRANCHISE DISCLOSURE DOCUMENT

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

To simplify the language, this disclosure document uses "we", "us" or "Kyochon" to mean Kyochon Franchise LLC, the franchisor. "You" means the individual, corporation, partnership, limited liability company, or other entity buying the Kyochon franchise. All persons who own not less than 5% of the voting right or equity interest in the franchisee are "Principal Equity Operators".

(1) **The Franchisor, Parents and Affiliates.**

We are the franchisor. We were incorporated in California on 08/02/2021. Our principal business address is 3699 Wilshire Blvd., Suite 1240, Los Angeles, CA 90010. We are wholly owned by Kyochon USA Inc., a Delaware corporation **("Kyochon USA")**, with its principal place of business at 3699 Wilshire Blvd., Suite 1240, Los Angeles, CA 90010. Kyochon USA's parent entity is Kyochon F&B, Co., Ltd., a South Korea corporation ("**Kyochon F&B**"). Its principal place of business is 78, Songsin-ro, Gasan-myeon, Chilgok-gun Gyeongsangbuk-do, Republic of Korea. Kyochon F&B owns the trademarks and the Kyochon system. Kyochon USA and Kyochon F&B provide and supply certain proprietary food products and branded supplies that you must purchase for your Franchised Business. We are not controlled by, controlling, or under common control with any other entity that provides goods or services to our franchisees or offers franchises in any line of business.

(2) **Predecessors.**

We have no predecessor.

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

We conduct business under the name "Kyochon", "Kyochon Chicken", and "Kyochon 1991". We do not intend to use any other names to conduct business.

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

Our agents for service of process are Mr. Jaewon Kim at 3699 Wilshire Blvd., Suite 1240, Los Angeles, CA 90010, (310) 532-1220, smileguyus.kyochon@gmail.com, and (if you are in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin) the state office or official listed in Exhibit E of this disclosure document.

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

We are a Limited Liability Company organized in California.

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

(i) Franchisor Operation of the Type Being Franchised.

Kyochon USA operates three (3) Kyochon stores of the type being franchised. We do not operate the Kyochon stores of the type being franchised.

(ii) Franchisor's Other Business Activities.

Other than being the Kyochon franchisor, we do not engage in other business activities.

(iii) The Business the Franchisee Will Conduct.

The Kyochon franchise is a license to own and operate a single retail dine-in, carry-out and delivery restaurant, serving Kyochon chicken and other beverages, food, and related merchandise, products, and accessories, using designated concepts, designs, recipes, authorized equipment, and techniques ("**Store**"). Your Store will specialize in the sale of Korean flavor of fried chicken, side menus, beverages and other products prepared according to Franchisor's specified recipes and procedures, as Franchisor may modify and change from time to time ("**Kyochon Products**") for retail sale to the public. Kyochon Products are prepared according to specified recipes and procedures and use high-quality ingredients, including our specially formulated lines of fried chicken. Each Store will operate under the name KYOCHON and other names we designate. You must operate your Store under the Kyochon System ("**System**"). The System is characterized by a distinctive layout, service style, design, signs, décor, furnishings, recipes, procedures, and techniques, all of which we may change. The Stores range in size from 1,500 to 3,500 square feet depending on the location of your Store. You must adhere to the System regardless of the size of your Store. For purposes of this Disclosure Document, **"Franchised Business" or "Business"** means the sale to retail customers at or delivered from the Store of items from a proprietary menu featuring Kyochon Products, as well as a selection of other authorized goods and services pursuant to the business methods and procedures set forth by Franchisor for the operation of such a retail business, using the System.

We also offer qualified franchisees the right to develop multiple Stores under the terms of a Multi-Unit Agreement (the "**Multi-Unit Agreement**"). If you sign a Multi-Unit Agreement, you will sign a separate then-current form of Franchise Agreement for each Store developed under your Multi-Unit Agreement. The form of the Multi-Unit Agreement is attached as Exhibit A-2 to this disclosure document. Subject to the applicable state laws and franchisor's policies, strategies, and/or discretion, we may offer only a Multi-Unit Agreement in certain territories.

(iv) General Market for Kyochon Products and Services.

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

(v) Industry Specific Laws or Regulations

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

(vi) Competition

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

(7) Prior Experience of Franchisor, Predecessors and Affiliates

The original Kyochon system was founded in Korea, in 1991 by the principal owner of Kyochon F&B. Initially, the original restaurant offered takeout and delivery of fried chicken. The founder added dine-in service, and expanded the menu to provide appetizers, salads, desserts, and other chicken related menu item. Kyochon F&B has offered the Kyochon franchises in South Korea since July 2008. Kyochon F&B has not conducted any other business activities and has not offered franchises in other line of business. Kyochon USA operates three (3) stores of the type being franchised. Kyochon USA has not and has no plans to offer franchises in this or other line of business or engage in any other business activities.

We have offered and sold franchises of the type of business you will operate since December 2021. We have not offered franchises in other lines of business or engaged in other business activities. Except for Kyochon F&B, we have no affiliates that offer franchises in any line of business. Kyochon USA and Kyochon F&B supply certain proprietary food products and branded supplies that you must purchase for your Franchised Business. Other than Kyochon USA and Kyochon F&B, we have no affiliates that provide products or services to our franchisees.

Item 2: Business Experience

Kyochon USA is our manager. The individuals at Kyochon USA who has management responsibility for Kyochon USA are as follows:

Chief Executive Officer / Chief Financial Officer: Young Gon Kim

Mr. Young Gon Kim has been Kyochon USA's Chief Executive Officer / Chief Financial Officer in Los Angeles, California since January 2024 to current. Prior to that, from November 2021 to January 2024, Mr. Kim served as the manager of Anthony Bledin M.D., Inc. located in Thousand Oaks, California. From July 2017 to August 2021, Mr. Kim attended West Coast Ultrasound Institute for training in medical imaging. Mr. Kim had been with Kyochon F&B from 2006 to 2012 where he served as a general manager of overseas business team. In addition, Mr. Kim had been with S&K Good Food from 2015 to 2019 where he served as a managing member.

Secretary: Jaewon Kim

Mr. Jaewon Kim has served as the Secretary of Kyochon USA since May 2022. Mr. Kim has been with Kyochon F&B since January 2016 where he served as the manager of the overseas sales/operation team.

General Manager: Sung Yoon Kang

Sung Yoon Kang has served as the General Manager of Kyochon USA located in Los Angeles, California since January 2019.

Item 3: Litigation

No litigation is required to be disclosed in this Item.

Item 4: Bankruptcy

No bankruptcy is required to be disclosed in this Item.

Item 5: Initial Fees

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

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

If you sign a Multi-Unit Agreement, you will pay us at that time a development fee (**"Development Fee"**). The Development Fee for each Store to be opened under the Multi-Unit Agreement shall be $40,000 for each Store. Upon signing the Multi-Unit Agreement, you pay a lump sum, non-refundable Development Fee for each Store to be opened under the Multi-Unit Agreement. For example, under a Multi-Unit Agreement for five (5) Stores to be opened, the Development Fee will be $200,000 ($40,000 per Store). The Development Fee is non-refundable under any circumstances, even if you fail to open a Store. 100% of the Development Fee is credited against the Initial Franchise Fee for each Store upon signing of the Franchise Agreement. Thus, you will not pay the Initial Franchise Fee upon signing of the individual Franchise Agreement for each Store that you have paid for as part of the Development Fee. When you sign a Multi-Unit Agreement, you must concurrently enter into a Franchise Agreement for your first Store.

Before you open your Store, you must purchase opening inventory of merchandise and supplies that includes certain proprietary products that you must purchase from us and our affiliates. The payment for opening inventory is non-refundable. We estimate that your cost of pre-opening inventory will be between $10,000 to $20,000. You must also pay for non-refundable Site Design Assistance Fee and site review fee. We estimate your costs will be between $4,500 to $6,500. If you sign a Multi-Unit Agreement, you must purchase opening inventory and pay initial fees, including the Site Design Assistant Fee and site review fee, in accordance with the Franchise Agreement concurrently entered into for your first Store.

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

Item 6: Other Fees

OTHER FEES

Type of Fee (1)	Amount	Due Date	Remarks
Royalty Fee	Up to 10% of Gross Revenue (2)(3)	Payable monthly on the 10th business day of the following month for the previous one (1) month (unless that day is a banking holiday, in which case the Royalties are due and payable on the next business day). Royalties will be calculated on the Gross Revenues received during every one (1) month.	Paid to us. We require payment by electronic funds transfer ("EFT"). We may change at our discretion the amount of the Royalty Fee up to a maximum of 10% of Gross Revenue on 30 days' written notice. The current rate of Royalty Fee is 4.5% of Gross Revenue.
Marketing and Promotion Fees	Currently not assessed (up to 3% of Gross Revenue)	Same date as the Royalty Fee	Paid to us. However, we are not requiring this contribution at this time because we do not anticipate brand marketing until we have at least 50 Stores in operation. Any expenses for local marketing must be paid by you directly to the vendors. We reserve the right to require payment of this fee (3% of Gross Revenue) once we have more than 50 Stores in operation
Site Design Assistance Fee	$2,500	Upon Submission of floor plan and 3D drawing	Paid to us. We will provide floor plan and 3D drawing after we approve the site that you select.
Architectural Design Development and Permitting	$15,000 to $30,000	As arranged	Paid to vendors.

Type of Fee (1)	Amount	Due Date	Remarks
Leasehold improvement	Actual Costs	As arranged	Paid to vendors.
Inspection Fee	Actual Costs (approximately $500 to $800)	Immediately upon our demand after leasehold improvement	We will make three (3) on-site visits to the Store before opening for inspection, which include a complete a final "walk through" inspection of the Store without you incurring additional fees. Any deficiencies noted by us as a result of our inspection must be corrected by you within 30 days or this Agreement may be terminated without any liability to us. If we provide any additional on-site visits after the third (3rd) time, you must reimburse us for the Actual Costs of each individual on-site visit.
Grand Opening Marketing Fee	$10,000 to $15,000	As incurred	Paid to vendors.
Franchise Ad Co-op Fee	None	Not applicable	At this time, there is no advertising council of franchisees that advises us regarding advertising and promotional programs or policies for Stores generally. We do not currently require franchisees to participate in a local or regional advertising cooperative. No local or regional advertising cooperative exists in our system at this time. If an advertising cooperative is established and we (or any of our affiliates) own a Store within the boundaries of the cooperative, it will contribute to the cooperative at the lowest percentage contribution rate and will have the same voting rights and power as franchisee members. If the Stores owned by us have the controlling power of a cooperative, we may set the amount that you and other members of such cooperative must contribute (up to a maximum of 1% of Gross Revenue).
Training	Actual Costs (approximately $1,500 to $2,500)	After the training	We provide our initial training program before opening. We do not separately charge a fee for our training program other than the Actual Costs (4)

Type of Fee (1)	Amount	Due Date	Remarks
Transfer Review Fee	A non-refundable fee of $5,000.00, or such greater amount as is necessary to reimburse Franchisor's out of pocket costs associated with the transfer / assignment, including attorneys' fees	Upon submission of your request to transfer	Franchise Agreement defines what events constitute "transfer" requiring payment of a fee.
Transfer Fee	50% of our then-current Initial Franchise Fee per Store	Upon our approval of your transfer request	Franchise Agreement defines what events constitute "transfer" requiring payment of a fee.
Alternative Supplier Testing Fee	Actual Costs (approximately $500 to $1,000)	When approval of an alternate supplier is requested by you.	This covers the Actual Costs plus the costs of testing new products or inspecting new suppliers you propose.
Audit	Cost of audit and inspection, any understated amounts, plus Interest, and any related accounting and legal expenses (approximately $10,000 to $15,000)	On receipt of invoice	You will pay us the costs of an audit to be performed if you fail to provide monthly financial statements, or if a random audit shows an understatement of Gross Revenue in excess of 2%. (5)
Late payment	$100 per occurrence, plus, the lesser of the daily equivalent of 10% per year ("Interest") (not to exceed highest legal rate).	Upon demand	Interest is payable on entire overdue amount beginning with the date payment is due until payment, late charge and interest is paid in full.

Type of Fee (1)	Amount	Due Date	Remarks
Failure to Submit Required Report Fee	$100 per occurrence and $100 per week	Your bank account will be debited for failure to submit any requested report within ten (10) days of request	Payable if you fail to submit any required report or financial statement when due. Fines collected are paid to the Marketing and Promotion Fees contribution, if established, or us. You will continue to incur this fee until you submit the required reports. (6)
Dishonored Item Fee	The lesser of $100 per occurrence, or the highest amount allowed by law	As incurred	Payable if any check or EFT payment is not successful due to insufficient funds, stop payment, or any similar event.
Site Review Fee	Actual Costs (approximately $2,000 to $4,000)	As incurred	You are solely responsible for selecting the site of your Store, which will be subject to our review and acceptance. We do not locate sites for you. However, we may, without obligation, assist you in locating or evaluating a site for a reasonable fee, including Actual Costs.
Indemnification	Actual Costs	As incurred	You reimburse losses we suffer from the operation of your business
Costs and Attorney's Fees	Actual Costs	As incurred	Payable to us, to reimburse us for fees incurred by us in obtaining injunctive or legal relief for the enforcement of any item of the Franchise Agreement or for costs incurred for arbitration proceedings.
Insurance	$3,000 to $7,500	As incurred	You must be fully covered in all areas of operating a business. If you do not procure and maintain the required insurance coverage we may, but are not required to, procure insurance coverage on your behalf and to charge the costs to you together with a reasonable fee for the expenses we incur. (7)
Management Fee	Reimbursement of our costs, plus a 15% administration charge	As incurred.	Payable if we manage the Store because of death or incapacity.
Proprietary Software / Tech Fee	Currently not assessed	As incurred.	If we develop a proprietary software, you must use it.

(1) All fees are payable to us and are non-refundable. At this time, we impose fees uniformly, unless otherwise indicated. However, we retain discretion to reduce fees in individual cases in our discretion.

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

(3) The Royalty Fee for Multi-Unit Owners will vary depending on the Development Area, the number of Stores, and other special circumstances. Thus, the amount is negotiable but shall not exceed 10% of the monthly Gross Revenue.

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

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

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

(7) Insurance includes all risk or all peril coverage, business interruption insurance, comprehensive general liability insurance and other forms of insurance we require. You pay insurance merchandise directly to our required third-party insurer. You must deliver to us upon commencing leasehold improvement of your Store, and thereafter annually or at our request, a proper certificate evidencing the

existence of the required insurance coverage. Such insurance certificate must contain a statement to the effect the certificate cannot be canceled without 30 days prior written notice to you and us.

Item 7: Estimated Initial Investment:

YOUR ESTIMATED INITIAL INVESTMENT: Single Franchise Agreement

Type of Expenditure	Amount**	Method of Payment	When Due	To Whom Payment Is to Be Made
Initial Franchise Fee (1)	$40,000	Lump sum; non-refundable	At signing of Franchise Agreement	Franchisor
Initial Deposit (2)	$20,000	Lump sum; refundable at expiration of Franchise Agreement	At signing of Franchise Agreement	Franchisor
Grand Opening Marketing	$10,000 to $15,000	Lump sum; non-refundable	During the first 60 days of opening	Advertisers and Vendors
Site Design Assistance Fee	$2,500	Lump sum; non-refundable	Upon Submission of floor plan and 3D drawing	Franchisor
Site Review Fee	$2,000 to $4,000	As arranged	When Incurred	Franchisor
Architectural Design Development and Permitting	$15,000 to $30,000	As arranged	When Incurred	Approved Architect / Designer/Engineer
Lease: Initial Rent / Deposits (3)	$7,000 to $20,000	As arranged	When Incurred	Landlord
Leasehold improvement, remodeling (4)	$200,000 to $500,000	As arranged	When Incurred	General Contractor / Suppliers / Architect / Engineer
Furniture, Equipment and Fixtures (5)	$75,000 to $200,000	As arranged	When Incurred	Franchisor and/or Approved Suppliers
Initial Training Fee (6)	$17,000 to 20,000	As arranged	When Incurred	Franchisor and Vendors
Opening Inventory and Supplies, Uniforms (7)	$10,000 to $20,000	As arranged	When Incurred	Franchisor and/or Approved Suppliers
Insurance (8)	$4,000 to	As arranged	When Incurred	Insurance Provider

Type of Expenditure	Amount**	Method of Payment	When Due	To Whom Payment Is to Be Made
	$12,000			
Computer System (POS) (9)	$7,000 to $10,000	As arranged	When Incurred	Approved Suppliers
Computer System Service Fees	$4,000 to $10,000	As arranged	When Incurred	Approved Suppliers
Signage (10)	$10,000 to $15,000	As arranged	When Incurred	Approved Suppliers
Utility Deposit, Business licenses (11)	$5,000 to $10,000	As arranged	When Incurred	Government and agencies
Professional Fees	$5,000 to $10,000	As arranged	When Incurred	Attorneys and accountants
Additional Funds – 3 months (12)	$60,000 to $150,000	As arranged	When Incurred	Employees and Approved Suppliers, etc.
TOTAL (13)	**$543,500 to $1,088,500**			

Estimate Initial Investment: Multi-Unit Agreement

Type of Expenditure	Amount	Method of Payment	When Due	To When Payment Is to be Made
Multi-Unit Fee (for 5 Stores) (14)	$200,000 ($40,000 per Store)	Lump Sum; non-refundable	At time of signing of Multi-Unit Agreement (subject to state law)	Us
TOTAL (for 5 Stores) (15)	**$2,717,500 to $5,442,500**			

Notes:

** The amount of payments will vary for each franchise and each location depending on a number of factors. Payments to us are non-refundable. We are not able to represent whether or not amounts that you may pay to third parties are refundable. Further, we do not offer direct or indirect financing to franchisees for any items.

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

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

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

(4) Leasehold improvement / Remodeling. Leasehold improvement / remodeling costs, including floor coverings, wall treatments, counters, ceilings, painting, window coverings, electrical, carpentry, and similar work, and contractor's fees depend on the site's condition, location, and size; the demand for the site among prospective lessees; the site's previous use; the build-out required to conform the site for your Store; and any leasehold improvement or other allowances the landlord grants. The lower figure assumes that you have a unique real estate model; the higher figure assumes a high square footage model. The estimates included in the table above reflect the average deduction provided by landlords for tenant improvements and other allowances. These figures presume that you will lease the Store premises; if you choose to purchase the land or building, you will incur substantial additional costs and expenses, which we cannot meaningfully estimate. Costs may vary considerably depending on such factors as material and labor costs in your area. These estimates are for new leasehold improvement and do not include tenant improvement allowances, if any. If you remodel an existing facility, we expect your remodeling costs to be lower depending on the condition of the premises. You must, at your sole expense, employ a leasehold improvement company, architect, kitchen designer, interior designer, and signage company reasonably acceptable to us as may be necessary to complete, adapt, or modify the sample plans and specifications for your Store.

(5) Furniture, Fixtures and Equipment. These amounts include the fried chicken making machines (including, not limited to, cooking robot, automatic powder dispenser and automated cooking pot) that you must purchase and the cost for refrigerators, freezers, and other equipment, such as office equipment and furniture and a telephone system.

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

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

(8) Insurance. You must carry insurance policies protecting you, us, and our affiliates. The insurance policy or policies must meet the standards and specifications (including minimum coverage amounts) outlined in writing by us from time to time, and, at a minimum, must include the following (except as different coverages and policy limits may be specified for all franchisees from time to time in writing): (i) "special" causes of loss coverage forms (sometimes called "All Risk coverage" or "All Peril coverage") on the Store, store improvements, furniture, fixtures, equipment, supplies and other property used in the operation of the Store, for full repair and replacement value, except that an appropriate deductible clause is permitted; (ii) business interruption insurance covering a minimum 12 months loss of income, including coverage for our Royalty Fees (for example, in the event of a fire or destruction of the premises, the insurance must cover our average royalty payments (based on the previous 12 month timeframe, or if a shorter timeframe, the total operations timeframe for the store) during the rebuilding process); (iii) comprehensive general liability insurance, including product liability insurance and contractual liability insurance; (iv) workers' compensation covering all of your employees; (v) motor vehicle insurance; (vi) umbrella liability insurance which also includes employers liability; (vii) "Per Location" aggregate limits when multiple store locations are insured under one comprehensive general liability and umbrella liability policy(cies); (viii) we must be named as an additional insured on all liability policies; (ix) severability of interests or separation of insureds provisions must be included in the liability policies and all policies must be primary and non-contributing with any insurance policy carried by us; and (x) any other such insurance coverages or amounts as required by law or other agreement related to the Store. We may from time to time modify the required minimum limits (including an increase to the umbrella policy referenced in (vi) above) and require additional insurance coverages by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the System, standards of liability and higher damage awards. The insurance coverages referenced above must commence as of the date you sign a lease or purchase agreement for the Store. You must deliver to us upon execution of the lease for the Store, but before commencing leasehold improvement of your Store, and thereafter annually or at our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this subparagraph. The insurance certificate must show our status as an additional insured (as noted above) and provide that the certificate cannot be canceled, terminated, or materially changed without 30-day prior written notice to you and us. You must also notify us in writing immediately regarding any cancellation, non-renewal or reduction in insurance coverage or limits. If you do not procure and maintain the required insurance coverage (including any modifications referenced in the preceding sentence), we have the right, but not the obligation, to procure insurance coverage and to charge the costs to you, together with a reasonable fee for the expenses we incur in doing so. Although we require certain insurance coverage and have recommended other coverages, we do not guarantee that the required or recommended insurance will be adequate to fully protect your assets. You should therefore consult with an insurance professional to determine what coverage, in addition to the minimum required coverage, may be needed for you and your Store.

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

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

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

(12) Additional Funds. This item estimates your additional funds during the initial period (first three months) of operation of your Kyochon Store (other than the items identified separately in the table). In compiling these estimates, we rely on the experience of our affiliate in the leasehold improvement and development of Stores. These amounts are the minimum recommended levels to cover your operating expenses for 3 months, including rent, utilities, wages, and payroll expenses for a minimum staff. The estimate of additional funds does not include an owner's salary or draw, or any financing costs if you have borrowed any funds to begin your business. You must provide security deposits for utilities and rent (and possibly for other items).

(13) Total for Unit Offering. We relied on our experience in operating the Kyochon Stores to compile these estimates.

(14) Multi-Unit Fee. If you sign a Multi-Unit Agreement, the Development Fee for each Store to be opened under the Multi-Unit Agreement shall be $40,000 for each Store. Upon signing the Multi-Unit Agreement, you pay a lump sum, non-refundable Development Fee for each Store to be opened under the Multi-Unit Agreement. The Development Fee is non-refundable under any circumstances, even if you fail to open a Store. 100% of the Development Fee is credited against the Initial Franchise Fee for each Store upon signing of the Franchise Agreement. Thus, you will not pay the Initial Franchise Fee upon signing of the individual Franchise Agreement for each Store that you have paid for as part of the Development Fee.

(15) Total for Multi-Unit Offering. You must open at minimum five (5) or more Stores under a Multi-Unit Agreement, and you must sign a separate Franchise Agreement for each Store that you develop pursuant to the Multi-Unit Agreement. To determine the cost of opening and operating each Store under the first Franchise Agreement to be developed, please refer to the first table above in this Item 7. The total cost of opening and operating under a Multi-Unit Agreement is calculated by multiplying the number of Stores to be opened under the Multi-Unit Agreement. The total estimates above are based on a Development Schedule with five (5) Stores, which is the minimum number of Stores under a Multi-Unit Agreement.

Item 8: Restrictions on Sources of Products and Services

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

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

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

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

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

Franchisor or its Affiliates Acting as Approved Suppliers

As of the date of this Disclosure Document, we are not an Approved Supplier for any goods or services that you must purchase. Kyochon F&B and Kyochon USA are Approved Suppliers of certain proprietary food products and branded supplies and inventory that you must purchase for your Franchised Business.

Approved Suppliers and Approval of Alternative Suppliers

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

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

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

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

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

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

Issuance of Specifications and Standards

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

Revenue from Franchisee Purchases

In 2025, we did not derive revenue, rebates, or other material consideration as a result of required purchases or leases by Kyochon franchisees or as rebates. For the fiscal year ended December 31, 2025, Kyochon F&B derived $2,755.50 and Kyochon USA derived $0 in revenue from required purchases by Kyochon franchisees.

Cooperatives

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

Negotiated Purchase Arrangements

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

Material Benefits Based on Franchisee Purchases

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

Ownership Interest By an Officer of the Franchisor

None of our officers owns an interest in any supplier.

Required Purchases

We estimate that the required purchase described above are 25% to 30% of the cost to establish a Kyochon franchise and approximately 15% to 25% of operating expenses.

Insurance

You must carry insurance policies protecting you, us, and our affiliates. The insurance policy or policies must meet the standards and specifications (including minimum coverage amounts) outlined in writing by us from time to time, and, at a minimum, must include the following (except as different coverages and policy limits may be specified for all franchisees from time to time in writing):

(i) "special" causes of loss coverage forms (sometimes called "All Risk coverage" or "All Peril coverage") on the Store, store improvements, furniture, fixtures, equipment, supplies and other property used in the operation of the Store, for full repair and replacement value, except that an appropriate deductible clause is permitted;

(ii) business interruption insurance covering a minimum 12 months loss of income, including coverage for our Royalty Fees (for example, in the event of a fire or destruction of the premises, the insurance must cover our average royalty payments (based on the previous 12 month timeframe, or if a shorter timeframe, the total operations timeframe for the store) during the rebuilding process);

(iii) comprehensive general liability insurance, including product liability insurance and contractual liability insurance (with limits no less than $1 million per occurrence and $2million in the aggregate);

(iv) workers' compensation covering all of your employees;

(v) motor vehicle insurance;

(vi) umbrella liability insurance which also includes employers liability;

(vii) "Per Location" aggregate limits when multiple store locations are insured under one comprehensive general liability and umbrella liability policy(cies);

(viii) we must be named as an additional insured on all liability policies;

(ix) severability of interests or separation of insureds provisions must be included in the liability policies and all policies must be primary and non-contributing with any insurance policy carried by us; and

(x) any other such insurance coverages or amounts as required by law or other agreement related to the Store.

We may from time to time modify the required minimum limits (including an increase to the umbrella policy referenced in (vi) above) and require additional insurance coverages by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the System, standards of liability and higher damage awards. The insurance coverages referenced above must commence as of the date you sign a lease or purchase agreement for the Store. You must deliver to us upon execution of the lease for the Store, but before commencing leasehold improvement of your Store, and thereafter annually or at our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this subparagraph. The insurance certificate must show our status as an additional insured (as noted above) and provide that the certificate cannot be canceled, terminated, or materially changed without 30-day prior written notice to you and us. You must also notify us in writing immediately regarding any cancellation, non-renewal or reduction in insurance coverage or limits. If you do not procure and maintain the required insurance coverage (including any modifications referenced in the preceding sentence), we have the right, but not the obligation, to procure insurance coverage and to charge the costs to you, together with a reasonable fee for the expenses we incur in doing so. Although we require certain insurance coverage and have recommended other coverages, we do not guarantee that the required or recommended insurance will be adequate to fully protect your assets. You should therefore consult with an insurance professional to determine what coverage, in addition to the minimum required coverage, may be needed for you and your Store.

Item 9: Franchisee's Obligations

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Section in Multi-Unit Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	7.1, 7.2	1.1, Exhibit 1	6,11
b. Pre-opening purchases/leases	7.2, 7.3	1.4	8
c. Site development and other pre-opening requirements	7.1, 7.2	1.3	6, 7, 11
d. Initial and ongoing training	6.1-6.3	Not applicable	11
e. Opening	7.1, 7.2, 7.3	1.1, Exhibit 1	11
f. Fees	4.1-4.8, 5.1, 5.2, 12.2	3.1,3.2, 3.3	5, 6, 7
g. Compliance with standards and policies/ operating	8.1-8.5	2.1, 2.2, 2.3	11
h. Trademarks and proprietary information	8.8, 9.1-9.5	5.2	13,14
i. Restrictions on products/services offered	3.2, 3.4, 8.1, 8.13	1.1, 1.5	16
j. Warranty and customer service requirements	3.3, 8.1	Not applicable	11
k. Territorial development and sales quotas	Not applicable	1.2, 2.3, Exhibit 1	12
l. Ongoing product/service purchases	7.3	Not applicable	8
m. Maintenance, appearance, and remodeling	5.2, 7.2, 8.5	Not applicable	11
n. Insurance	8.9	Not applicable	6, 8
o. Advertising	4.4, 8.8, 8.12,10.1, 10.2	5.2	6,11
p. Indemnification	16.2	Not applicable	6
q. Owner's participation/management/ staffing	3.6, 6.1, 6.2, 8.1, 12.4	Not applicable	11,15
r. Records and reports	8.7	Not applicable	6
s. Inspections and audits	8.7, 8.10	Not applicable	6,11
t. Transfer	12.1-12.6	4.1, 4.2	17
u. Renewal	5.2	2.2, 2.3	17
v. Post-termination obligations	11.2, 15.1, 15.2	6.2, 6.3, 6.4	17

w. Non-competition covenants	11.1-11.3	5.1	17
x. Dispute resolution	14.1-14.5	7.1	17
y. Compliance with anti-terrorism and other federal laws	16.12	Not applicable	Not applicable
z. No Sub franchising rights	3.4	1.5	12

Item 10: Financing

We do not offer any direct or indirect financing. We do not guarantee your notes, leases, or any obligation.

Item 11: Franchisor's Assistance, Advertising, Computer Systems, And Training

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

(1) Pre-Opening Assistance

Before you open your business, we will:

(i) Not assist you in locating a site and negotiating the purchase or lease of the site. (See section 7.2 of the Franchise Agreement.)

(ii) Not provide assistance with conforming the premises to local ordinances and building codes and obtaining any required permits. (See section 7.2 of the Franchise Agreement.)

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

(iv) Train your Principal Equity Operators, General Manager (both as defined in the Franchise Agreement), and your manager-level employees to operate a Store. We will provide approximately ten (10) days of training (although the specific number of days depends on our opinion of your experience and needs) at your Store or another location we designate. (See section 6.1 of the Franchise Agreement.)

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

(2) Length of Time to Open the Store

We estimate the typical length of time between the signing of the Franchise Agreement (when you make your first payment to us for the franchise), and the opening of your Store will be fourteen (14) months. Factors that may affect this time period include the ability to obtain an appropriate lease, financing or building permits, zoning and local ordinances, weather conditions, shortages, delayed installation of equipment, fixtures and signs, or satisfactory completion of initial training by your designated attendees. If we approve to the site for your Store but you do not begin operating your Store within fourteen (14) months after you sign the Franchise Agreement, we can cancel the Franchise Agreement (see section 7.2(b) of the Franchise Agreement). The same will apply if you signed the Multi-Unit Agreement. If we approve to the site for your Store but you do not begin operating your first Store within fourteen (14) months after you sign the Franchise Agreement subject to the Development Schedule in the Multi-Unit Agreement, we can cancel the Multi-Unit Agreement (see section 6.1 of the Multi-Unit Agreement). Under either circumstance, we are not obligated to refund your Initial Franchise Fee under the Franchise Agreement or Development Fee under the Multi-Unit Agreement.

(3) Post-Opening Assistance

During the operation of the Franchised Business, we will:

(i) Assist in periodically offering refresher training courses as we determine necessary and require you to attend. However, we do not provide you with assistance in hiring, supervising, or discharging employees, nor do we provide any advice on employment law or regulations, except to strongly recommend you engage the services of an attorney competent to advise you on employment law matters in your state. (See section 6.2 of the Franchise Agreement.)

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

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

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

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

(4) Advertising Program for the Franchise System

(i) We have no obligation to conduct advertising. If we conduct advertising, you must pay us a Marketing and Promotion Fee of 3% of your monthly Gross Revenue (section 4.4(a) of the Franchise Agreement). However, we are not requiring this contribution at this time because we do not anticipate brand marketing until we have at least 50 Stores in operation. Once Kyochon starts to require payment, Marketing and Promotion Fees collected from Kyochon franchisees less a 15% administration fee will be spent for national and regional advertising and promotional campaigns designed to promote and enhance the value of the Kyochon trademarks and their general public recognition and acceptance. We need not ensure that any particular franchisee benefits directly or proportionately from the Marketing and Promotion Fee. We have no obligation to spend any amount on advertising in the area or territory where your Store is located.

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

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

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

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

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

(vii) We do not currently require franchisees to participate in a local or regional advertising cooperative. No local or regional advertising cooperative exists in our system at this time. We may establish advertising cooperatives comprised of groups of franchisees within regions or areas we designate and may modify boundaries of these groups in our discretion, effective on written notice. You must participate in any advertising cooperative which encompasses your territory. The members of each cooperative will adopt governing rules and voting procedures and determine procedures for assessing members; however, we may approve these rules and procedures and any amendments. If we or any of our affiliates owns a Store within the boundaries of a cooperative, it will contribute to the cooperative at the lowest percentage contribution rate that any Kyochon franchisee in the same cooperative then pays and will have the same voting rights as franchisee members. If the Stores owned by us or our affiliates have the controlling power of a cooperative, we may set the amount (up to a maximum of 1% of Gross Revenue) that you and other members of such advertising cooperative or council must contribute.

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

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

(x) We may not use this money principally to solicit new franchise sales for any purposes other than those provided for in the Franchise Agreement. We may include information regarding acquiring a franchise on or as a part of materials and items produced by or for the Marketing and Promotion Fee. We anticipate that the Fund marketing will be conducted primarily through electronic or print media on a regional or national basis and that the majority of our marketing will initially be developed in-house.

(xi) We may spend in any fiscal year an amount greater or less than the aggregate contributions to the Marketing and Promotion Fee in that year and may cause it to borrow funds to cover deficits or invest in surplus funds. If we spend less than the total of all contributions to the fund during any fiscal year, we may accumulate those sums for use in later years. If we or an affiliate advances money to the Fund beyond what it contributes on account of our company or affiliate-owned Store, we will be entitled to reimbursement. Any interest earned on monies held in the Fund may be retained by us for our own use, in our discretion. A statement of monies collected and costs incurred by the Fund will be prepared annually by us and will be furnished to you upon written request. We are not required to have the Fund statements audited. We will have the right to cause the Fund to be incorporated or operated through an entity separate from us at such time as we deem appropriate, and such successor entity will have all our rights and duties.

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

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

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

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

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

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

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

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

(i) The Computer System will generate reports on the sales and expenses of the Store, and the current cost of purchasing the required system is between $7,000 and $10,000.

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

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

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

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

(6) Operations Manual

We will loan you one copy of our Operations Manual ("Operations Manual") (containing a total of 100 pages) and other applicable manuals during the relevant phases of initial training (see section 8.2 of the Franchise Agreement). The Operations Manual contains mandatory and suggested specifications, standards, and procedures for operation of your Store.

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

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

TABLE OF CONTENTS

(Five Separate Manuals)

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

(7) Training Program

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

Item 11 Table

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of on-the-Job Training	Location
Customer Service	1 day, 9 hours		Designated place (At your store and/or Designated facility)
General Operation	1 day, 9 hours		
Food Training		8 days, 72 hours	

Before you open your Store, we will train you and your manager-level employees to operate a Store. We will provide approximately ten (10) days of training (although the specific number of days depends on our opinion of your experience and needs) at your Store or another location we designate ("Initial Training" specified in Section 6.1 of the Franchise Agreement). You must attend the entire Initial Training. You must pay all the expenses incurred by your trainees and attendees in connection with the Initial Training and any other training, conferences, conventions, or other meetings your trainees attend, including, for example, their daily allowance, transportation costs, meals, lodging and other living expenses (section 6.1(e) of the Franchise Agreement). Our Initial Training program will be offered at various times, as often as needed during the year, depending on the number of new franchisees entering the System, replacement managers, and other personnel needing training, the number of new Stores being opened and the timing of the scheduled openings of the Stores.

Training will occur after you sign the Franchise Agreement and while you are developing the Store. You and your attendees must complete the entire Initial Training to our satisfaction before you may open your Store. If you or your attendees do not successfully graduate our Initial Training, you will have to attend the entire program again at your cost prior the opening of your Store. We reserve the right to vary the length and content of the Initial Training based upon the experience and skill level of the individual attending the Initial Training.

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

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

The below training instructors we provide are starting their initial year with the Franchisor but will have had approximately 7-10 years of experience in the field with regard to each subject being taught. You must attend the entire training program. You also must pay for all daily allowance, travel, meals, and living expenses that we incur for training. These costs will vary for each franchise and each location depending on a number of factors. Training will occur after you sign the Franchise Agreement and while you are developing the Store. You and your attendees must complete the entire training program to our satisfaction at least one (1) day before you may open your Store. If you or your attendees do not successfully graduate our training program you will have to attend the entire program again at your cost prior the opening of your Store (see section 6.1 of the Franchise Agreement). You are responsible for hiring and training your employees.

Training Instructor: Sung Yoon Kang

Mr. Sung Yoon Kang has been with Kyochon USA Inc. since 2011 where he served as the manager of Kyochon restaurants, with over 10 years of direct experience in areas of operations.

Training Instructor: Jaewon Kim

Mr. Jaewon Kim has served as the Secretary of Kyochon USA since May 2022. Mr. Kim has been with Kyochon F&B since 2016 where he served as the manager of the overseas sales/operation team in charge of operation and training for many different countries, with over 8 years of experience in operations.

Training Instructor: Young Gon Kim

Mr. Young Gon Kim has been Kyochon USA's Chief Executive Officer / Chief Financial Officer in Los Angeles, California since January 2024 to current. Prior to that, from November 2021 to January 2024, Mr. Kim served as the manager of Anthony Bledin M.D., Inc. located in Thousand Oaks, California. Mr. Kim had been with Kyochon F&B from 2006 to 2012 where he served as a general manager of overseas business team. In addition, Mr. Kim had been with S&K Good Food from 2015 to 2019 where he served as a managing member.

Site Selection and Approval

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

If you sign a Multi-Unit Agreement, you must comply with the location requirements under the applicable Franchise Agreement for each Store. We will review and approve the location submitted by you for each Store under the applicable Franchise Agreement and the then-current standards for sites and territories, provided that the Store is located within the Development Area.

Item 12: Territory

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

All territories granted by us (including those granted under a Multi-Unit Agreement) are subject to exceptions and reservations.

<u>Franchise Agreement</u>

We grant you a franchise for a specific location, which we must approve according to site selection procedures described in Item 11 of this Disclosure Document.

The Franchise Agreement grants a specific non-exclusive territory in which we agree, subject to exceptions and reservations noted in this Item 12, not to operate or permit others to operate a Store. Generally, your non-exclusive territory will be measured by an area having a radius of 1/2 to 2 miles from your Store, unless your Store is located in a "City Center Zone" in which case we may, at our discretion, reduce your territory to a (i) ½-mile radius for areas with greater than 50,000 and less than 100,000 population within a 1-mile radius and (ii) ¼-mile radius for areas with greater than 100,000 population within a 1-mile radius. You are not granted any other option, right of first refusal or similar right to acquire additional Franchised Stores under your Franchise Agreement.

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

We do not currently, nor do we have any plans in the future to, operate or franchise businesses under a different trademark that will sell goods or services similar to those you will offer. However, we reserve the right to develop other systems involving similar or dissimilar services or goods, under dissimilar service marks, trademarks and trade names belonging to us, without necessarily granting you any rights in those systems. We reserve all other distribution rights that we do not expressly grant to you, including all rights to market and sell Kyochon Products and Ancillary Products under our Proprietary Trademarks or different trademarks at venues other than Stores and through other channels of distribution, within your Territory and anywhere else. By distribution rights, we mean all forms and channels of distribution, regardless of whether we use the method now or adopt it in the future, including the Internet, catalog sales, telemarketing or other direct marketing sales. Technology may yield new channels of distribution. We are not required to pay you any compensation for soliciting or accepting orders within or outside your Territory at venues other than Stores or through other channels of distribution.

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

Multi-Unit Agreement

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

However, if you enter into a Multi-Unit Agreement with us, we grant you a Development Area, and we will not establish or franchise anyone else to establish any Franchise Store in the Development Area up to the earlier of: (i) the expiration or termination of the Multi-Unit Agreement. The Development Area generally consists of a city or a portion of a city. Special Sites will be excluded from your Designated Area and we have the right to develop or franchise the following Special Site locations: (1) military bases; (2) public transportation facilities; (3) sports facilities, including racetracks; (4) student unions or other similar buildings on college or university campuses; (5) amusement and theme parks; (6) malls; (7) special events; ("Special Sites"). We may not alter the Development Area without your written agreement. However, we may terminate the Multi-Unit Agreement if you (i) fail to meet the Development Schedule; (ii) fail to comply with any other terms and conditions of the Multi-Unit Agreement; (iii) make or attempt to make a transfer or assignment in violation of the Multi-Unit Agreement; or (iv) fail to comply with the terms and conditions of any individual Franchise Agreement or of any other agreement to which you and we or our affiliates are parties. We retain all other rights. Among other things, this means we can conduct activities in the Development Area those described above under the disclosures in relation to the Franchise Agreement, including but not limited to, those expressly reserved distribution rights to market and sell Kyochon Products and Ancillary Products under our Proprietary Trademarks or different trademarks at venues other than Stores and through other channels of distribution, including within your Development Area and anywhere else. We are not required to pay you compensation for soliciting or accepting orders within or outside your Development Area at venues other than Stores or through other channels of distribution.

If you enter into a Multi-Unit Agreement with us, you must submit site information for each Store in accordance with the Franchise Agreement for such Store, and we will review and approve the location for the Store in accordance with the applicable Franchise Agreement and the then-current standards for sites, provided that the Store is located within the Development Area under the Multi-Unit Agreement.

Other Disclosures

You may only sell authorized goods and services at retail to customers who are physically present at your Franchised Store. You may not solicit or accept orders from consumers outside your territory. You have no right to sell any Kyochon Products and Ancillary Products through the Internet or use any other channels of distribution (including catalog sales, telemarketing, or other direct marketing) to solicit and/or make sales outside your territory without first obtaining our written consent.

The continuation of your franchise rights to the Territory does not depend on your attaining a minimum level of sales, revenues or market penetration or another contingency. The continuation of your exclusive rights to develop Stores under the Multi-Unit Agreement does depend on your meeting the development schedule described in the Multi-Unit Agreement. Neither the Territory granted by the Franchise Agreement nor the development area described in the Multi-Unit Agreement may be altered except if you and we mutually agree. You will maintain rights to your Territory and the development area described in the Multi-Unit Agreement even if the population in those geographic areas increases.

Neither Franchisee nor any of its affiliated entities has the right under the Multi-Unit Agreement to execute sub franchised Kyochon franchise agreements with anyone. Any third-party franchisee in the Development Area will sign directly with us and neither Franchisee nor any of its affiliated entities will be a signatory to said Franchise Agreement.

Item 13: Trademarks

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

Mark	Registration No.	International Class of Goods/Services	Date Registration
KYOCHON	6861448	IC 043, IC029	Registered on 10/04/2022
KYOCHON 1991	4398519	IC 043	Registered on 09/10/2013; Renewed on January 16, 2024
교촌치킨 KYOCHON CHICKEN	3468821	IC 043	Registered on 07/15/2008; Renewed on July 30, 2018

Mark	Registration No.	International Class of Goods/Services	Date Registration
KYOCHON 1991	7376634	IC043, IC029	Registered on 01/25/2023

Kyochon F&B owns the Proprietary Marks and as described in Item 1, has licensed them to Kyochon USA who has sub-licensed to us so that we may sublicense them to our franchisees in the United States. The license is in perpetuity. Your use of the mark identified above as well as other trademarks, service marks, trade names and commercial symbols we may authorize in the future (collectively, the "Marks" or "Proprietary Marks"), and any goodwill is pursuant to a license granted to you under the Franchise Agreement and you retain no further rights in the Marks. You also retain no rights in the Marks upon expiration or termination of your Franchise Agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing. We may change the System presently identified by the Marks, including the adoption of new Marks, new products, new equipment or new techniques and you must adopt the changes in the System. You must comply within a reasonable time if we notify you to discontinue or modify your use of any Mark. We will have no liability or obligation as to your modification or discontinuance of any Mark.

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

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

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

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

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

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

Item 14: Patents, Copyrights, And Proprietary Information

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

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

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

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

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

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

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

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

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

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

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

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

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

Item 16: Restrictions on What the Franchisee May Sell

You must offer and sell all Kyochon Products and perform all services that we require for a Store, in their entirety, in the manner and style we require, and use only the materials, ingredients, toppings, sauces and other goods and services we have expressly approved. You may not offer or sell any products or perform any services that we have not authorized. We have the unlimited right to change the required and/or authorized products and services you may offer. You also may not offer for sale any Kyochon Products or other products through the Internet or other online programming or marketing. The Franchise Agreement allows you to operate one Kyochon Store at the franchise location only, and nowhere else, except with our prior written approval. You are not otherwise limited in the customers to whom you may sell products or services.

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

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

We have the right to establish pricing guidelines for the Kyochon Products and, subject to applicable law, you must comply with and be bound by the prices which may be recommended, suggested or advertised by us. Subject to applicable law, you are required to honor the terms of all promotional or discount programs that we may offer to the public for Kyochon Stores and shall comply with all pricing policies that we may specify, including minimum and maximum pricing policies, minimum advertised price policies and unilateral price policies. You must also provide products and services designated by us on terms we specify, including any free-of-charge. In addition, you must participate in all gift certificate and/or gift card administration programs as may be instituted and designated by us from time to time. You must also honor all coupons, gift certificates, gift cards and other programs or promotions as directed by us. You will be required to fully participate in all guest loyalty or frequent customer programs now or in the future adopted or approved by us. You must not issue coupons or discounts for use at the Store except as approved by us in writing, which may be withheld in our discretion.

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 agreement attached to this Disclosure Document. You should refer to your state's specific addenda attached to this Disclosure document for exceptions to this Item 17.

Provision	Section in Franchise Agreement	Section in Multi-Unit Agreement	Summary

Provision	Section in Franchise Agreement	Section in Multi-Unit Agreement	Summary
a. Length of the franchise term	5.1	2.1	The initial term of a Franchise Agreement is Three (3) years from the Effective Date. The term of the Multi-Unit Agreement is (Ten) 10 years from the Effective Date. The term of a Franchise Agreement runs from the Effective Date and is not tied to the expiration of the Multi-Unit Agreement unless earlier terminated due to the material breaches set forth therein.
b. Renewal or extension of the term	5.2	2.3	If you are in good standing, you can add additional one (1)-year terms upon written notice delivered to us not less than 120 days before the end of the existing Franchise Agreement term. However, we are not obligated to renew your Franchise if one or more of the conditions in section 5.2(c) of the Franchise Agreement apply to you. For Multi-Unit Agreement, you can add additional 10-year terms upon written notice delivered to us not less than 120 days before the end of the existing Agreement term, if you are in good standing. However, we are not obligated to renew your Multi-Unit Agreement if one or more of the conditions in section 2.3(c) of the Multi-Unit Agreement apply to you.

Provision	Section in Franchise Agreement	Section in Multi-Unit Agreement	Summary
c. Requirements for franchisee to renew or extend	5.2	2.3	Not later than 90 days before the expiration of the Term, sign our then current Franchise Agreement modified for renewal ("Renewal Franchise Agreement") or an addendum to your existing Franchise Agreement extending its term, remodel your Store (if necessary) and pay the $5,000 renewal fee. You are qualified for renewal if you are in full compliance with your operating requirements, all fees due to us are paid and you are not in breach of any term of your Franchise Agreement. The Renewal Franchise Agreement may have materially different terms and conditions than your original Franchise Agreement. Similar terms apply to the "Renewal Multi-Unit Agreement". When Franchisee signs the Renewal Multi-Unit Agreement, Franchisee must pay Franchisor the sum of the then-current Development Fee.
d. Termination by franchisee	13.1	6.1	If we are in material breach (beyond any applicable cure periods), you can terminate your Franchise Agreement. Under the Multi-Unit Agreement, you may terminate this Agreement upon 30 days written notice to us. Upon termination you will no longer have the exclusive right to open future Stores in the Development Area under the Development Schedule.
e. Termination by franchisor without cause	Not applicable	Not applicable	Not applicable.
f. Termination by franchisor with cause	13.1, 15.3	6.1, 6.5	We can terminate the Franchise Agreement or the Multi-Unit Agreement if you materially default under the Franchise Agreement, any other individual Franchise Agreement, the Multi-Unit Agreement, or any other agreement between you and us. (This provision is subject to state law.) Any default by you shall be deemed to be a material default of each and every said agreement, and furthermore, in the event of termination, for any cause, of the Multi-Unit Agreement, or any other agreement between the parties, including, any Franchise

Provision	Section in Franchise Agreement	Section in Multi-Unit Agreement	Summary
			Agreement, we may, at our option, terminate any and all said agreements.
g. “Cause” defined – curable defaults	13.3, 15.3	6.1, 6.5	You have 30 days after notice to cure monetary defaults and other defaults (including defaults under a lease for your Stores) that can be cured. (This provision is subject to state law.) Any default by you shall be deemed to be a material default of each and every said agreement, and furthermore, in the event of termination, for any cause, of the Multi-Unit Agreement, or any other agreement between the parties, including, any Franchise Agreement, we may, at our option, terminate any and all said agreements.
h. “Cause” defined – non-curable defaults	13.2	6.2	Non-curable defaults: your bankruptcy or insolvency; your abandonment of the franchised business; you make material misrepresentations relating to your acquisition of the Franchise or you engage in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the Kyochon System; you and us agree in writing to terminate the Franchise; you fail, for a period of 10 days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the Franchise; after curing any default, you engage in the same noncompliance whether or not such noncompliance is corrected after notice; you repeatedly fail to comply with one or more material requirements of the Franchise Agreement, whether or not corrected after notice; the Franchised Business or your Store is seized, taken over, or foreclosed by a government official, creditor, lien holder or lessor, or that a final judgment against you remains unsatisfied for 30 days; you are convicted of a felony or any other criminal misconduct that is relevant to the operation of the Franchise; an audit or investigation

Provision	Section in Franchise Agreement	Section in Multi-Unit Agreement	Summary
			conducted by us reveals that you knowingly maintained false books or records; or submitted false reports to us, or knowingly understated your Gross Revenue or withheld the reporting of any of your Gross Revenue (see further information in Section 13.2(a)(x)); we make a reasonable determination that your continued operation of the Franchise will result in an imminent danger to public health or safety (This provision is subject to state law). Any default by you shall be deemed to be a material default of each and every said agreement, and furthermore, in the event of termination, for any cause, of the Multi-Unit Agreement, or any other agreement between the parties, including, any Franchise Agreement, we may, at our option, terminate any and all said agreements.
i. Franchisee's obligations on termination or non- renewal	15.1	6.1, 6.2, 6.3, 6.4	Obligations include removal of our Marks and other trademarks, return of all confidential and proprietary information and erasure of all copies of confidential and proprietary information and payment of amounts due (also see section "s" in this Table, below).
j. Assignment of contract by franchisor	12.1	4.1(b)	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	1	4.2	Means "voluntarily or involuntarily assign, sell, or encumber any interest in or ownership or control of, the Store, substantial assets of the Store, of this Agreement or any interest in the legal entity which owns the Store, by operation of law or otherwise". Under the Multi-Unit Agreement, no transfer is permitted except to an entity formed by an individual multi-unit owner to operate Stores under the Multi-Unit Agreement provided the entity is owned 100% by the individual multi-unit owner.

Provision	Section in Franchise Agreement	Section in Multi-Unit Agreement	Summary
l. Franchisor's approval of transfer by franchisee	12.2	4.1, 4.2	Not allowed without Franchisor's prior written consent and, except for any transfer of a non-controlling interest, subject to Franchisor's right of first refusal provided for in section 12.3 of the Franchise Agreement. Within 60 days after the receipt of all necessary information and documentation required, we will notify you of the approval or disapproval of the proposed assignment. The Multi-Unit Agreement may not be assigned by the multi-unit owner except to an entity entirely owned by the former multi-unit owner.
m. Conditions for franchisor approval of transfer	12.2	4.1, 4.2	Existing Franchisee's full compliance with the obligations set forth in the Franchise Agreement, new franchisee qualifies, transfer fee paid, purchase agreement approved, training arranged, release signed by you, and current Franchise Agreement signed by new franchisee. Within 60 days after our receipt of all necessary information and documentation required under the Franchise Agreement, or as specified by written agreement between us and you, we will notify you of the approval or disapproval of the proposed transfer of the Franchise by you. The Multi-Unit Agreement may not be assigned by the multi-unit owner except to an entity entirely owned by the former multi-unit owner.
n. Franchisor's right of first refusal to acquire franchisee's business	12.3	Not Applicable	We can match any legitimate offer for your business, but we have no right of first refusal if the transfer is (i) made to your heir, personal representatives, or conservators in case of your death or legal incapacity as provided in Section 12.4 of the Franchise Agreement. The Multi-Unit Agreement may not be assigned by the multi-unit owner except to an entity entirely owned by the former multi-unit owner and no right of first refusal exists.

Provision	Section in Franchise Agreement	Section in Multi-Unit Agreement	Summary
o. Franchisor's option to purchase franchisee's business	15.2(d)	6.4	Within 30 days after the termination, expiration or non-renewal of the Franchise Agreement, we have the option, but not an obligation, to purchase all or any portion of your reusable inventory, apparel containing the Marks, proprietary equipment, parts, fixtures, and furnishings owned and used by you in your franchised operation. (This provision is subject to state law.)
p. Death or disability of franchisee	12.4	Not Applicable	Franchise must be assigned by estate to approved buyer within 270 days. During any period of your incapacity or until the business is sold, we can operate the Store on your behalf for a period of up to 90 days, renewable as Franchisor deems necessary for up to one year, we can place an interim manager in your Store, and you must pay us the manager's salary, transportation, lodging and related living expenses, and our management administration fee of 15%.
q. Non-competition covenants during the term of the franchise	11.1, 11.3	5.1	No involvement in competing business anywhere.
r. Non-competition covenants after the franchise is terminated or expires	11.2, 11.3	5.1	No competing business for two year within 25 miles of your Store or any other Store or other retail location (this obligation also applies to you if you assign your franchise). The Multi-Unit Agreement refers to the confidentiality and non-competition covenant in the last Franchise Agreement you sign. (This provision is subject to state law.)
s. Modification of the agreement	8.2, 16.14(c)	9.2	No modifications generally, but the Operations Manual subject to change. (This provision is subject to state law.)
t. Integration/merger clause	16.14	9.10	Only the Franchise Agreement, Multi-Unit Agreement, and other agreements you sign with us and the requirements, procedures, and policies in the Operations Manual are binding (subject to state law). Any representations or promises outside of the Disclosure Document, Franchise Agreement and Multi-Unit Agreement may not be enforceable. Nothing in the Franchise

Provision	Section in Franchise Agreement	Section in Multi-Unit Agreement	Summary
			Agreement, Multi-Unit Agreement or in any related agreement disclaims or is intended to disclaim representations made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	14.1-14.5	7.1, 7.2	Except for certain claims, the parties agree in the Franchise Agreement to submit disputes (not including your failure to pay us sums due or an act of yours allowing us to immediately terminate the Franchise Agreement) initially to a meeting in person of our executive officers and your Principal Equity Operators at our principal executive office (without our respective legal counsel) within five business days after a party requests this meeting to conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement. If this meeting does not resolve the dispute (or the meeting does not occur), within 10 business days after the meeting takes place (or should have taken place), the parties may submit the dispute to a mutually acceptable mediator who is a State Bar of California Board of Legal Specialization Certified Specialist in Franchise and Distribution Law. If a mediation takes place but does not resolve the dispute or if no mediation occurs, the dispute will be resolved by arbitration by and before JAMS, Inc., in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than $250,000 - https://www.jamsadr.com/rules-streamlined-arbitration/) or its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is $250,000 or more - https://www.jamsadr.com/rules-comprehensive-arbitration/). Or, if the parties mutually agree, the dispute may be submitted to arbitration conducted by and before another mutually acceptable arbitrator. (This provision is subject to applicable state law.)

Provision	Section in Franchise Agreement	Section in Multi-Unit Agreement	Summary
v. Choice of forum	14.1-14.3	7.1, 7.2	Arbitration proceedings will take place in Los Angeles County, California. Mediation proceedings may take place at any mutually agreed location. Any litigation proceedings will take place in an appropriate court in California. (This provision is subject to applicable state law.)
w. Choice of law	16.13	9.1	California law governs the arbitration of disputes under the Franchise Agreement and the Multi-Unit Agreement (subject to applicable state law).

Item 18: Public Figures

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

Item 19: Financial Performance Representations

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

We do not make any representation about a franchisee's future financial performance or the past financial performance of company-owned or franchised Stores. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Store, however, we may provide you with the actual records of that Store. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting the Franchise Development Department at 3699 Wilshire Blvd., Suite 1240, Los Angeles, CA 90010, (310) 532-1220, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20: Stores and Franchisee Information

Table No. 1
System Wide Stores Summary
For years 2023 to 2025

Store Type	Year	Stores at the Start of the Year	Stores at the End of the Year	Net Change
Franchised	2023	0	1	+1
	2024	1	1	0
	2025	1	0	-1
Company Owned	2023	3	3	0
	2024	3	4	+1
	2025	4	3	-1
Total Stores	2023	3	4	+1
	2024	4	5	+1
	2025	5	3	-2

Table No. 2
Transfer of Stores from Franchisees to New Owners
For years 2023 to 2025

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

Table No. 3
Status of Franchised Stores
For years 2023 to 2025

State	Year	Stores at Start of the Year	Stores Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Stores at End of the Year
HI	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	1	0	0	0	0
Totals	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	1	0	0	0	0

Table No. 4
Status of Company-Owned Stores
For years 2023 to 2025

State	Year	Stores at Start of the Year	Stores Opened	Stores Reacquired from Franchisee	Stores Closed	Stores Sold to Franchisee	Stores at End of the Year
CA	2023	3	0	0	0	0	3
	2024	3	1	0	0	0	4
	2025	4	1	0	2	0	3
Totals	2023	3	0	0	0	0	3
	2024	3	1	0	0	0	4
	2025	4	1	0	2	0	3

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

State	Franchise Agreements Signed but Stores Not Yet Opened	Projected New franchised Stores in The Next Fiscal Year	Projected New Company-Owned Stores in the Next Fiscal Year
California	0	0	0
Hawaii	0	0	0
Total	0	0	0

A list of the names of all franchisees and the addresses and telephone numbers of the franchises will be provided in Exhibit C to this disclosure document when applicable. The name, city, state and current business telephone number (or if unknown, the last known telephone number) of every franchisee who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit D to this disclosure document when applicable. **If you buy a Store, your contact information may be disclosed to other buyers when you leave the franchise system.** During our last 3 fiscal years, we have not signed any confidentiality clauses with current or former franchisees which restrict them from speaking openly with you about their experience with us.

There are no trademark-specific franchisee organizations associated with the franchise system.

Item 21: Financial Statements

Exhibit B to the disclosure document contains our guarantor and parent Kyochon USA's audited, consolidated financial statements for the fiscal years ended as of December 31, 2023, December 31, 2024 and December 31, 2025. Kyochon USA guarantees the performance of our obligations under the Franchise Agreement, and a copy of the guarantee by Kyochon USA to absolutely and unconditionally assume our duties and obligations is also attached in Exhibit B. Our fiscal year-end is December 31st.

Item 22: Contracts

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

Exhibit A-1 - Franchise Agreement
Exhibit A-2 - Multi-Unit Agreement

Item 23: Receipts

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

EXHIBIT "A-1"

KYOCHON

FRANCHISE AGREEMENT

EXHIBIT "A-1"

FRANCHISE AGREEMENT

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FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is made and entered into as of _____________, _____ (the "Effective Date"), by and among Kyochon Franchise LLC, a California limited liability company, doing business as "Kyochon" ("Franchisor"), and _______________________("Franchisee"), with reference to the following facts:

RECITALS

A. The Franchisor has a license from its affiliated entity that owns rights to the Kyochon trademarks and service marks and all rights thereto ("Owner"). The Owner has authorized Franchisor to grant qualified candidates the license to establish and operate Kyochon Stores which offer Korean flavor fried chicken and related products and services under the Kyochon™ Marks.

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

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

1. DEFINITIONS

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

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

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

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

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

"Development Fee" means the fee for multiple stores that Franchisee must pay Franchisor when Franchisee signs the Multi-Unit Agreement.

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

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

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

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

"**Initial Franchise Fee**" means the fee for a single store ($40,000) that Franchisee must pay to Franchisor in a lump sum when Franchisee signs this Agreement.

"Initial Training" means training in the System provided by Franchisor, as described in, and required by section 6.1 hereof.

"Intellectual Property" means creations of the mind, including inventions, literary and artistic works, designs, symbols, names, and images owned by Franchisor and used in the Franchised Business or at the Store.

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

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

"Marks" means the proprietary marks that are associated with the System and associated designs in respect of which registrations have been obtained from or applied for with the United States Patent and Trademark Office, as well as all common law trademarks and service marks, trade names, logos, insignias, designs, and other commercial symbols which Franchisor now or hereafter is authorized to use and uses or authorizes others to use to identify the Franchised Business. Franchisor will provide Franchisee with a schedule of Marks Franchisee is required or authorized to use under this Agreement and update this schedule as necessary.

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

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

"Principal Equity Operator" means each person who owns not less than 5% of the voting right or equity interest in Franchisee and the individual who will be responsible for the development and operation of the Franchised Business. All communication with Franchisee shall be through the Principal Equity Operator. A person and/or an individual includes any legal entity as well as a natural person.

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

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

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

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

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

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

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

2. THE FRANCHISED BUSINESS

2.1 Franchisor's Business.

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

2.2 The Franchise System.

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

3. GRANT OF FRANCHISE

3.1 Grant of Franchise.

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

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

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

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

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

3.2 Reserved Rights.

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

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

3.3 Promotion and Development of Franchisee's Store.

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

3.4 Extent of Grant.

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

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

3.5 Electronic Execution and Copies.

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

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

3.6 Obligations of Entity Franchisee.

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

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

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

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

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

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

4. INITIAL AND ON-GOING PAYMENTS BY FRANCHISEE

4.1 Initial Franchise Fee.

(a) The "Initial Franchise Fee" for a single franchised Store is $40,000. If this Agreement is entered into under the terms of a Multi-Unit Agreement ("Multi-Unit Agreement") that Franchisee executed, the Initial Franchise Fee shall be reduced a pro rata portion of any Development Fee paid by Franchisee under Section 3 of the Multi-Unit Agreement.

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

4.2 Initial Deposit.

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

4.3 Royalty.

(a) Beginning on the Opening Date, Franchisee must pay Franchisor a "Royalty" of up to a maximum of 10% of Franchisee's Gross Revenues, the exact rate of which will be stated in the Manuals or in Franchisor's written notice to Franchisee. Any changes to the rate of Royalty will be furnished to Franchisee on 30 days' advance notice.

(b) Royalties are due and payable on a monthly basis on the 10th business day of the following month for the previous one (1) month (unless that day is a banking holiday, in which case the Royalties are due and payable on the next business day). Royalties will be calculated on the Gross

Revenues received during the monthly. Monthly payments of Royalties are to be accompanied by a revenue report in the form prescribed by Franchisor.

4.4 Marketing, Advertising and Promotion.

(a) Beginning on the Opening Date, Franchisee must pay Franchisor a "Marketing and Promotion Fee" of 3% of Franchisee's Gross Revenues. However, Franchisor is not requiring this contribution at this time because Franchisor does not anticipate brand marketing until Franchisor has at least 50 Stores in operation. If established, this fee is due and payable at the same time and in the same manner as Royalty Fee. Franchisor reserves the right to require payment of this fee (up to 3%) once Franchisor has more than 50 Stores in operation.

(b) When applicable, Marketing and Promotion Fees are due and payable on a monthly basis on the 10th business day of the following month for the previous one (1) month (unless that day is a banking holiday, in which case the Marketing and Promotion Fees are due and payable on the next business day). Marketing and Promotion Fees will be calculated on the Gross Revenues received during the monthly periods.

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

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

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

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

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

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

4.5 Electronic Funds Transfer.

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

4.6 Fees Fully Earned: No Setoff on Payments.

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

4.7 Late Fee; Interest on Delinquent Payments.

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

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

4.8 No Accord or Satisfaction.

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

5. INITIAL TERM AND RENEWAL TERMS

5.1 Initial Term.

The initial term of this Agreement (applicable solely to the Store franchised hereunder) commences on the Effective Date and expires on the 3rd anniversary of the Effective Date, unless sooner terminated pursuant to the provisions of this Agreement. If this Agreement is executed pursuant to a Multi-Unit Agreement between Franchisor and Franchisee, the term of this Agreement will be subject to provisions of the Multi-Unit Agreement. Any failure to comply with the obligations set forth in the Multi-Unit Agreement will result in cross-default in the Franchise Agreement. If the Multi-Unit Agreement is terminated prior to its expiration for cause, subject to section 6.2 of the Multi-Unit Agreement, all Franchise Agreement will be automatically terminated.

5.2 Renewal Terms.

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

(b) At the time of renewal, Franchisee must (i) then be solvent (which means that Franchisee is able to pay its debts as and when promised by Franchisee and that Franchisee has assets that are greater than its debts), (ii) not have Abandoned the Store, (iii) not be operating the Franchise in a manner that endangers public health or safety or materially harms the Kyochon brand or reputation, and (iv) not have knowingly submitted false or incomplete reports to Franchisor during the expiring term.

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

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

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

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

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

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

(d) As a condition to renewing Franchisee's rights, duties and obligations hereunder, not later than 90 days before the end of the term that is expiring, Franchisee and Franchisor must sign either (i) Franchisor's then-current standard Franchise Agreement modified by addendum to remove provisions that only apply to a new franchisee, such as initial franchise fee and initial training requirements

(“Renewal Franchise Agreement”) or (ii) an addendum to this Agreement extending its term for an additional one year term. IN ADDITION TO NOT GRANTING ANY ADDITIONAL RIGHTS BEYOND THOSE GRANTED IN THIS AGREEMENT, THE RENEWAL FRANCHISE AGREEMENT MAY CONTAIN OTHER TERMS THAT ARE SUBSTANTIALLY DIFFERENT FROM THOSE IN THIS AGREEMENT. The Renewal Franchise Agreement, when executed, will supersede this Agreement.

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

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

(g) When Franchisee signs the Renewal Franchise Agreement, Franchisee must pay Franchisor a “Renewal Fee” of $5,000.

6. TRAINING AND ASSISTANCE

6.1 Initial Training.

(a) It is critically important for Franchisee’s General Manager and Principal Equity Operators to understand the Franchised Business and the System, and for Franchisee’s General Manager and other manager-level employees to have been trained how to operate the Franchised Business. Accordingly, Franchisor will provide to Franchisee’s General Manager and at least one of Franchisee’s Principal Equity Operators, an initial training program prior to the opening of the Store, which lasts for ten (10) days (a number of days may vary depending on the Franchisee’s experience and needs as determined by Franchisor in its sole discretion) (“Initial Training”), providing an orientation to the System and instructions on how to operate the Franchised Business. Unless there are extenuating circumstances which, in Franchisor’s reasonable determination, justify a delay (including Force Majeure), Franchisee’s required trainees must attend the Initial Training offered by Franchisor. Franchisee may not open and operate Franchisee’s Store until Franchisee’s General Manager has satisfactorily completed Initial Training. Franchisee acknowledges and agrees only Franchisor may determine whether Franchisee’s General Manager satisfactorily completes Initial Training.

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

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

(d) There is no separate fee payable to Franchisor for the Initial Training provided to Franchisee's initial General Manager, Franchisee's Principal Equity Operators, and other Franchisee's manager-level employees; provided, however, that Franchisee is responsible for all accommodation, transportation, meals, daily allowances, and other costs and expenses for the Franchisor's trainer(s) to train the Franchisee's personnel at Store or such other location as designated by Franchisor.

(e) All costs and expenses (including travel, lodging and meals) of Franchisee's attendees of Initial Training will be Franchisee's sole responsibility. All persons attending Initial Training on Franchisee's behalf must have a demonstrable relationship to the management and operation of Franchisee's Store.

6.2 Training and Assistance after Opening.

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

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

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

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

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

6.3 Proprietary Materials.

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

7. OPENING OF STORE AND FRANCHISED BUSINESS

7.1 Franchisee's Store.

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

7.2 Building Out Franchisee's Store.

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

(b) Franchisee must build out Franchisee's Store (and commence operation of the Franchised Business there) within ten (10) months after Franchisor approves the Store premises, using architects, project managers, contractors, subcontractors, architectural plans, and key equipment suppliers reasonably acceptable to Franchisor. Franchisee must commence operation of the Franchised Business at Franchisee's Store as soon as practicable after Franchisee's receipt of a certificate of occupancy (or equivalent document) from the responsible local government authority. If after Franchisee has located and secured suitable premises (that Franchisor consents to) for its Store, Franchisee has not commenced operation of the Franchised Business within fourteen (14) months after the Effective Date, Franchisor may terminate this Agreement effective on written notice. If this Agreement is for a second or subsequent

Store owned by Franchisee under the terms of a Multi-Unit Agreement Franchisee executed, Franchisee must commence operation of the Franchised Business at the Store within the time period specified in the Development Schedule included in the Multi-Unit Agreement. Under any circumstances, the Initial Franchise Fee, and the Development Fee, as applicable, are not refundable.

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

(d) Franchisor will provide Franchisee with a sample prototype layout for the Store. Franchisor will provide Franchisee a floor plan and 3D drawings. Franchisee must pay Franchisor for all costs and expenses that Franchisor incurs in providing the site design assistance ("Site Design Assistance Fee"). At Franchisee's sole expense, Franchisee must employ architects, designers, engineers, or others as reasonably acceptable to Franchisor to complete, adapt, modify, or substitute the sample plans and specifications for the Store. The architect must submit a complete set of final plans and specifications to Franchisor before commencing leasehold improvement of the Store. Franchisor will review these plans and specifications promptly and accept them as stated or provide Franchisee with Franchisor's comments on the plans and specifications. Franchisor will have complete and uncontested control over the design of the Store and Franchisee may not modify the design or choose third party designers without Franchisor's express written consent. Franchisee may not commence leasehold improvement of the Store until Franchisor consents in writing to the final plans, specifications, and contractors to be used in constructing the Store. Franchisor will consult with Franchisee, to the extent Franchisor deems necessary, on the leasehold improvement and equipping of the Store (and Franchisor may require the Store to have a certain color scheme and decorative trade dress), but it is and will remain Franchisee's sole responsibility to diligently construct, equip and otherwise make ready, and then open the Store. Franchisee is responsible, at Franchisee's expense, for obtaining all zoning classifications, permits, clearances, certificates of occupancy and center clearances which may be required by governmental authorities and to comply with all covenants, conditions, easements, and restrictions of record.

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

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

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

(h) Franchisor has the right to regularly inspect Franchisee's Store and any other site where Franchisee conducts the Franchised Business.

7.3 Equipment and Inventory.

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

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

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

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

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

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

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

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

8. OPERATION OF FRANCHISED BUSINESS

8.1 Operational Requirements.

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

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

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

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

(e) If the Store is configured for the on-premises consumption of beer and wine, Franchisee must obtain and maintain the necessary licenses and permits from Franchisee's state or local agency regulating the on- premises sale and consumption of beer and wine to permit Franchisee to offer and sell at the Store beer and wine as authorized in the Operations Manual (or otherwise by Franchisor in writing). The costs of these licenses and permits vary, but it is Franchisee's responsibility to determine exactly what this liquor license will cost.

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

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

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

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

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

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

8.2 Operations Manual.

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

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

(c) If Franchisee loses printed portions of, or allows unauthorized access to or duplication of, the Operations Manual or any other confidential manuals or proprietary materials loaned to Franchisee by Franchisor, Franchisee will be deemed to be in material breach of this Agreement and all other agreements Franchisee has with Franchisor and its affiliated entities.

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

8.3 Menu and Standards of Operation.

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

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

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

8.4 Computer System.

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

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

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

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

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

8.5 Maintenance, Upgrades and Refurbishments to the Store.

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

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

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

8.6 Relocation of Franchisee's Store.

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

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

(c) Franchisee and the landlord may be required to execute a rider to Franchisee's lease for the new location for the Store (or other agreement or written understanding) that (i) grants Franchisor an option to assume Franchisee's position as lessee under the lease for the relocated Store premises if Franchisee is in material breach of either the lease for the relocated Store premises (including an obligation of the landlord to notify Franchisor if Franchisee is in such breach) or this Agreement, (ii) grants Franchisor the right to assign the lease to a bona fide franchisee of the System after assuming the lease and (iii) requires the landlord to fully cooperate with Franchisor in completing de-identification of the relocated Store in the event this Agreement is terminated or expires without being renewed and Franchisor does not exercise its option to assume the lease for the relocated Store premises.

8.7 Record Keeping and Reporting Requirements.

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

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

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

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

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

8.8 Signs and Display Materials.

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

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

8.9 Insurance.

(a) Franchisee must have in effect on the Opening Date and maintain during the term of this Agreement comprehensive general liability insurance (with limits no less than $1 million per occurrence and $2 million in the aggregate), automobile insurance, and other insurance that is legally required for Franchisee to operate Franchisee's business (i.e., workers' compensation insurance) or that is reasonably prudent for Franchisee's type of business. Policy coverage requirements and limitations and other terms relating to insurance will be set forth in the Operations Manual. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII which are authorized to do business in the state where Franchisee's Store is located, unless otherwise approved in writing by Franchisor. Any policies of insurance that Franchisee maintains must contain a separate endorsement naming Franchisor and the Owner of the Marks (and Franchisor's other affiliated companies identified by Franchisor in writing), and their respective shareholders, members, managers, directors, officers, employees, and agents as additional insureds to the full extent of coverage provided under the insurance policies. Franchisee's insurance coverage will be primary as respects Franchisor, the Owner of the Marks, and other affiliated companies identified by Franchisor in writing, and their respective shareholders, members, managers, directors, officers, employees, and agents. Any insurance or self- insurance maintained by Franchisor, the Owner of the Marks, and other affiliated companies identified by Franchisor in writing, and their respective shareholders, members, managers, directors, officers, employees, and agents will be excess of Franchisee's insurance and will not contribute with it. Franchisee must provide Franchisor a copy of the policy and endorsement upon issuance and upon every renewal. Franchisee hereby grants Franchisor a waiver of any right of subrogation which any insurer of Franchisee may acquire against Franchisor by virtue of payment of any loss under such insurance. This provision applies regardless of whether Franchisor has received a waiver of subrogation endorsement from the insurer. Franchisee's obligation to obtain and maintain the foregoing policies of insurance in the amount specified will not be limited in any way by reason of any insurance that may be maintained by Franchisor, nor will Franchisee's procurement of required insurance relieve it of liability under the indemnity provisions set forth in section 16.2 of this

Agreement. Franchisee's insurance procurement obligations under this section 8.9 are separate and independent of Franchisee's indemnity obligations under section 16.2 of this Agreement.

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

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

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

8.10 Review and Inspection.

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

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

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

8.11 Compliance with Laws.

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

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

8.12 Web Site and Internet Marketing.

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

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

8.13 Intranet.

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

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

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

8.14 Franchise Advisory Council.

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

9. PROPRIETARY MARKS

9.1 License of the Marks.

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

(b) Franchisee acknowledges and agrees (i) Franchisee's use of the Marks and Intellectual Property is a temporary authorized use under this Agreement, (ii) the Owner of the Marks retains all ownership interests in the Marks, and (iii) Franchisor and the Owner of the Marks retain all ownership of the goodwill generated by the Marks. Franchisee acknowledges that the use of the Marks outside the scope of the terms of this Agreement without Franchisor's written consent is an infringement of the Owner of the Marks' and Franchisor's exclusive right, title, and interest in and to the Marks and

Intellectual Property. Franchisee agrees that as between Franchisee and Franchisor, all rights to use the Marks and Intellectual Property within the franchised System are Franchisor's exclusive property. Franchisee now asserts no claim and will hereafter assert no claim to any goodwill, reputation, or ownership thereof because of Franchisee's use thereof or otherwise. It is expressly understood and agreed that ownership and title of the Trade Dress, Operations Manual and Franchisor's other manuals, bulletins, instruction sheets, forms, methods of operation and goodwill are and, as between Franchisee and Franchisor, remain vested solely in Franchisor, and the use thereof is only co-extensive with the term of this Agreement.

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

(d) Franchisee hereby grants Franchisor the right at any time to use the name, image and likeness of Franchisee and all Principal Equity Operators for commercial purposes in connection with the marketing and promotion of the Marks, Franchisor's Intellectual Property, Kyochon Products, any Kyochon business location and the System, without any form of compensation or remuneration. The terms of this section 9.1(d) survive termination or expiration of this Agreement.

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

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

9.2 Franchisee's Business Name.

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

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

(c) On expiration or sooner termination of this Agreement, Franchisor may, if Franchisee does not do so, execute in Franchisee's name and on Franchisee's behalf any and all documents necessary, in Franchisor's judgment, to end and cause a discontinuance of the use by Franchisee of the Marks and Business Name registrations and Franchisor is hereby irrevocably appointed and designated as Franchisee's attorney-in-fact to do so.

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

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

9.3 Trade Secrets and Proprietary Information.

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

Agreement, the Operations Manual and other written materials containing the Trade Secrets, through training and assistance provided to Franchisee hereunder, and by and through the performance of Franchisor's other obligations under this Agreement.

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

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

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

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

9.4 Modification of Marks and Trade Dress.

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

9.5 Mark Infringement Claims and Defense of Marks.

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

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

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

10. MARKETING AND PROMOTION

10.1 Use of Marketing and Promotion Fees.

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

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

10.2 Advertising Content and Costs.

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

11. NON-COMPETITION COVENANTS

11.1 Exclusive In-Term Dealing.

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

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

11.2 Post Termination Non-Competition Covenants.

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

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

11.3 General Provisions Regarding Non-Competition Covenants.

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

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

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

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

12. ASSIGNMENT

12.1 Assignment by Franchisor.

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

12.2 Assignment by Franchisee.

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

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

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

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

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

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

(c) Within 60 days after the receipt of all necessary information and documentation required pursuant to section 12.2(b) above, or as specified by other written agreement between Franchisor and

Franchisee, Franchisor will notify Franchisee of the approval or disapproval of the proposed Assignment by Franchisee. The notice will be in writing and delivered to Franchisee by business courier in accordance with section 16.1 hereof. Should Franchisor elect not to exercise Franchisor's right of first refusal, or should such right of first refusal be inapplicable, as herein provided, Franchisor's consent to the proposed Assignment by Franchisee will be deemed approved, unless disapproved by Franchisor in writing and for reasons permitted by the law governing this Agreement. If the proposed sale, assignment, or transfer is disapproved, Franchisor shall include in the notice of disapproval a statement setting forth the reasons for the disapproval. Franchisor may impose, among other things, the following conditions precedent to Franchisor's consent to any such Assignment by Franchisee (these conditions are consistently applied to similarly situated franchisees operating under the Franchise brand):

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

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

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

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

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

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

(vii) upon approval of the transfer, Franchisee pays Franchisor a non-refundable "Transfer Fee" of 50% of Franchisor's then-current Initial Franchise Fee per Store

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

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

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

12.3 Right of First Refusal.

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

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

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

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

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

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

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

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

12.5 Consent of Franchisor to Transfers.

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

12.6 Transfers from Franchisee to an Affiliated Entity.

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

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

13. DEFAULT AND TERMINATION

13.1 General.

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

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

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

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

13.2 Immediate Termination.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13.3 Termination After Notice.

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

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

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

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

13.4 Description of Default.

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

13.5 Statutory Limitations.

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

13.6 Extended Cure Period.

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

13.7 Franchisor's Right to Cure Franchisee's Defaults.

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

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

13.8 Waiver and Delay.

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

13.9 Collection Costs.

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

13.10 Continuance of Business Relations.

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

14. DISPUTE RESOLUTION

14.1 Initial Steps to Resolve a Dispute; Mediation.

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

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

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

14.2 Arbitration.

(a) Except as specifically provided in sections 13.2(b) and 13.3(c) above, any Dispute between Franchisor (or its affiliated entities) and Franchisee (or its Principal Equity Operators or affiliated entities) not settled through the procedures described in section 14.1 above, or any determination of the scope or applicability of this agreement to arbitrate, will be resolved through binding arbitration by and before JAMS, Inc. ("JAMS"), in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than $250,000 - https://www.jamsadr.com/rules-streamlined-arbitration/) or its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is $250,000 or more - https://www.jamsadr.com/rules-comprehensive-arbitration/), or if the parties in dispute mutually agree, through binding arbitration by any other mutually agreeable arbitrator.

It is explicitly agreed by both of the parties hereto that (i) no arbitration of any Dispute may be commenced except in accordance with this section 14.2 and (ii) any question regarding this section 14.2, including its existence, validity, scope, or termination will be decided by the arbitrator.

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

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

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

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

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

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

14.3 Injunctive Relief.

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

14.4 Legal Fees and Expenses.

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

14.5 Survival.

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

15. OBLIGATIONS AND RIGHTS UPON TERMINATION OR EXPIRATION

15.1 Franchisee's Obligations.

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

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

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

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

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

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

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

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

15.2 Franchisor's Rights as Franchisor.

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

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

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

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

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

15.3 Cross-Defaults.

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

16. GENERAL TERMS AND PROVISIONS

16.1 Notices.

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

(i) If to Franchisor:

Kyochon Franchise LLC
c/o Jaewon Kim
3699 Wilshire Blvd., Suite 1240, Los Angeles, CA 90010

(ii) If to Franchisee:

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

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

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

16.2 Indemnity.

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

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

(c) For the indemnification to be effective, each indemnified party ("Indemnified Party") will give the indemnifying party ("Indemnifying Party") reasonable notice of each claim or loss for which the

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

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

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

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

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

16.3 Franchisee's Relationship to Franchisor as Franchisee.

(a) It is expressly agreed by the parties they intend by this Agreement to establish between themselves the relationship of franchisee and franchisor. It is further agreed neither Franchisee nor any Principal Equity Operator has the authority to create or assume in Franchisor's name or on Franchisor's behalf, any obligation, express or implied, or to act or purport to act as agent or representative on

Franchisor's behalf for any purpose whatsoever. Neither Franchisee (nor any Principal Equity Operator) nor Franchisor is the employer, employee, agent, partner, fiduciary, or co-venturer of or with the other, each being independent. Franchisee and all Principal Equity Operators jointly and severally agree none will hold itself out as Franchisor's agent, employee, partner or co-venturer or the Owner of the Marks.

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

16.4 No Third-Party Beneficiaries.

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

16.5 Survival of Covenants.

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

16.6 Successors and Assigns.

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

16.7 Joint and Several Liabilities.

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

16.8 Titles for Convenience Only.

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

16.9 Gender.

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

16.10 Severability; Partial Invalidity.

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

16.11 Counterparts.

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

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

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

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

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

16.13 Governing Law.

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

16.14 Entire Agreement.

(a) The parties to this Agreement each acknowledge and warrant to each other that they wish to have all of the terms of this business relationship defined solely in and by this written Agreement and the Operations Manual.

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

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

17. EFFECTIVENESS OF AGREEMENT

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

18. ACKNOWLEDGMENTS AND REPRESENTATIONS

18.1 Acknowledgments and Representations.

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

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

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

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

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

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

(g) Reserved.

(h) Franchisee agrees that complete and detailed uniformity among Franchisor's franchisees under varying conditions may be inadvisable, impractical, or impossible, and accordingly agree that Franchisor, in its sole discretion, may modify or vary aspects of the System as to any franchisee or group of franchisees based on, for example, local sales potential, demographics, competition, business practices or other conditions. Franchisee further agrees that Franchisor has no obligation to disclose or offer the same or similar variances to Franchisee. Franchisee is aware that other Kyochon franchisees may operate under different agreements and, consequently, that Franchisor's obligations and rights as to those franchisees may differ materially in certain circumstances.

(i) Franchisee received an FDD and a copy of this Agreement at least 15 calendar days before it signed this Agreement.

(j) Franchisee made no payment to Franchisor before Franchisee signed this Agreement.

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

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

FRANCHISEE: ___________________________	FRANCHISOR: KYOCHON FRANCHISE LLC
By: _____________________________________	By: _____________________________________
Name: ___________________________________	Name: ___________________________________

Title: ______________________________	Title: *[President or Secretary] of Kyochon USA Inc, Its Manager*

List of Exhibits to Franchise Agreement:

EXHIBIT 1

TERRITORY AND LOCATION OF STORE

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

The Store is located at:

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

FRANCHISEE: ___________________________	FRANCHISOR: KYOCHON FRANCHISE LLC
By: _____________________________________	By: _____________________________________
Name: __________________________________	Name: __________________________________
Title: ___________________________________	Title: *[President or Secretary] of Kyochon USA Inc, Its Manager*

EXHIBIT 2

NAMES AND ADDRESSES OF PRINCIPAL EQUITY OPERATORS

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

EXHIBIT 3

GUARANTEE OF FRANCHISE AGREEMENT

In consideration of the execution by Franchisor of the Franchise Agreement (the "Franchise Agreement") dated ______________________ between Kyochon Franchise LLC ("Franchisor") and _______________ _______("Franchisee") and for other good and valuable consideration, each of the undersigned "Principal Equity Operators" (as defined in the Franchise Agreement), and their spouses (if applicable), for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby absolutely and unconditionally guarantee the payment of all amounts and the performance of all of the covenants, terms, conditions, agreements and undertakings contained and set forth in said Franchise Agreement and in any other agreement(s) by and between Franchisee and Franchisor.

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

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

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

Should Franchisee be in breach or default under the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, Franchisor may proceed directly against any or each of the undersigned without first proceeding against Franchisee and without proceeding against or naming in such suit any other Franchisee, signatory to the Franchise Agreement or any others of the undersigned. Notice to or demand upon Franchisee or any of the undersigned will be deemed notice to or demand upon Franchisee and all the undersigned, and no notice or demand need be made to or upon any of the undersigned. The cessation of or release from liability of Franchisee or any of the undersigned will not relieve any other guarantors from liability hereunder, under the Franchise Agreement, or under any other agreement(s) between Franchisor and Franchisee, except to the extent that the breach or default has been remedied or moneys owed have been paid.

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

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

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

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

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

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

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

EXHIBIT 4

CONFIDENTIALITY AND NON-COMPETION AGREEMENT

THIS AGREEMENT, dated _______________, by and between Kyochon Franchise LLC ("**Franchisor**") and ________________ of _______________________ (the "**Franchisee**"). All capitalized terms not otherwise defined herein shall have the meanings set forth in the Franchise Agreement, defined below.

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

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

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

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

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

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

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

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

(4) The undersigned has acquired from the Franchisor confidential information regarding Franchisor's trade secrets and franchised methods which, in the event of a termination of the Franchise Agreement, could be used to injure the Franchisor. As a result, neither the undersigned, nor any member of his or her immediate family, shall, for a period of two (2) years from the date of termination, transfer or expiration of the Franchise Agreement, without having first obtained the Franchisor's written consent, engage in or participate as an owner, officer, partner, director, agent, employee, shareholder or otherwise

in any Competitive Business which is located or operating, as of the date of such termination, transfer or expiration, within a 25-mile radius of the Franchisee's former Franchised Location as defined in the Franchise Agreement, or within a 10-mile radius of any other franchised or company-owned Kyochon Store, unless such right is granted pursuant to a separate agreement with the Franchisor.

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

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

FRANCHISEE: ___________________________	FRANCHISOR: KYOCHON FRANCHISE LLC
By: _____________________________________	By: _____________________________________
Name: __________________________________	Name: __________________________________
Title: ___________________________________	Title: *[President or Secretary] of Kyochon USA Inc, Its Manager*

EXHIBIT 5

ADDENDUM TO LEASE

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

RECITALS:

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

The Landlord acknowledges that Tenant intends to operate a Kyochon store ("Store") from the Premises pursuant to Tenant's Franchise Agreement with Kyochon Franchise LLC ("Franchisor") dated _________ ______(the "Franchise Agreement"), whereby Tenant will utilize the Kyochon name and the Kyochon Marks as Franchisor may designate in the operation of the Store at the Premises.

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

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

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

2. Assignment By Tenant.

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

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

3. Default and Notices to Franchisor. Landlord shall send Franchisor copies of all notices of default under the Lease at the same time it provides Tenant with such notice. If Tenant fails to cure any defaults within the period specified in the Lease, Landlord shall promptly give Franchisor written notice thereof, specifying the defaults that Tenant has failed to cure. Franchisor has the right to unilaterally assume the Lease if Tenant fails to cure. Franchisor shall have 15 days from the date Franchisor receives such notice to exercise, by written notice to Landlord and Tenant, its right for Franchisor or its affiliate

designee ("Franchisor Entity"), to assume the Lease. Franchisor shall have an additional 30 days from the expiration of Tenant's cure period in which to cure the default or violation. If Franchisor elects to assume the Lease, the Franchisor Entity shall not be required to cure defaults and/or to begin paying rent until Landlord delivers possession of the Premises to the Franchisor Entity. At any time until Landlord delivers possession of the Premises, Franchisor shall have the right to rescind the election to assume by written notice to Landlord.

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

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

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

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

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

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

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

8. Additional Provisions.

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

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

C. All notices to Franchisor required by this Addendum must be in writing and sent by registered or certified mail, postage prepaid, to the following address: Kyochon Franchise LLC, 3699 Wilshire Blvd., Suite 1240, Los Angeles, CA 90010. Franchisor may change its address for receiving notices by giving Landlord written notice of the new address. Landlord agrees that it will notify both Tenant and Franchisor of any change in Landlord's mailing address to which notices should be sent.

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

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

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

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

LANDLORD: ______________________	TENANT: __________________
By: _______________________________	By: _______________________________
Name: _____________________________	Name: _____________________________
Its: _______________________________	Its: _______________________________

EXHIBIT “A-2”

KYOCHON

MULTI-UNIT AGREEMENT

EXHIBIT "A-2"

MULTI-UNIT AGREEMENT

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MULTI-UNIT AGREEMENT

This Multi-Unit Agreement ("Agreement") is made on _______________(the "Effective Date") by and between _____________ ("Franchisee") and Kyochon Franchise LLC, a California limited liability company, doing business as Kyochon ("Franchisor").

Franchisee is concurrently entering into a Franchise Agreement with Franchisor, under the terms of which Franchisee is being granted a right to open and operate a Kyochon restaurant at a location that Franchisor has consented to ("Store"), under the Kyochon trademarks ("Marks") and in accordance with Franchisor's business format.

Franchisee wishes to obtain development rights to operate multiple Stores under Franchise Agreements with Franchisor in the Development Area specified in this Agreement.

In consideration of the mutual promises, covenants, agreements, and conditions contained in this Agreement, and other good and valuable consideration, Franchisee and Franchisor hereby agree as follows.

1. GRANT OF RIGHTS TO OPEN ADDITIONAL STORES

1.1 Right to Open Additional Stores.

(a) Subject to the terms and conditions contained herein, Franchisor hereby grants to Franchisee the right to, and Franchisee hereby agrees to, establish and operate a specified number of Stores in accordance with the schedule of openings attached hereto as Exhibit 1 (the "Development Schedule") and within the geographical area (the "Development Area") indicated in the Development Schedule. If the required number of Stores has not been opened in the Development Area in accordance with the Development Schedule, Franchisor may cancel this Agreement and Franchisee will no longer have any right to operate any Store in the Development Area.

(b) So long as Franchisee's obligations under the Development Schedule are being met on a timely basis and until this Agreement terminates, Franchisor will not itself operate a Store within the Development Area, nor allow any of its affiliates or other Kyochon franchisees to do so. Special Sites will be excluded from Franchisee's Development Area and Franchisor has the right to develop or franchise the following Special Site locations: (1) military bases; (2) public transportation facilities; (3) sports facilities, including race tracks; (4) student unions or other similar buildings on college or university campuses; (5) amusement and theme parks; (6) malls; (7) special events; (8) hospitals; (9) hotel, resort, or other lodging facility; (10) state or national parks; (11) exhibition hall; conference facility or convention center; (12) casino or gambling establishment; (13) esports events and venues; (14) street fairs; or (15) any similar area to the sites referenced herein (collectively, "Special Sites"). Franchisor may not alter the Development Area without Franchisee's written agreement. However, Franchisor may terminate the Multi-Unit Agreement if Franchisee (i) fail to meet the Development Schedule; (ii) fail to comply with any other terms and conditions of the Multi-Unit Agreement; (iii) make or attempt to make a transfer or assignment in violation of the Multi-Unit Agreement; or (iv) fail to comply with the terms and conditions of any individual Franchise Agreement or of any other agreement to which Franchisee and Franchisor or its affiliates are parties.

1.2 Franchise Agreements.

(a) When Franchisee opens an additional Store under the Development Schedule, Franchisee must enter into Franchisor's then current form of Franchise Agreement for that additional Store. So long as Franchisee is in good standing under this Agreement, Franchisee will continue to have the right to open and operate Stores in the Development Area in accordance with the Development Schedule.

(b) Each Franchise Agreement executed pursuant hereto will provide that Franchisor and its affiliates may not open or operate, or franchise or license the operation of, any Kyochon retail business site within the protected "Territory" (a defined area surrounding the Store) of the Store opened by Franchisee pursuant to such Franchise Agreement.

1.3 Development Obligations.

(a) Franchisee must construct, equip and open each additional Store not later than the date specified in Exhibit 1 applicable to the Store, and thereafter continue to operate the Store.

(b) Franchisee must comply with all of the terms and conditions of each Franchise Agreement, including the operating requirements specified in each Franchise Agreement.

1.4 Timing of Execution of Leases and Franchise Agreements.

(a) Franchisee must execute a lease agreement and a Franchise Agreement in accordance with the Development Schedule attached hereto as Exhibit 1.

(b) Regarding the location, equipping, opening and operation of a Store that Franchisee is opening under the Development Schedule, Franchisee must comply with the Franchise Agreement that is applicable to that Store.

1.5 No Sub Franchising Rights.

This Agreement is not a Franchise Agreement and Franchisee has no right to use in any manner the Marks by virtue of this Agreement. Franchisee does not have the right under this Agreement to execute sub franchised Kyochon franchise agreements with anyone. Franchisee acknowledges and agrees that the rights and duties set forth in this Agreement are personal to Franchisee and that Franchisor has granted such rights in reliance on the representations and warranties of Franchisee and its Principal Operators.

2. INITIAL TERM AND RENEWAL TERMS

2.1 Initial Term.

The initial term of this Agreement commences on the Effective Date and expires on the 10th anniversary of the Effective Date, unless sooner terminated pursuant to the provisions of this Agreement.

Notwithstanding the above, Franchisee may terminate this Agreement upon 30 days written notice to Franchisor. Upon termination of this Agreement, Franchisee will no longer have the exclusive right to open future Stores in the Development Area under the Development Schedule.

2.2 Additional Development.

(a) During the Initial Term or Renewal Terms, as applicable, if Franchisee wishes to exercise additional development in the Development Area in excess of the obligations initially committed to under the Development Schedule, Franchisee shall send written notice to Franchisor setting forth the number of proposed Stores and the deadlines for the development of each of them at the earlier of (i) 180 days prior to the scheduled expiration of the applicable Term or (ii) the date on which acceptance of the proposed site for the last Store required to meet the Development Schedule is issued.

(b) Franchisor shall determine, in its sole discretion, whether further development of the Development Area is desirable. Unless an additional development right has been agreed to and a restated or revised Development Schedule has been initialed by Franchisee and Franchisor, upon the expiration or termination of the applicable Term, (i) Franchisee will not have any further right to construct, equip, own, open or operate additional Stores that are not, at the time of such termination or expiration, the subject of a then existing Multi-Unit Agreement between Franchisee and Franchisor which is then in full force and effect, and (ii) Franchisor may thereafter themselves construct, equip, open, own or operate, and license others to (or grant development rights to) construct, equip, open, own or operate Stores anywhere in the Development Area, subject only to the territorial rights granted under an applicable Franchise Agreement.

(c) Franchisee’s rights to additional development described in this section 2.2 are subject to Franchisee’s fulfillment of the following conditions:

(i) Franchisee must have fully performed all of Franchisee’s obligations under this Agreement and all other agreements between Franchisee and Franchisor.

(ii) Franchisee must have demonstrated to Franchisor Franchisee’s financial capacity to perform the additional development obligations set forth in any restated or revised Development Schedule. In determining if Franchisee is financially capable, Franchisor will apply the same criteria to Franchisee as Franchisor apply to prospective Kyochon Multi-Unit developers at that time.

(iii) Franchisee and Franchisor must agree to, and initial, a restated or revised Development Schedule.

(iv) Franchisee must maintain the minimum number of Stores initially committed to under the Development Schedule at all times during the term.

2.3 Renewal Term

(a) Upon written notice delivered to Franchisor not less than 120 days before the end of the existing term hereof, Franchisee may renew its rights granted under this Agreement for additional 10-year terms commencing on the expiration date of the previous term, subject to the provisions of sections 2.3(b) through 2.3(g) below ("Renewal Term").

(b) At the time of renewal, Franchisee must (i) then be solvent (which means that Franchisee is able to pay its debts as and when promised by Franchisee and that Franchisee has assets that are greater than its debts), (ii) not have Abandoned the Store (as defined in the Franchise Agreement), (iii) not be operating the Franchise in a manner that endangers public health or safety or materially harms the Kyochon brand or reputation, and (iv) not have knowingly submitted false or incomplete reports to Franchisor during the expiring term.

(c) Notwithstanding section 2.3(a) and 2.3(b) above, Franchisor is not obligated to renew Franchisee's rights granted under this Agreement for an additional term if one or more of the following applies or occurs:

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

(ii) during the 120 days prior to expiration of the Franchise, Franchisor permits Franchisee to sell the rights to operate the Franchised Business at the Store to a purchaser meeting Franchisor's then current requirements for granting new Franchises or (if Franchisor is not granting a significant number of new Franchises) the then current requirements for granting renewal Franchises;

(iii) Termination of this Agreement would be permitted pursuant to sections 6.1 or 6.2 hereof;

(iv) Franchisee and Franchisor agree not to renew the Franchise;

(v) Franchisor withdraws from distributing its products or services through Franchises in the geographic market served by Franchisee.

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

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

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

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

(g) When Franchisee signs the Renewal Multi-Unit Agreement, Franchisee must pay Franchisor the sum of the then-current Development Fee.

2.4 Force Majeure.

(a) The term “Force Majeure” means natural disasters (such as tornadoes, earthquakes, hurricanes, floods, fires or other natural catastrophes); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which Franchisee could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by any federal, state, county, municipal and local governmental and quasi-governmental agency, commission or authority, nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any lender, landlord, or other person will be a Force Majeure, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act that is otherwise a Force Majeure. For the avoidance of doubt, Franchisee’s financial inability to perform or Franchisee’s insolvency will not be a Force Majeure hereunder.

(b) Subject to Franchisee’s continuing compliance with section 2.3(c) below, should Franchisee be unable to meet Franchisee’s development obligation for a scheduled additional Store solely as the result of a Force Majeure which results in Franchisee’s inability to construct or operate the Stores pursuant to the terms of this Agreement, the date on which the scheduled additional Store is to be opened will be extended by an amount of time equal to the time period during which the Force Majeure exists.

(c) In the event of the occurrence of a Force Majeure, Franchisee must notify Franchisor in writing within 10 business days following commencement of the alleged Force Majeure of the specific nature and extent of the Force Majeure, and how it has impacted Franchisee’s performance hereunder. Franchisee must continue to provide us with updates and all information as may be requested by Franchisor, including Franchisee’s progress and diligence in responding to and overcoming the Force Majeure.

(d) Franchisor will not be liable to Franchisee for any consequential damages, including lost profits, interest expense, increased leasehold improvement or occupancy costs, or other costs and expenses incurred by Franchisee as a result of Franchisor’s gross negligence or intentional misfeasance.

3. FEES AND PAYMENTS

3.1 Development Fee.

When Franchisee signs this Agreement, Franchisee must pay Franchisor the sum of $___________ as a “Development Fee” for Franchisor granting Franchisee the exclusive right to open the number of Stores specified in the Development Schedule. The Development Fee is computed by multiplying the number of Stores by $________________. The Development Fee is not refundable.

3.2 Franchise Agreements for Additional Stores.

The Development Fee is consideration for this Agreement and not consideration for any Franchise Agreement. Each Store to be opened pursuant hereto will require execution by Franchisee and Franchisor of a separate Franchise Agreement (using Franchisor’s then current form thereof) respecting to each Store. A pro rata portion of the Development Fee will be credited toward 100% of the amount of the Initial Franchise Fee due upon execution of the Franchise Agreement for each Store.

3.3 Royalty

The Royalty Fee for Multi-Unit Owners will vary depending on the Development Area, the number of Stores, and other special circumstances. Thus, the amount is negotiable but shall not exceed the Royalty Fee in the Franchise Agreement.

4. TRANSFER OR ASSIGNMENT

4.1 Assignability.

(a) Franchisor has executed this Agreement in reliance upon and in consideration of the singular personal qualifications, trust and confidence that Franchisor reposes in Franchisee. Accordingly, although Franchisee may assign individual Franchise Agreements, Franchisee may not assign this Agreement except as provided in Section 4.2 below.

(b) Franchisor may assign this Agreement in Franchisor’s sole discretion and without Franchisee’s consent, and Franchisee acknowledges that Franchisor is permitted to do so without liability or obligation to Franchisee, and Franchisee expressly and specifically waives any claims, demands or damages arising from or related to any such assignment.

4.2 Transfers from Franchisee to an Affiliated Entity.

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

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

5. NON-COMPETITION

5.1 Restriction on Competitive Activities.

During the term of this Agreement and for two (2) years after it is terminated or expires, Franchisee and each of its “Principal Equity Operators” (as defined in the Franchise Agreement) must comply with the confidentiality and non-competition covenants contained in the last effective Franchise Agreement executed by Franchisee and Franchisor.

5.2 Website and Unauthorized Advertising.

During the term of this Agreement, neither Franchisee nor any of its Principal Equity Operators may establish a website or register an Internet domain name using, or otherwise advertise on the Internet or anywhere else, the trademark “Kyochon”, or any combination or derivations thereof, or similar marks, or any other trademarks of Franchisor, except as Franchisor specifically authorizes in writing.

6. DEFAULT AND TERMINATION

6.1 General.

This Agreement may be terminated by Franchisor if Franchisee (i) fails to substantially comply with any obligation, duty or promise under this Agreement, including failure to open a Store within the time specified in the Development Schedule, after being given a notice of default and reasonable opportunity to cure the default (no more than 30 days), or (ii) is in material breach of any Franchise Agreement that Franchisee executed with Franchisor. If Franchisor is in material breach of this Agreement, Franchisee may terminate this Agreement by giving Franchisor prior written notice setting forth the asserted breach of this Agreement and giving Franchisor 30 days in which to cure the breach.

6.2 Termination for Breach of Development Schedule

If Franchisor terminates this Agreement for the reasons described in section 6.1(i) above, Franchisee (or its Affiliated Entities) will be able to maintain ownership and operation of the Stores which Franchisee (or its Affiliated Entities) has developed so long as Franchisee is not in material breach of the applicable Franchise Agreements; however, Franchisee will forfeit (i) any further exclusive rights under the Development Schedule and this Agreement, and (ii) any rights to have a credit applied against the Initial Franchise Fee for Stores that were not developed.

6.3 Termination for Breach of Franchise Agreement

If Franchisor terminates this Agreement for Franchisee’s material breach of any Franchise Agreement as set for in section 6.1(ii) above, all rights granted in this Agreement and in the Franchise Agreement(s) immediately terminate upon written notice without opportunity to cure. Franchisee will not be able to maintain ownership and operation of the Stores which Franchisee (or its Affiliated Entities) has developed. Franchisee will forfeit (i) any further exclusive rights under the Development Schedule and this Agreement, and (ii) any rights to have a credit applied against the Initial Franchise Fee for Stores that were not developed.

6.4 Obligations And Rights Upon Termination Or Expiration

Upon termination described in section 6.3 above, Franchisee and Franchisor shall have the obligations and rights described in section 15 of the Franchise Agreement. In addition, Franchisor will be entitled to develop and operate, or to franchise others to develop and operate, Stores in the Development Area.

6.5 Cross-Defaults.

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

7. DISPUTE RESOLUTION

7.1 Initial Steps to Resolve a Dispute; Mediation.

(a) Franchisor and Franchisee have entered into a long-term franchise relationship which gives rise to an obligation, subject to and consistent with the terms of this Agreement, to endeavor to make the relationship succeed, considering the overall best interests of the entire Kyochon system, as contemplated by this Agreement. To that end, Franchisee and Franchisor acknowledge that Franchisee and Franchisor need to attempt to resolve disagreements or disputes before such disagreements or disputes negatively impact the relationship. Good faith communications between Franchisee and Franchisor are important aspects of that obligation. The parties hereby pledge and agree that they will first attempt to resolve any dispute, claim or controversy arising out of or relating to this Agreement or any alleged breach hereof, including any claim that this Agreement or any part hereof is invalid, illegal or otherwise voidable or void (collectively, "Dispute") by first having Franchisor's executive officers and Franchisee's Principal Equity Operators meet in person within five business days after a party notifies the other party that a Dispute has arisen at Franchisor's principal executive office (without their respective legal counsel) to conduct a good faith discussion and negotiation of the issues with the express intention of arriving at a settlement ("Settlement Conference"). If a party refuses to participate in the Settlement Conference or mediation within the respective time frames set forth in this section 7.1, the other party may immediately commence an arbitration proceeding pursuant to section 7.2 below.

(b) If the parties are unable to settle the Dispute at the Settlement Conference, within 10 business days after the date the Settlement Conference took place (or should have taken place), Franchisee and Franchisor may submit the dispute to non-binding mediation conducted by and before a mediator who is a State Bar of California Board of Legal Specialization Certified Specialist in Franchise and Distribution Law at a location in California mutually agreeable to both parties. If the Dispute is not referred to mediation within 10 business days after the Settlement Conference took place (or should have taken place), the Dispute may be immediately submitted to binding resolution through arbitration proceedings pursuant to section 7.2 below. Any mediation proceedings should be completed within 60 days following the date either party first gives notice of mediation. The fees and expenses of the mediator will be shared equally by the parties. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the Dispute and any related matter.

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

7.2 Arbitration.

(a) Any Dispute between Franchisor (or its affiliated entities) and Franchisee (or its Principal Equity Operators or Affiliated Entities) not settled through the procedures described in section 7.1 above, or any determination of the scope or applicability of this agreement to arbitrate, will be resolved through binding arbitration by JAMS, Inc. ("JAMS"), in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than $250,000) or its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is $250,000 or more), or if the parties in dispute mutually agree, through binding arbitration by any other mutually agreeable arbitration organization. It is explicitly agreed by both of the parties hereto that (i) no arbitration of any Dispute may be commenced except in accordance with this section 7.2 and (ii) any question regarding this section 7.2, including its existence, validity, scope or termination will be decided by the arbitrator.

(b) All hearings and other proceedings will take place at the JAMS business location in Los Angeles County, California, or other county where Franchisor's headquarters is then located, or if Franchisor so elects, at the JAMS business location nearest where Franchisee's principal place of business is then located. Absent exceptional circumstances determined by the arbitrator to justify a delay or the agreement of all parties to the Dispute, the arbitration hearings under this section 7.2 must commence within six months of the filing of the demand for arbitration.

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

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

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

(f) This arbitration provision is deemed to be self-executing and will remain in full force and effect after expiration or termination of this Agreement. If either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party by default or otherwise notwithstanding said failure to appear.

(g) The provisions of this section 7.2 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect after (and notwithstanding) the expiration or termination of this Agreement. Furthermore, this section 7.2 will be construed as independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of such provisions are unlawful in any way, the court is respectfully requested to modify or interpret such provisions to the minimum extent necessary to comply with the law.

[Franchisor's Initials: _ Franchisee's Initials: _]

7.3 Injunctive Relief.

Any party has the right in a situation where there is an imminent threat of harm to the legal rights of a party and damages would not be adequate relief to seek a temporary restraining order and temporary or preliminary injunctive relief from a court of competent jurisdiction in California, without the necessity of first complying with sections 7.1 and 7.2 above or posting any bond, and if bond is nevertheless required by a court of competent jurisdiction, the parties agree that the sum of $1,000 will be a sufficient bond (this amount may be adjusted by changes in the Consumer Price Index since the Effective Date). If an arbitration proceeding has already commenced pursuant to section 7.2 above when a party seeks injunctive relief, then the party seeking such injunctive relief agrees to contemporaneously submit the merits of its dispute to the arbitrator. The existence of a proceeding commenced under section 7.1 or 7.2 above will in no event abate or otherwise affect the ability of party to seek injunctive relief under this section 7.3. Franchisee acknowledges that its failure to comply fully with any of the terms of this Agreement respecting the obligations regarding examinations, audits and the Marks could cause irreparable damage to Franchisor or other affiliated persons or entities, and Franchisor or Franchisor's affiliates are empowered to seek injunctive relief to protect the Marks. This covenant is independent, severable and enforceable notwithstanding any other rights or remedies that any party may have.

7.4 Legal Fees and Expenses.

The prevailing party in any arbitration or litigation to resolve a dispute between any of the parties hereto will be entitled to recover from the losing party reasonable legal fees (and incurred costs of the prevailing party's counsel) and all other expenses incurred by the prevailing party in bringing or defending such arbitration, action or proceeding or enforcing any resulting award or judgment (including without limitation arbitration or court filing fees, expert and other witness fees, discovery expenses and compensation payable to the arbitrator), whether incurred prior to or in preparation for or in contemplation of the filing of the action or thereafter. The prevailing party will be determined by the arbitrator or court. This section 7.4 is intended to be expressly severable from the other provisions of this Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

7.5 Survival.

The terms of this Article 7 survive termination, expiration or cancellation of this Agreement.

8. NOTICES

8.1 Notices.

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

(i) If to Franchisor, to:

Kyochon Franchise LLC
c/o Jaewon Kim
3699 Wilshire Blvd., Suite 1240, Los Angeles, CA 90010

(ii) If to Franchisee, to:

(b) Unless previously delivered in person by an agent of the sending party, notices between Franchisee and Franchisor will be deemed given the next business day after deposit with a reliable overnight delivery service, properly addressed and marked for delivery on the next available business day.

(c) Any change in the addresses listed in section 8.1(a) above must be sent to the other party as soon as practicable after the change occurs by reliable overnight delivery service or in person by an agent of the sending party.

9 GENERAL TERMS AND PROVISIONS

9.1 Governing Law.

The laws of the state of California govern this Agreement, without regard to conflicts of laws. If any provision of this Agreement is impermissible under the governing law, the provision will be deemed amended to conform to that law while maintaining to the maximum extent possible the original intent of the provision.

9.2 Modification.

This Agreement cannot be modified or changed except by a written instrument signed by both parties hereto.

9.3 Waiver and Delay.

No waiver by Franchisor of any breach or series of breaches or defaults in performance by Franchisee and no failure, refusal or neglect by Franchisor either to exercise any of its rights hereunder or to insist upon strict compliance with or performance of Franchisee’s obligations under this Agreement, will constitute a waiver of the provisions of this Agreement with respect to any subsequent breach thereof or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

9.4 Severability; Partial Invalidity.

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

9.5 Titles for Convenience Only.

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

9.6 No Third-Party Beneficiaries.

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

9.7 Survival of Covenants.

The covenants contained in this Agreement that by their terms require performance by the parties after the expiration or termination of this Agreement will be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

9.8 Successors and Assigns.

Subject to the restrictions on any assignment by Franchisee contained herein, this Agreement is binding upon (i) Franchisor and inures to the benefit of its successors and assigns and (ii) Franchisee and inures to the benefit of its successors and assigns.

9.9 Counterparts.

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

9.10 Entire Agreement.

This Agreement contains all terms and conditions agreed upon by Franchisee and Franchisor regarding the subject matter hereof, provided however, that nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the Kyochon franchise disclosure document that was provided to Franchisee. No other agreements oral or otherwise will be deemed to exist or to bind any of the parties hereto and all prior agreements and understandings are superseded hereby.

IN WITNESS WHEREOF, the parties executed this Agreement as of the Effective Date.

FRANCHISEE: ___________________________	FRANCHISOR: KYOCHON FRANCHISE LLC
By: _____________________________________	By: _____________________________________
Name: ___________________________________	Name: ___________________________________
Title: ___________________________________	Title: *[President or Secretary] of Kyochon USA Inc, Its Manager*

EXHIBIT 1 TO MULTI-UNIT AGREEMENT

DEVELOPMENT SCHEDULE

The initial Store (or Store 1) is to be opened and operated under the concurrently signed Franchise Agreement. Additional Stores will be opened at other sites Franchisor reviews and consents to, all of which will be located in the "Development Area" described either [ ] in the map immediately following this Exhibit 1 or [ ] as follows: ____
____

You acknowledge and agree that a material provision of the Multi-Unit Agreement is that the following number of Kyochon Stores must be opened and continuously operating in the Development Area in accordance with the following Development Schedule:

Store Number	Date by Which Lease Must Be Signed	Date by Which Franchise Agreement Must be Signed	Date by Which the Store Must be Opened and Continuously Operating	Cumulative Number of Stores Required to be Open and Continuously Operating as of the Date in Preceding Column

For purposes of determining compliance with the above Development Schedule, only the Stores actually open and continuously operating for business as of a given date will be counted toward the number of Stores required to be open and continuously operating for business.

Franchisor may defer a scheduled opening date in the table above if Franchisor determines, in its sole discretion, that Franchisee (or its Affiliated Entity) made a diligent effort to open a Store according to the schedule but was unable to do so for reasons beyond Franchisee's (or its Affiliated Entity's) reasonable control.

FRANCHISEE: ___________________________

By: _____________________________________

Name: ___________________________________

Title: ____________________________________

FRANCHISOR: KYOCHON FRANCHISE LLC

By: _____________________________________

Name: ___________________________________

Title: *[President or Secretary] of Kyochon USA Inc, Its Manager*

EXHIBIT 1 TO MULTI-UNIT AGREEMENT

DEVELOPMENT AREA - MAP

EXHIBIT “B”

KYOCHON USA INC.

FINANCIAL STATEMENTS

FORM E – GUARANTEE OF PERFORMANCE

For value received, Kyochon USA, Inc., a Delaware corporation (the "Guarantor"), located at 3699 Wilshire Blvd., Suite 1240, Los Angeles, CA 90010, absolutely and unconditionally guarantees to assume the duties and obligations of Kyochon Franchise, LLC, located at 3699 Wilshire Blvd., Suite 1240, Los Angeles, CA 90010 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2026 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Buena Park, California on the 19th day of March, 2026.

Kyochon USA, Inc.

By:________________________
Name: Young Gon Kim
Title: CEO

KYOCHON USA INC.

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

WITH
INDEPENDENT AUDITOR'S REPORT

KYOCHON USA INC.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Accountancy & Co.
1400 N. Harbor Blvd., Suite 620
Fullerton, CA 92835

Independent Auditor's Report

To the Board of Directors
Kyochon USA Inc.
Los Angeles, California

Opinion

I have audited the financial statements of Kyochon USA Inc., which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of income, retained earnings, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Kyochon USA Inc. as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Kyochon USA Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Kyochon USA Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

CCH Accountancy & Co.
1400 N. Harbor Blvd., Suite 620
Fullerton, CA 92835

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kyochon USA Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as Ill as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kyochon USA Inc.'s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

CCH Accountancy & Co

Fullerton, California
February 27, 2026

KYOCHON USA INC.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024

ASSETS

	2025	2024
Current Assets		
Cash and cash equivalents *(Notes2)*	$ 459,718	$ 1,209,857
Accounts receivable - net *(Notes 2)*	25,328	156,666
Royalty receivable	18,639	6,343
Other receivable	8,500	-
Inventory *(Note 2 & 8)*	197,814	164,702
Prepaid expenses *(Note 3)*	72,907	35,307
Total current assets	782,906	1,572,875
Property and Equipment *(Note 2)*		
Machinery and equipment	329,556	399,948
Furniture and fixtures	75,607	153,715
Vehicles	27,674	27,674
Leasehold improvements	861,123	1,070,607
Construction in progress	37,658	66,148
Total property and equipment, at cost	1,331,618	1,718,092
Less: Accumulated depreciation	(110,292)	(828,264)
Total property and equipment - net	1,221,326	889,828
Operating lease right-of-use assets *(Note 2 & 9)*	1,534,073	2,513,613
Other Assets		
Goodwill *(Note 4)*	250,000	620,312
Security deposits	93,362	127,899
Total other assets	343,362	748,211
Total Assets	$ 3,881,667	$ 5,724,527

See Auditor's Report and Accompanying Notes to Consolidated Financial Statements

KYOCHON USA INC.
CONSOLIDATED BALANCE SHEETS (Continued)
DECEMBER 31, 2025 AND 2024

LIABILITIES & STOCKHOLDER'S EQUITY

	2025	2024
Current Liabilities		
Accounts payable - trade *(Note 8)*	$ 386,471	$ 343,118
Accrued expenses payable	86,050	111,513
Contingent liability *(Note 5)*	-	300,000
Taxes payable	35,917	18,249
Royalty payable	83,632	129,531
Operating lease liabilities *(Note 9)*	176,750	272,903
Total current liabilities	768,820	1,175,314
Long-term Liabilities		
Operating lease liabilities *(Note 9)*	1,490,317	2,506,540
Total long term liabilities	1,490,317	2,506,540
Total liabilities	2,259,137	3,681,854
Stockholder's Equity *(Note 1 & 6)*		
Common stock, par value; $10,000 per share		
-5,000 shares authorized		
-4,749 shares issued and outstanding	47,490,000	44,970,000
Deficits *(Note 7)*	(45,867,470)	(42,927,327)
Total stockholder's equity	1,622,530	2,042,673
Total Liabilities and Stockholder's Equity	$ 3,881,667	$ 5,724,527

See Auditor's Report and Accompanying Notes to Consolidated Financial Statements

KYOCHON USA INC.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Net Sales	$ 2,396,567	$ 4,398,306
Cost of Sales	(929,452)	(1,820,392)
Gross Profit from Sales	1,467,115	2,577,914
Operating Expenses - *schedule*	(3,545,639)	(4,710,997)
Income (Loss) from Operations	(2,078,524)	(2,133,083)
Other Income (Expenses)		
Miscellaneous income *(Note 2 & 9)*	172,470	41,351
Interest income	17,944	18,669
Other loss	(164,200)	-
Loss on disposition of fixed assets	(516,671)	(114,458)
Impairment of intangible assets and goodwill *(Note 2&4)*	(370,312)	-
Net other income (expenses)	(860,769)	(54,438)
Income (Loss) before Provision for Income Taxes	(2,939,293)	(2,187,521)
Provision for Income Taxes *(Note 2)*	(850)	(879)
Net Income (Loss)	(2,940,143)	(2,188,400)
Deficits - Beginning	(42,927,327)	(40,738,927)
Deficits - Ending	$ (45,867,470)	$ (42,927,327)

See Auditor's Report and Accompanying Notes to Consolidated Financial Statements

KYOCHON USA INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024

	Common Stock and Paid in Capital	Retained Deficits	Total
Balance at January 1, 2024	$ 43,230,000	$ (40,738,927)	$ 2,491,073
Issuance of stock in 2024	1,740,000	-	1,740,000
Net income in 2024	-	(2,188,400)	(2,188,400)
Balance at December 31, 2024	$ 44,970,000	(42,927,327)	2,042,673
Issuance of stock in 2025	2,520,000	-	2,520,000
Net income in 2025	-	(2,940,143)	(2,940,143)
Balance at December 31, 2025	$ 47,490,000	$ (45,867,470)	$ 1,622,530

See Auditor's Report and Accompanying Notes to Consolidated Financial Statements

KYOCHON USA INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash flows from operating activities:		
Net Income (Loss)	**$ (2,940,143)**	**$ (2,188,400)**
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	96,377	95,460
Impairment loss	370,312	-
Loss on disposal of fixed assets	516,671	114,458
(Increase) decrease in operating assets:		
Accounts receivable	131,338	(86,687)
Inventories	(33,112)	181,125
Prepaid expenses	(37,600)	(26,525)
Royalties receivable	(12,296)	(6,343)
Other receivable	(8,500)	-
For the portion of the lease expense that reduces ROU	979,540	247,732
Increase (decrease) in operating liabilities:		
Accounts payable	43,353	257,055
Accrued expenses	(25,463)	44,906
Contingent liabilities	(300,000)	-
Royalties payable	(45,899)	129,531
Taxes payable	17,668	(2,589)
For the change in the lease liability related to the lease payment	(1,112,376)	(251,009)
Total adjustments	580,013	697,114
Net cash used in operating activities	**$ (2,360,130)**	**$ (1,491,286)**
Cash flows from investing activities:		
Acquisition of new fixed assets and construction in progress	(1,024,546)	(201,799)
Proceeds from the sale of fixed asset	80,000	2,000
Increase in security deposit	34,537	(17,906)
Net cash used in investing activities	**$ (910,009)**	**$ (217,705)**
Cash flows from financing activities:		
Proceeds from issuance of common stock *(Note 6)*	2,520,000	1,740,000
Net cash provided by (used in) financing activities	**$ 2,520,000**	**$ 1,740,000**
Net increase (decrease) in cash	(750,139)	31,009
Cash, beginning of year	1,209,857	1,178,848
Cash, end of year	$ 459,718	$ 1,209,857
Supplemental disclosure of cash flow information:		
Cash paid during the year for state income taxes	850	879

See Auditor's Report and Accompanying Notes to Consolidated Financial Statements

Note 1 – The Company

This summary of significant accounting policies of *Kyochon USA Inc.* (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Business Activities

Kyochon USA Inc. was incorporated on June 20, 2007 in the State of Delaware under the name of *Kyochon F&B, Inc.* and the name of the corporation was amended to *Kyochon USA Inc.* on July 3, 2007. *Kyochon USA Inc.* is wholly owned subsidiary of the following entities, incorporated under the laws of Korea.

	Number of Shares Owned		% of Ownership	
Name of Entity	2025	2024	2025	2024
KYOCHON F&B CO., LTD. (the "Parent Company")	4,579	4,327	96.42%	96.22%
K&P FOOD CO., LTD. (the wholly owned subsidiary of the Parent Company)	170	170	3.58%	3.78%
Total	4,749	4,497	100.00%	100.00%

The following entity is wholly owned subsidiary of *Kyochon USA Inc.* and all accounts are included in the 2025 consolidated financial statements. Inter-company items and transactions between companies included in the consolidation are eliminated, and unrealized inter-company profits in inventory and other assets are to be eliminated.

Name of Entity	Jurisdiction	Date Established
Kyochon Franchise, LLC	California	August 2, 2021

The Company is primarily engaging in operating and franchising businesses of food restaurants, which offers a variety of seasoned fried chicken and other related food items for on-site consumption as well as carry-outs under the registered trade name of "*Kyochon Chicken*".

Note 2 – Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all subsidiaries which are more than 50 percent owned. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. The most significant estimates include: inventory valuation and obsolescence, valuation and recoverability of long-lived assets including property and equipment and intangible assets, deferred tax assets, and income taxes. On a continual basis, management reviews its estimates utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such reviews, and if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purpose of the statement of cash flows, the Company considers cash on hand, bank deposits and highly liquid marketable securities with a maturity of three months or less to be cash equivalents. The Company maintains cash balance with multiple banks. At times, such cash balances may be in excess of the FDIC limit of $250,000 per institutions.

Accounts Receivable

Allowance for doubtful accounts is computed based on the Company's historical experience and management's analysis of possible bad debt. For the year ended December 31, 2025 and 2024, the Company did not have balances in allowance for doubtful accounts.

Inventory Valuation

All inventories are stated at the lower of cost or market where the cost is determined by using the weighted average method. The Company regularly monitors inventory quantities on hand and records adjustments for excess, obsolete and spoilage of inventories. When the net realizable value of inventory is less than its costs, a valuation loss is recognized and

Note 2 - Summary of Significant Accounting Policies - Continued

recorded as cost of sales. For the year ended December 31, 2025 and 2024, the Company has total inventory of $197,814 and $164,702, respectively.

Property and Equipment

Property and equipment are stated at cost and straight-line depreciation method is used to calculate depreciation over their estimated useful lives ranging from 5 to 40 years. Routine maintenance and repairs are charged to expense as incurred. Expenditures, which enhance the value or materially extend the useful life of the related assets, are capitalized as additions to property and equipment. When fixed assets are disposed, the cost and accumulated depreciation are eliminated from the related accounts, and any gain or loss is reflected in current operation.

Leases

Initial terms for the Company's leased premises are typically 5 years, followed by additional terms containing renewal options at five-year intervals, and may include rent escalation clauses.

Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities in the Company's balance sheets. ROU assets represent the Company's right to use an underlying asset for the lease term and the lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term.

As most of the leases do not provide an implicit rate, the Company uses incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company has lease agreements with lease and non-lease components, which are generally accounted for separately. For certain equipment leases, such as vehicles, the Company account for the lease and non-lease components as a single lease component.

Revenue Recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in

Note 2 - Summary of Significant Accounting Policies - Continued

exchange for those products or services. Revenue is recognized net of any taxes collected from customers, which are subsequently remitted to governmental authorities.

Advertising Costs

The Company expenses all advertising costs as they are incurred. Advertising costs for the year ended December 31, 2025 and 2024 amounted to $135,898 and $97,833, respectively.

Legal Costs

Settlement costs are accrued when they are deemed probable and reasonably estimable. Anticipated legal fees related to self-insured workers' compensation, employment practices liability, general liability, automobile liability, product liability and property losses (collectively, "property and casualty losses") are accrued when deemed probable and reasonably estimable. Legal fees not related to self-insured property and casualty losses are recognized as incurred.

Impairment or Disposal of Long-Lived Assets

Long-lived assets, including property, plant and equipment ("PP&E") as well as right-of-use (ROU) operating lease assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. If the assets are not deemed to be recoverable, impairment is measured based on the excess of their carrying value over their fair value.

Fair value is an estimate of the price a willing buyer would pay for the restaurant and its related assets, including any right-of-use assets, and is determined by discounting the estimated future cash flows of the restaurant.

Management judgment is necessary to estimate future cash flows, including cash flows from continuing use, terminal value, and refranchising proceeds. Accordingly, actual results could vary significantly from the Company's estimates.

Uncertain Tax Positions

The Company recognizes and measures its unrecognized tax benefits in accordance with Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") 740, *Income Taxes.* Under that guidance, the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires change.

Note 2 - Summary of Significant Accounting Policies - Continued

Currently, for income tax purposes, the 2023, 2024, 2025 tax years are open and subject to examination by the Internal Revenue Services, State & Local taxing Authorities, and the Company is not currently under audit nor contacted by any of these authorities.

Based on the evaluation of the Company's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been accounted for the year ended December 31, 2025 and 2024.

Income Taxes

The Company accounts for income taxes in accordance with the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SPAS No. 109"). SFAS No. 109 requires the Company to recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. This standard requires, among other things, recognition of future tax benefits, measured at enacted tax rates, attributable to temporary differences between financial statements and income tax basis of assets and liabilities, and net operating loss carry-forwards to the extent that realization of such benefits is more likely than not.

For the year ended December 31, 2025, deferred tax assets, relating to temporary differences and net operating loss carry forward, has not been provided, since the Company is experiencing continuous losses for the past several consecutive years and the current status of the Company is not likely to recover, realization of deferred tax assets is unlikely.

For the year ending December 31, 2025 and 2024, net operating loss available to carry forward from prior years to offset future tax liabilities is $43,140,581 and $40,899,333, respectively.

The Company files its corporation income tax returns as a regular C corporation. Since the Company has deferred tax assets to offset current year's taxable income, no provision for Federal income taxes has been made. The current provision for income taxes is provided based on gross receipts, average capital or fixed minimum taxes, whichever is larger, for the State & Local tax purposes.

Subsequent Events

In accordance with FASB ASC 855, the management has evaluated subsequent events through February 27, 2026, the date the financial statements were available to be issued. In early 2026, the Company entered into a commitment to open a new cloud kitchen location in Pasadena, California.
As the lease has not yet commenced and the final terms are currently being finalized, the associated right-of-use (ROU) asset and lease liability have not been recognized in the financial statements as of December 31, 2025.

Note 3 – Prepaid Expenses

As of December 31, 2025, and 2024, expenses paid in advance of $72,907 and $35,307 are recorded as prepaid expenses and will be charged to appropriate expense accounts when incurred.

Note 4 - Intangible Assets

Goodwill

The Company acquired entire assets of various restaurant businesses owned by franchisees, selling Company's branded products, in prior years. Purchase prices have been allocated to each category of assets at its fair market values (FMV) and payments in excess of fair market values of assets acquired were recorded as goodwill. Goodwill is not amortized and has been assigned to reporting units for purposes of impairment testing.

The Company evaluates goodwill for impairment on an annual basis or more often if an event occurs or circumstances change that indicates impairment might exist. Goodwill is evaluated for impairment by determining whether the fair value of our reporting units exceed their carrying values.

In June 2025, the Company ceased operations at its Buena Park and Rowland Heights locations. In connection with these closures, the Company performed an impairment assessment of the associated carrying values.

As a result, the Company recognized a goodwill impairment loss of $370,312 during the year ended December 31, 2025. This loss relates entirely to the Buena Park location and represents the full carrying value of the goodwill established during the March 2019 acquisition. No goodwill was allocated to or written off for the Rowland Heights location.

As of December 31, 2025, and 2024, the Company recorded goodwill in the amount of $250,000 and $620,312, respectively.

Note 5 – Contingencies

The Company was involved in a class action employment lawsuit commenced in 2023. A settlement was reached in October 2023, for which the Company had previously accrued $300,000.

In November 2025, the settlement was finalized, and the Company remitted the full settlement amount of $300,000 to a third-party administrator for distribution.

Accordingly, the associated liability was extinguished, and no further contingent liability remains as of December 31, 2025.

Note 6 – Changes in Shareholder's Equity

During the year 2025, the Company issued additional 252 shares of common stock with par value of $10,000 per share to the Parent Company in exchange of additional contribution of $2,520,000. The Company is authorized to issue 5,000 common shares with par value of $10,000 per share. As of December 31, 2025, and 2024, common shares issued and outstanding were 4,749 and 4,497, respectively.

Note 7 – Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As shown in the accompanying financial statements, the Company incurred a net loss of $2,940,143 for the year ended December 31, 2025 and net loss of $2,188,400 for the year ended December 31, 2024 with cumulative deficits of $45,867,470 and $42,927,327, respectively.

Prior years' significant recurring losses create an uncertainty about the Company's ability to continue as a going concern. Their ability to do so is dependent on their ability to achieve profitable operations and positive cash flows, and to obtain necessary financing or additional capital contribution.

The Company is implementing a strategic initiative to optimize its cost structure by reducing overhead and expanding its delivery-only "Cloud Kitchen" footprint. Management expects to launch several Cloud Kitchen locations during fiscal year 2026.

Additionally, the Company is developing a national franchising program to scale the distribution of its branded products. These operations will be managed through, wholly-owned subsidiary, Kyochon Franchise LLC, which is intended to facilitate expansion throughout the United State

Note 8 – Related Party Transactions

a. For the year ended December 31, 2025 and 2024, total purchases, including food items and related supplies from the Parent Company are $272,041 and $143,273, respectively.

b. As of December 31, 2025, and 2024, the Company has accounts payable to the Parent Company in the amount of $386,036 and $273,724, respectively.

c. As of December 31, 2025, and 2024, the Company has inventory, which was purchased from the Parent Company, in the amount of $158,833 and $102,841, respectively.

d. The Company incurs royalty expenses under its existing licensing agreements. For the years ended December 31, 2025, and 2024, royalty expenses totaled $76,535 and $129,531, respectively.

Note 9 – Leases

The Company has operating leases for corporate office and retail restaurant locations. The Company's leases have remaining lease terms of 5 years to 15 years, some of which include options to extend the leases for up to 10 years.

The Company concludes that it is reasonably certain that 5 years renewal option will be exercised for all the locations including corporate office, and thus that renewal period is included in the lease term and the related payments are reflected in the ROU assets and lease liabilities.

In June 2025, the Company ceased operations at its Buena Park and Rowland Heights locations. Consequently, the Company removed the associated ROU and Lease Liabilities. This termination resulted in a recognized lease remeasurement gain of $157,342, which is included in Miscellaneous income in the Consolidated Statements of Income.

Disclosure about the options that are recognized as part of its ROU and Lease Liabilities:

	Mid-Wilshire Retail	
Options to extend period		04/01/2028 - 3/31/2033
Increase in right-of-use assets - Operating lease	$	1,093,031
Increase in lease liabilities - Operating lease	$	1,237,560

As of December 31, 2025, and 2024, the Company recognized rent expense associated with leases as follows:

		2025		2024
Operating lease cost:				
Fixed lease cost	$	352,029	$	406,498
Variable lease cost		346,244		290,677
Net lease cost	**$**	**698,273**	**$**	**697,175**

Variable lease costs include short-term leases that are less than twelve months. Short-term leases are recorded as expenses using the straight-line method, rather than as assets or liabilities on the balance sheet.

For the year ended December 31, 2025 and 2024, total costs of short-term leases that are less than twelve months are $249,835 and $182,022, respectively.

Note 9 – Leases - Continued

The future payments due under ASC 842 operating leases as of December 31, 2025 is as follows:

	Opearating Lease
2026	$ 255,317
2027	250,608
2028	260,628
2029	271,053
2030	281,895
Thereafter	677,342
Total lease payments	$ 1,996,843
Less effects of discounting	(329,776)
Total	**$ 1,667,067**

Supplemental balance sheet information related to leases was as follows:

Lease	Classification	2025	2024
Assets			
Operating	Operating lease right-of-use assets	1,534,073	2,513,613
Total lease assets		**$ 1,534,073**	**$ 2,513,613**
Liabilities			
Current			
Operating	Current operating lease liabilities	176,750	272,903
Noncurrent (Long term)			
Operating	Noncurrent operating lease liabilities	1,490,317	2,506,540
Total lease liabilities		**$ 1,667,067**	**$ 2,779,443**

Note 9 – Leases - Continued

Supplemental cash flow information related to leases was as follows:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 327,550	$ 368,908
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 1,112,376	$ 251,009
Reductions to ROU assets resulting from reductions to lease obligations:		
Operating leases	$ 979,540	$ 247,732

Amounts disclosed for ROU assets obtained in exchange for lease obligations and reductions to ROU assets resulting from reductions to lease obligations include amounts added to or reduced from the carrying amount of ROU assets resulting from new leases, lease modifications or reassessments.

As of December 31, 2025, the weighted-average remaining lease term for all operating leases is 7.19 years. Since the Company generally does not have access to the rate implicit in the lease, the Company utilizes incremental borrowing rate as the discount rate. The weighted average discount rate associated with operating leases as of December 31, 2025 is 4.99%

KYOCHON USA INC.
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024

Operating Expenses:	2025	2024
Advertising & marketing	$ 135,898	$ 97,833
Auto & local transportation	22,945	27,119
Bank & merchant service charges	62,643	79,312
Communications	14,017	22,537
Depreciation (*Note 2*)	96,377	95,460
Dues & subscriptions	35,270	13,878
Employee benefits	47,914	82,454
Filings & other fees	20,781	13,602
Insurance	143,686	240,480
Equipment lease expenses	13,008	33,253
Lease cost *(Note 2&9)*	698,273	697,175
Licenses & permits	34,573	49,806
Meals & entertainment	15,708	27,631
Office supplies & expenses	22,081	27,053
Payroll processing fees	6,748	12,712
Payroll taxes	119,500	179,669
Penalties	5,950	-
Postage & delivery	6,611	5,252
Professional fee	142,811	82,220
Research & development	10,200	38,713
Repairs & maintenance	30,295	43,212
Restaurant supplies	100,034	142,230
Royalties	76,535	129,531
Salaries	1,204,374	1,878,980
Sales and other commission	334,044	526,574
Security expenses	6,847	7,002
Taxes - property & other	7,031	8,208
Travel	7,928	11,917
Uniforms & laundry	10,084	24,312
Utilities	113,473	112,872
Total Operating Expenses	$ 3,545,639	$ 4,710,997

See Auditor's Report and Accompanying Notes to Financial Statements

KYOCHON USA INC.

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

WITH
INDEPENDENT AUDITOR'S REPORT

KYOCHON USA INC.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

CONTENTS PAGE

CCH
Accountancy & Co.
1400 N. Harbor Blvd., Suite 620
Fullerton, CA 92835

Independent Auditor's Report

To the Board of Directors
Kyochon USA Inc.
Los Angeles, California

Opinion

I have audited the financial statements of Kyochon USA Inc., which comprise the balance sheet as of December 31, 2024 and 2023, and the related statements of income, retained earnings, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Kyochon USA Inc. as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Kyochon USA Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Kyochon USA Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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1400 N. Harbor Blvd., Suite 620
Fullerton, CA 92835

Auditor's Responsibilities for the Audit of the Financial Statements
My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kyochon USA Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as Ill as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kyochon USA Inc.'s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

CCH Accountancy & Co.

Fullerton, California
February 21, 2025

KYOCHON USA INC.
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2024 AND 2023

ASSETS

	2024	2023
Current Assets		
Cash and cash equivalents *(Notes2)*	$ 1,209,857	$ 1,178,848
Accounts receivable - net *(Notes 2)*	156,666	69,979
Other receivable	6,343	-
Inventory *(Note 2 & 8)*	164,702	345,827
Prepaid expenses *(Note 3)*	35,307	8,782
Total current assets	1,572,875	1,603,436
Property and Equipment *(Note 2)*		
Machinery and equipment	399,948	412,569
Furniture and fixtures	153,715	147,091
Vehicles	27,674	80,434
Leasehold improvements	1,070,607	1,219,667
Construction in progress	66,148	48,148
Total property and equipment, at cost	1,718,092	1,907,909
Less: Accumulated depreciation	(828,264)	(1,007,962)
Total property and equipment - net	889,828	899,947
Operating lease right-of-use assets *(Note 2 & 9)*	2,513,613	2,761,345
Other Assets		
Goodwill *(Note 4)*	620,312	620,312
Security deposits	127,899	109,993
Total other assets	748,211	730,305
Total Assets	$ 5,724,527	$ 5,995,033

See Auditor's Report and Accompanying Notes to Consolidated Financial Statements

KYOCHON USA INC.
CONSOLIDATED BALANCE SHEET (Continued)
DECEMBER 31, 2024 AND 2023

LIABILITIES & STOCKHOLDER'S EQUITY

	2024	2023
Current Liabilities		
Accounts payable - trade *(Note 8)*	$ 343,118	$ 86,063
Accrued expenses payable	111,513	66,607
Contingent liability *(Note 5)*	300,000	300,000
Taxes payable	18,249	20,838
Royalty payable	129,531	-
Operating lease liabilities *(Note 9)*	272,903	239,132
Total current liabilities	1,175,314	712,640
Long-term Liabilities		
Operating lease liabilities *(Note 9)*	2,506,540	2,791,320
Total long term liabilities	2,506,540	2,791,320
Total liabilities	3,681,854	3,503,960
Stockholder's Equity *(Note 1 & 6)*		
Common stock, par value; $10,000 per share -5,000 shares authorized -4,497 shares issued and outstanding	44,970,000	43,230,000
Deficits *(Note 7)*	(42,927,327)	(40,738,927)
Total stockholder's equity	2,042,673	2,491,073
Total Liabilities and Stockholder's Equity	$ 5,724,527	$ 5,995,033

See Auditor's Report and Accompanying Notes to Consolidated Financial Statements

KYOCHON USA INC.
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Net Sales	$ 4,398,306	$ 5,138,008
Cost of Sales	(1,820,392)	(1,682,313)
Gross Profit from Sales	2,577,914	3,455,695
Operating Expenses - *schedule*	(4,710,997)	(4,599,483)
Income (Loss) from Operations	(2,133,083)	(1,143,788)
Other Income (expenses)		
Miscellaneous income *(Note 2)*	41,351	285,402
Interest income	18,669	7,276
Loss on disposition of fixed assets	(114,458)	(3,321)
Impairment of intangible assets and goodwill *(Note 2&4)*	-	(942,807)
Net other income (expenses)	(54,438)	(653,450)
Income (Loss) before Provision for Income Taxes	(2,187,521)	(1,797,238)
Provision for Income Taxes *(Note 2)*	(879)	(850)
Net Income (Loss)	(2,188,400)	(1,798,088)
Deficits - Beginning	(40,738,927)	(38,940,839)
Deficits - Ending	$ (42,927,327)	$ (40,738,927)

See Auditor's Report and Accompanying Notes to Consolidated Financial Statements

KYOCHON USA INC.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

	Common Stock and Paid in Capital	Retained Deficits	Total
Balance at January 1, 2023	$ 42,230,000	$ (38,940,839)	$ 3,289,161
Issuance of stock in 2023	1,000,000	-	1,000,000
Net income in 2023	-	(1,798,088)	(1,798,088)
Balance at December 31, 2023	$ 43,230,000	(40,738,927)	2,491,073
Issuance of stock in 2024	1,740,000	-	1,740,000
Net income in 2024	-	(2,188,400)	(2,188,400)
Balance at December 31, 2024	$ 44,970,000	$ (42,927,327)	$ 2,042,673

See Auditor's Report and Accompanying Notes to Consolidated Financial Statements

KYOCHON USA INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Cash flows from operating activities:		
Net Income (Loss)	**$ (2,188,400)**	**$ (1,798,088)**
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	95,460	132,687
Impairment loss	-	942,807
Loss on disposal of fixed assets	114,458	3,321
(Increase) decrease in operating assets:		
Accounts receivable	(86,687)	134,286
Inventories	181,125	278,576
Prepaid expenses	(26,525)	81,696
Other receivable	(6,343)	-
For the portion of the lease expense that reduces ROU	247,732	977,056
Increase (decrease) in operating liabilities:		
Accounts payable	257,055	(328,743)
Accrued expenses	44,906	15,264
Contingent liabilities	-	300,000
Royalties payable	129,531	-
Taxes payable	(2,589)	(24,960)
For the change in the lease liability related to the lease payment	(251,009)	(943,832)
Total adjustments	697,114	1,568,158
Net cash used in operating activities	**$ (1,491,286)**	**$ (229,930)**
Cash flows from investing activities:		
Acquisition of new fixed assets and construction in progress	(201,799)	(57,777)
Acquisition of new business (*Note 4*)	-	(250,000)
Proceeds from the sale of fixed asset	2,000	8,500
Increase in security deposit	(17,906)	(39,882)
Net cash used in investing activities	**$ (217,705)**	**$ (339,159)**
Cash flows from financing activities:		
Proceeds from issuance of common stock *(Note 6)*	1,740,000	1,000,000
Net cash provided by (used in) financing activities	**$ 1,740,000**	**$ 1,000,000**
Net increase (decrease) in cash	31,009	430,911
Cash, beginning of year	1,178,848	747,937
Cash, end of year	$ 1,209,857	$ 1,178,848
Supplemental disclosure of cash flow information:		
Cash paid during the year for state income taxes	879	850

See Auditor's Report and Accompanying Notes to Consolidated Financial Statements

Note 1 – The Company

This summary of significant accounting policies of *Kyochon USA Inc.* (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Business Activities

Kyochon USA Inc. was incorporated on June 20, 2007 in the State of Delaware under the name of *Kyochon F&B, Inc.* and the name of the corporation was amended to *Kyochon USA Inc.* on July 3, 2007. *Kyochon USA Inc.* is wholly owned subsidiary of the following entities, incorporated under the laws of Korea.

	Number of Shares Owned		% of Ownership	
Name of Entity	2024	2023	2024	2023
KYOCHON F&B CO., LTD. (the "Parent Company")	4,327	4,153	96.22%	96.07%
K&P FOOD CO., LTD. (the wholly owned subsidiary of the Parent Company)	170	170	3.78%	3.93%
Total	4,497	4,323	100.00%	100.00%

The following entity is wholly owned subsidiary of *Kyochon USA Inc.* and all accounts are included in the 2024 consolidated financial statements. Inter-company items and transactions between companies included in the consolidation are eliminated, and unrealized inter-company profits in inventory and other assets are to be eliminated.

Name of Entity	Jurisdiction	Date Established
KYOCHON FRANCHISE, LLC.	California	August 2, 2021

The Company is primarily engaging in operating and franchising businesses of food restaurants, which offers a variety of seasoned fried chicken and other related food items for on-site consumption as well as carry-outs under the registered trade name of "*Kyochon Chicken*".

Note 2 – Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all subsidiaries which are more than 50 percent owned. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. The most significant estimates include: inventory valuation and obsolescence, valuation and recoverability of long-lived assets including property and equipment and intangible assets, deferred tax assets, and income taxes. On a continual basis, management reviews its estimates utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such reviews, and if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purpose of the statement of cash flows, the Company considers cash on hand, bank deposits and highly liquid marketable securities with a maturity of three months or less to be cash equivalents. The Company maintains cash balance with multiple banks. At times, such cash balances may be in excess of the FDIC limit of $250,000 per institutions.

Accounts Receivable

Allowance for doubtful accounts is computed based on the Company's historical experience and management's analysis of possible bad debt. For the year ended December 31, 2024 and 2023, the Company did not have balances in allowance for doubtful accounts.

Inventory Valuation

All inventories are stated at the lower of cost or market where the cost is determined by using the weighted average method. The Company regularly monitors inventory quantities on hand and records adjustments for excess, obsolete and spoilage of inventories. When the net realizable value of inventory is less than its costs, a valuation loss is recognized and

Note 2 - Summary of Significant Accounting Policies - Continued

recorded as cost of sales. For the year ended December 31, 2024 and 2023, the Company has total inventory of $164,702 and $345,827, respectively.

Property and Equipment

Property and equipment are stated at cost and straight-line depreciation method is used to calculate depreciation over their estimated useful lives ranging from 5 to 40 years. Routine maintenance and repairs are charged to expense as incurred. Expenditures, which enhance the value or materially extend the useful life of the related assets, are capitalized as additions to property and equipment. When fixed assets are disposed, the cost and accumulated depreciation are eliminated from the related accounts, and any gain or loss is reflected in current operation.

Leases

Initial terms for the Company's leased premises are typically 5 years, followed by additional terms containing renewal options at five-year intervals, and may include rent escalation clauses.

Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities in the Company's balance sheets. ROU assets represent the Company's right to use an underlying asset for the lease term and the lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term.

As most of the leases do not provide an implicit rate, the Company uses incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company has lease agreements with lease and non-lease components, which are generally accounted for separately. For certain equipment leases, such as vehicles, the Company account for the lease and non-lease components as a single lease component.

Note 2 - Summary of Significant Accounting Policies - Continued

Revenue Recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. Revenue is recognized net of any taxes collected from customers, which are subsequently remitted to governmental authorities.

Advertising Costs

The Company expenses all advertising costs as they are incurred. Advertising costs for the year ended December 31, 2024 and 2023 amounted to $97,833 and $122,975, respectively.

Legal Costs

Settlement costs are accrued when they are deemed probable and reasonably estimable. Anticipated legal fees related to self-insured workers' compensation, employment practices liability, general liability, automobile liability, product liability and property losses (collectively, "property and casualty losses") are accrued when deemed probable and reasonably estimable. Legal fees not related to self-insured property and casualty losses are recognized as incurred.

Impairment or Disposal of Long-Lived Assets

Long-lived assets, including property, plant and equipment ("PP&E") as well as right-of-use (ROU) operating lease assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. If the assets are not deemed to be recoverable, impairment is measured based on the excess of their carrying value over their fair value.

Fair value is an estimate of the price a willing buyer would pay for the restaurant and its related assets, including any right-of-use assets, and is determined by discounting the estimated future cash flows of the restaurant.

Management judgment is necessary to estimate future cash flows, including cash flows from continuing use, terminal value, and refranchising proceeds. Accordingly, actual results could vary significantly from the Company's estimates.

Uncertain Tax Positions

The Company recognizes and measures its unrecognized tax benefits in accordance with Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") 740, *Income Taxes.* Under that guidance, the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The

Note 2 - Summary of Significant Accounting Policies - Continued

measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires change.

Currently, for income tax purposes, the 2022, 2023, 2024 tax years are open and subject to examination by the Internal Revenue Services, State & Local taxing Authorities, and the Company is not currently under audit nor contacted by any of these authorities.

Based on the evaluation of the Company's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been accounted for the year ended December 31, 2024 and 2023.

Income Taxes

The Company accounts for income taxes in accordance with the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SPAS No. 109"). SFAS No. 109 requires the Company to recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. This standard requires, among other things, recognition of future tax benefits, measured at enacted tax rates, attributable to temporary differences between financial statements and income tax basis of assets and liabilities, and net operating loss carry-forwards to the extent that realization of such benefits is more likely than not.

For the year ended December 31, 2024, deferred tax assets, relating to temporary differences and net operating loss carry forward, has not been provided, since the Company is experiencing continuous losses for the past several consecutive years and the current status of the Company is not likely to recover, realization of deferred tax assets is unlikely.

For the year ending December 31, 2024 and 2023, net operating loss available to carry forward from prior years to offset future tax liabilities is $40,899,333 and $39,968,851, respectively.

The Company files its corporation income tax returns as a regular C corporation. Since the Company has deferred tax assets to offset current year's taxable income, no provision for Federal income taxes has been made. The current provision for income taxes is provided based on gross receipts, average capital or fixed minimum taxes, whichever is larger, for the State & Local tax purposes.

Subsequent Events

The Company decided to sell its Rowland Heights location and entered into an escrow on January 8, 2025. Recorded ROU and lease liabilities will be written off and will have a material impact in the Company's balance sheet and income statement as the Company expects loss from the disposition.

Note 2 - Summary of Significant Accounting Policies - Continued

In accordance with FASB ASC 855, the management has evaluated subsequent events through February 21, 2025, the date on which these financial statements were available to be issued.

Note 3 – Prepaid Expenses

As of December 31, 2024, and 2023, expenses paid in advance of $35,307 and $8,782 are recorded as prepaid expenses and will be charged to appropriate expense accounts when incurred.

Note 4 - Intangible Assets

Goodwill

The Company acquired entire assets of various restaurant businesses owned by franchisees, selling Company's branded products, in prior years. Purchase prices have been allocated to each category of assets at its fair market values (FMV) and payments in excess of fair market values of assets acquired were recorded as goodwill. Goodwill is not amortized and has been assigned to reporting units for purposes of impairment testing.

The Company evaluates goodwill for impairment on an annual basis or more often if an event occurs or circumstances change that indicates impairment might exist. Goodwill is evaluated for impairment by determining whether the fair value of our reporting units exceed their carrying values.

As of December 31, 2024, and 2023, the Company recorded goodwill in the amount of $620,312.

Note 5 – Contingencies

In 2023, the Company was named as a defendant in an employment class action lawsuit, commenced by one of the former employees. The Company has reached a settlement with the plaintiff and accrued for estimated losses related to current claims to the extent that losses are both probable and estimable based on available information. The litigation accruals have been reflected in the consolidated balance sheet at the gross amount of approximately $300,000 at October 31,2023.

As of December 31, 2024, and 2023, the Company recorded the settlement of $300,000 as contingent liability.

Note 6 – Changes in Shareholder's Equity

During the year 2024, the Company issued additional 174 shares of common stock with par value of $10,000 per share to the Parent Company in exchange of additional contribution of $1,740,000. The Company is authorized to issue 5,000 common shares with par value of $10,000 per share. As of December 31, 2024, and 2023, common shares issued and outstanding were 4,497 and 4,323, respectively.

Note 7 – Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As shown in the accompanying financial statements, the Company incurred a net loss of $2,188,400 for the year ended December 31, 2024 and net loss of $1,798,088 for the year ended December 31, 2023 with cumulative deficits of $42,927,327 and $40,738,927, respectively.

Prior years' significant recurring losses create an uncertainty about the Company's ability to continue as a going concern. Their ability to do so is dependent on their ability to achieve profitable operations and positive cash flows, and to obtain necessary financing or additional capital contribution.

The Company has plans to reduce overhead costs and has plans to open several Cloud Kitchens, a delivery-only business model, in 2025. The company also endeavors to develop a franchising business model to promote sales of the branded products through its newly organized subsidiary Kyochon Franchise LLC throughout the United States.

Note 8 – Related Party Transactions

a. For the year ended December 31, 2024 and 2023, total purchases, including food items and related supplies from the Parent Company are $143,273 and $204, respectively.

b. As of December 31, 2024, and 2023, the Company has accounts payable to the Parent Company in the amount of $273,724 and $204, respectively.

c. As of December 31, 2024, and 2023, the Company has inventory, which was purchased from the Parent Company, in the amount of $102,841 and $241,157, respectively.

d. The royalty expense is classified as operating expense on the Company's Schedule of Operating Expenses. The royalty expense incurred in 2024 was $129,531.

Note 9 – Leases

The Company has operating leases for corporate office and retail restaurant locations. The Company's leases have remaining lease terms of 5 years to 15 years, some of which include options to extend the leases for up to 10 years.

The Company concludes that it is reasonably certain that 5 years renewal option will be exercised for all the locations including corporate office, and thus that renewal period is included in the lease term and the related payments are reflected in the ROU assets and lease liabilities.

Disclosure about the options that are recognized as part of its ROU and Lease Liabilities:

	Mid-Wilshire Retail	Rowland Hts Retail
Options to extend	04/01/2028 - 3/31/2033	10/1/2025 - 9/30/2030
Increase in right-of-use assets		
Operating	$ 1,093,031	$ 428,679
Increase in lease liabilities		
Operating	$ 1,237,560	$ 577,354

As of December 31, 2024, and 2023, the Company recognized rent expense associated with leases as follows:

	2024	2023
Operating lease cost:		
Fixed lease cost	$ 406,498	$ 529,324
Variable lease cost	290,677	141,028
Net lease cost	**$ 697,175**	**$ 670,352**

Variable lease costs include short-term leases that are less than twelve months. Short-term leases are recorded as expenses using the straight-line method, rather than as assets or liabilities on the balance sheet.

For the year ended December 31, 2024, total costs of short-term leases that are less than twelve months are $182,022.

Note 9 – Leases - Continued

The future payments due under ASC 842 operating leases as of December 31, 2024 is as follows:

	Opearating Lease
2025	$ 391,404
2026	397,025
2027	397,978
2028	413,466
2029	374,460
Thereafter	1,364,425
Total lease payments	$ 3,338,758
Less effects of discounting	(559,315)
Total	**$ 2,779,443**

Supplemental balance sheet information related to leases was as follows:

Lease	Classification	2024	2023
Assets			
Operating	Operating lease right-of-use assets	2,513,613	2,761,345
Total lease assets		**$ 2,513,613**	**$ 2,761,345**
Liabilities			
Current			
Operating	Current operating lease liabilities	272,903	239,132
Noncurrent (Long term)			
Operating	Noncurrent operating lease liabilities	2,506,540	2,791,320
Total lease liabilities		**$ 2,779,443**	**$ 3,030,452**

Note 9 – Leases - Continued

Supplemental cash flow information related to leases was as follows:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 368,908	$ 448,389
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 251,009	$ 943,832
Reductions to ROU assets resulting from reductions to lease obligations:		
Operating leases	$ 247,732	$ 977,056

Amounts disclosed for ROU assets obtained in exchange for lease obligations and reductions to ROU assets resulting from reductions to lease obligations include amounts added to or reduced from the carrying amount of ROU assets resulting from new leases, lease modifications or reassessments.

As of December 31, 2024, the weighted-average remaining lease term for all operating leases is 7.81 years. Since the Company generally does not have access to the rate implicit in the lease, the Company utilizes incremental borrowing rate as the discount rate. The weighted average discount rate associated with operating leases as of December 31, 2024 is 4.43%

KYOCHON USA INC.
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

Operating Expenses:	2024	2023
Advertising & marketing	$ 97,833	$ 122,975
Auto & local transportation	27,119	25,318
Bank & merchant service charges	79,312	88,486
Communications	22,537	27,629
Depreciation (*Note 2*)	95,460	132,687
Dues & subscriptions	13,878	-
Escrow fees	-	7,173
Employee benefits	82,454	81,617
Filings & other fees	13,602	-
Insurance	240,480	187,730
Equipment lease expenses	33,253	14,266
Lawsuit settlement (*Note 2&5*)	-	300,000
Lease cost *(Note 2&9)*	697,175	670,352
Licenses & permits	49,806	22,153
Meals & entertainment	27,631	32,498
Office supplies & expenses	27,053	37,242
Payroll processing fees	12,712	15,043
Payroll taxes	179,669	175,111
Postage & delivery	5,252	2,527
Professional fee	82,220	125,491
Research & development	38,713	-
Repairs & maintenance	43,212	45,892
Restaurant supplies	142,230	62,056
Royalties	129,531	-
Salaries	1,878,980	1,718,803
Sales and other commission	526,574	497,351
Security expenses	7,002	8,956
Taxes - property	8,208	11,720
Travel	11,917	12,631
Uniforms & laundry	24,312	25,051
Utilities	112,872	148,725
Total Operating Expenses	$ 4,710,997	$ 4,599,483

See Auditor's Report and Accompanying Notes to Financial Statements

EXHIBIT “C”

KYOCHON

LIST OF CURRENT FRANCHISEES

EXHIBIT “C”

LIST OF CURRENT FRANCHISEES

None.

EXHIBIT “D”

KYOCHON

LIST OF FRANCHISES WHO HAVE LEFT THE SYSTEM

EXHIBIT “D”

LIST OF FRANCHISES WHO HAVE LEFT THE SYSTEM
(FRANCHISEES WHO HAD AN OUTLET TERMINATED, CANCELED, NOT RENEWED, OR OTHERWISE VOLUNTARILY OR INVOLUNTARILY CEASED TO DO BUSINESS)
FOR THE YEAR ENDED DECEMBER 31, 2025

City, State	Franchisee	Address	Last Known Telephone Number
Honolulu, HI	BMH LLC	745 Ke’eaumoku St C-110, Honolulu, HI 96814	808-784-0040

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

EXHIBIT "E"

KYOCHON

STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT "E"

STATE FRANCHISE ADMINISTRATORS

CALIFORNIA Department of Financial Protection and Innovation 651 Bannon Street, Suite 300 Sacramento, CA 95811 (866) 275-2677 Agent: California Commissioner of Financial Protection and Innovation	HAWAII Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2744 Agent: Commissioner of Securities
ILLINOIS Franchise Division Office of Attorney General 500 South Second Street Springfield, Illinois 62701 (217) 782-4465 Agent: Illinois Attorney General	MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360 Agent: Maryland Securities Commissioner
MICHIGAN Consumer Protection Division 670 Law Building Lansing, Michigan 48913 (517)373-7177 Agent: Michigan Department of Commerce Corporations and Securities Bureau	MINNESOTA Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600 Agent: Minnesota Commissioner of Commerce
INDIANA Franchise Section Indiana Securities Division Room E-111 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681 Agent: Indiana Secretary of State	NEBRASKA Nebraska Department of Banking and Finance 1200 N Street P.O. Box 95006 Lincoln, Nebraska 68509-5006
NEW YORK Administrator: New York State Department of Law Investor Protection Bureau 28 Liberty St., 21st Floor New York, NY 10005 (212) 416-8222 Agent: New York Secretary of State 99 Washington Avenue Albany, NY 12231	NORTH DAKOTA Office of Securities Commissioner Fifth Floor 600 East Boulevard Ave. Dept. 401 Bismarck, North Dakota 58505 (701) 328-2910 Agent: North Dakota Securities Commissioner

<u>OREGON</u> Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387 Agent: Director of Oregon Department of Insurance and Finance	<u>SOUTH DAKOTA</u> Division of Securities c/o 118 West Capitol Pierre, South Dakota 57501 (605) 773-4013 Agent: Director of South Dakota Division Securities
<u>TEXAS</u> Secretary of State P.O. Box 12887 Austin, Texas 78711	<u>VIRGINIA</u> State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804)371-9051 Agent: Clerk of the State Corporation Commission
<u>RHODE ISLAND</u> Division of Securities Suite 232 233 Richmond Street Providence, Rhode Island 02903 (401)222-3048 Agent: Director of Rhode Island Department of Business Regulation	<u>WASHINGTON</u> Director Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760 Agent: Securities Administrator, Director of Department of Financial Institutions 150 Israel Road Tumwater, WA 98501
<u>WISCONSIN</u> Securities and Franchise Registration Wisconsin Securities Commission P.O. Box 1768 Madison, Wisconsin 53703 (608) 266-8559 Agent: Wisconsin Commissioner of Securities	

EXHIBIT “F”

KYOCHON

STATE SPECIFIC ADDENDA

CALIFORNIA

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT FOR CALIFORNIA FRANCHISEES

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

The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, California Corporations Code Section 31000 et seq., and the California Franchise Relations Act, California Business and Professions Code Section 20000 et seq. To the extent that this Disclosure Document, Franchise Agreement and/or Multi-Unit Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

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

2. Under both the California Franchise Relations Act and the Franchise Investment Law, a provision in a Franchise Agreement that requires you to waive your rights under either or both of these laws is void. Any release of claims that the franchisor asks you to sign will specifically exclude claims under these franchise laws.

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

4. 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.)

5. The Franchise Agreement and the Multi-Unit Agreement contain a covenant not to compete that extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

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

7. 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.

8. The agreements contain a liquidated damage clause. Under Civil Code, Section 1671, certain liquidated damage clauses are enforceable.

9. Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

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

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

12. The Franchise Agreement and Multi-Unit Agreement require binding arbitration. The arbitration will occur at Los Angeles, and the arbitrators have the discretion to assess the costs of arbitration, including reasonable arbitrators' and attorneys' fees in proportions as the arbitrators may determine. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

13. Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

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

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

CALIFORNIA

ADDENDUM TO FRANCHISE AGREEMENT FOR CALIFORNIA FRANCHISEES

The Franchise Agreement is amended as follows:

1. In sections 4.6(b) and 8.11(b), “18%” is amended to “10%”.

2. In sections 7.2(f), 13.1(a), 13.2(a)(viii) and 13.3(a), “30 days” is amended to “60 days”.

3. Section 15.2(d) is restated to read in full as follows:

“(d) Upon a lawful termination or nonrenewal of this Agreement, Franchisor will purchase from Franchisee, at the value of price paid, minus depreciation, all inventory, supplies, equipment, fixtures, and furnishings purchased or paid for under the terms of this Agreement or any ancillary or collateral agreement by Franchisee to Franchisor or Franchisor's approved suppliers and sources, that are, at the time of the notice of termination or nonrenewal, in Franchisee's possession or used by Franchisee in the Franchised Business. Franchisor is not required to purchase any personalized items, inventory, supplies, equipment, fixtures, or furnishings not reasonably required to conduct the operation of the Franchised Business in accordance with this Agreement or any ancillary or collateral agreement or to which Franchisee, at the cessation of operation of the Franchised Business by Franchisee, cannot lawfully, or does not, grant Franchisor clear title and possession upon Franchisor's payment to Franchisee for the inventory, supplies, equipment, fixtures, or furnishings (we have the right to receive clear title to and possession of all items purchased from Franchisee under this section 15.2(d)). Franchisor may offset against the amounts owed to Franchisee under any such purchase under this section 15.2(d) any amounts Franchisee owes to Franchisor. Notwithstanding the foregoing however, Franchisor's requirement to purchase from Franchisee under this section 15.2(d) will not apply:

“(i) if Franchisee declines a bona fide offer of renewal from Franchisor;

“(ii) if Franchisor does not prevent Franchisee from retaining control of the Store or other principal place of the Franchised Business;

“(iii) to any termination or nonrenewal of the Franchise due to a publicly announced and nondiscriminatory decision by Franchisor to completely withdraw from all Franchise activity within the relevant geographic market area in which the Franchise is located;

“(iv) if Franchisor and Franchisee mutually agree in writing to terminate and not renew the Franchise; or

“(v) to any inventory, supplies, equipment, fixtures, or furnishings that are sold by Franchisee between the date of the notice of termination or nonrenewal, and the cessation of operation of the Franchised Business by Franchisee, pursuant to the termination or nonrenewal.”

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

Date: ______________________________	Date: ______________________________
FRANCHISEE: ______________________	FRANCHISOR: KYOCHON FRANCHISE LLC
By: _______________________________	By: _______________________________
Name: _____________________________	Name: _____________________________
Title: ______________________________	Title: *[President or Secretary] of Kyochon USA Inc, Its Manager*

CALIFORNIA

ADDENDUM TO MULTI-UNIT AGREEMENT FOR CALIFORNIA FRANCHISEES

The Multi-Unit Agreement is amended as follows:

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

Date: ____________________________________	Date: ____________________________________
FRANCHISEE: ___________________________	FRANCHISOR: KYOCHON FRANCHISE LLC
By: ______________________________________	By: ______________________________________
Name: ___________________________________	Name: ___________________________________
Title: ____________________________________	Title: *[President or Secretary] of Kyochon USA Inc, Its Manager*

HAWAII

ADDENDUM FOR HAWAII FRANCHISEES

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

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

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

NO STATEMENT, QUESTIONNAIRE, OR ACKNOWLEDGMENT SIGNED OR AGREED TO BY A FRANCHISEE IN CONNECTION WITH THE COMMENCEMENT OF THE FRANCHISE RELATIONSHIP SHALL HAVE THE EFFECT OF (1) WAIVING ANY CLAIMS UNDER ANY APPLICABLE FRANCHISE LAW, INCLUDING FRAUD IN THE INDUCEMENT, OR (II) DISCLAIMING RELIANCE ON ANY STATEMENT MADE BY ANY FRANCHISOR, FRANCHISE SELLER, OR OTHER PERSON ACTING ON BEHALF OF THE FRANCHISOR. THIS PROVISION SUPERSEDES ANY OTHER TERM OR ANY DOCUMENT EXECUTED IN CONNECTIONS WITH THE FRANCHISE.

ILLINOIS

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR ILLINOIS FRANCHISEES

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the "Act"), the Franchise Disclosure Document is amended as follows:

1. Illinois law governs the agreements between the parties to this franchise.

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

3. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

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

ILLINOIS

ADDENDUM TO FRANCHISE AGREEMENT
FOR ILLINOIS FRANCHISEES

The Franchise Agreement is amended as follows:

1.Illinois law governs the agreements between the parties to this franchise.

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

3. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

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

Date: ___________________________________	Date: ___________________________________
FRANCHISEE: __________________________	FRANCHISOR: KYOCHON FRANCHISE LLC
By: _____________________________________	By: _____________________________________
Name: ___________________________________	Name: ___________________________________
Title: ___________________________________	Title: *[President or Secretary] of Kyochon USA Inc, Its Manager*

ILLINOIS

ADDENDUM TO MULTI-UNIT AGREEMENT
FOR ILLINOIS FRANCHISEES

The Multi-Unit Agreement is amended as follows:

1.Illinois law governs the agreements between the parties to this franchise.

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

3. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

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

Date: ___________________________________	Date: ___________________________________
FRANCHISEE: __________________________	FRANCHISOR: KYOCHON FRANCHISE LLC
By: _____________________________________	By: _____________________________________
Name: ___________________________________	Name: ___________________________________
Title: ___________________________________	Title: *[President or Secretary] of Kyochon USA Inc, Its Manager*

MARYLAND

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT FOR MARYLAND FRANCHISEES

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Franchise Disclosure Document for Kyochon Franchise, LLC for use in the State of Maryland is amended as follows:

1. Item 5 of the Disclosure Document is amended to include the following:

> “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.
>
> In addition, all development fees and initial payments by Multi-Unit franchisees shall be deferred until the first Store under the Multi-Unit Agreement opens.”

2. Item 17 of the Disclosure Document is amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 of the Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Item 17 of the Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

5. Item 17 of the Disclosure Document is amended to state that the provisions in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

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

7. The general release required as a condition of renewal, sale and/or assignment/ transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

8. 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.

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

MARYLAND

ADDENDUM TO FRANCHISE AGREEMENT
FOR MARYLAND FRANCHISEES

The Franchise Agreement (the “Agreement”) is amended as follows:

1. The appropriate sections of the Agreement are amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. The provisions in the Agreement which provides for termination upon bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

4. The appropriate sections of the Agreement are amended to permit Franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. The appropriate sections of the Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the rights.

6. The applicable sections of the Agreement that do not comply with the NASAA Statement of Policy Regarding the Use of Questionnaires and Acknowledgements are amended to be deleted. Further, the Agreement is amended to include the following statement:

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

7. The Agreement is amended to include the following statement:

> “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. Based on 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.

Date: ____________________________________	Date: ____________________________________
FRANCHISEE: ___________________________	FRANCHISOR: KYOCHON FRANCHISE LLC
By: ______________________________________	By: ______________________________________
Name: ____________________________________	Name: ____________________________________

Title: ______________________________

Title: *[President or Secretary] of Kyochon USA Inc, Its Manager*

MARYLAND

ADDENDUM TO MULTI-UNIT AGREEMENT FOR MARYLAND FRANCHISEES

The Multi-Unit Agreement (the "Agreement") is amended as follows:

1. The appropriate sections of the Agreement are amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. The provisions in the Agreement which provides for termination upon bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

4. The appropriate sections of the Agreement are amended to permit Franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. The appropriate sections of the Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the rights.

6. The applicable sections of the Agreement that do not comply with the NASAA Statement of Policy Regarding the Use of Questionnaires and Acknowledgements are amended to be deleted. Further, the Franchise Agreement is amended to include the following statement:

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

7. The Agreement is amended to include the following statement:

> "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. Based on 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. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the multi-unit agreement opens.

Date: ____________________________________	Date: ____________________________________
FRANCHISEE: __________________________	FRANCHISOR: KYOCHON FRANCHISE LLC

By: ______________________________________

Name: ____________________________________

Title: ____________________________________

By: ______________________________________

Name: ____________________________________

Title: *[President or Secretary] of Kyochon USA Inc, Its Manager*

NEW YORK

ADDENDUM FOR NEW YORK FRANCHISEES

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 SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS 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 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.

4. 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.

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

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

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

7. Receipts – Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

8. The following paragraph is added to the “Special Risks to Consider About *This* Franchise” page:

> 3. **Going Concern.** The auditor’s report on the franchisor’s financial statements expresses substantial doubt about the franchisor’s ability to remain in business. This means that the franchisor may not have the financial resources to provide services or support to you.
>
> 4. **Financial Condition.** The franchisor’s financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor’s financial ability to provide services and support to you.

RHODE ISLAND

ADDENDUM FOR RHODE ISLAND FRANCHISEES

The Rhode Island Securities Division requires the following specific disclosures to be made to prospective Rhode Island franchisees:

In spite of the provisions of Item 17v and Item 17w of the Disclosure Document, any litigation or arbitration arising under the Franchise Agreement will take place in Rhode Island or other place mutually agreed to by the franchisee and franchisor.

To the extent required by § 19-28.1-14 of the Rhode Island Franchise Investment Act, the Franchise Agreement will be governed by the laws of the State of Rhode Island.

VIRGINIA

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT FOR VIRGINIA FRANCHISEES

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

1. 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 the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable. All references in the Franchise Agreement which provide that the Franchise Agreement may be terminated for any reason are in violation of Section 13.1-564 of the Virginia Retail Franchising Act and are unenforceable.

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

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

VIRGINIA

ADDENDUM TO FRANCHISE AGREEMENT
FOR VIRGINIA FRANCHISEES

The Franchise Agreement (the "Agreement") is amended as follows:

1. 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 the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable. All references in the Agreement which provide that the Agreement may be terminated for any reason are in violation of Section 13.1-564 of the Virginia Retail Franchising Act and are unenforceable.

2. 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 Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

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

Date: ___________________________________	Date: ___________________________________
FRANCHISEE: __________________________	FRANCHISOR: KYOCHON FRANCHISE LLC
By: _____________________________________	By: _____________________________________
Name: ___________________________________	Name: ___________________________________
Title: ___________________________________	Title: *[President or Secretary] of Kyochon USA Inc, Its Manager*

VIRGINIA

ADDENDUM TO MULTI-UNIT AGREEMENT
FOR VIRGINIA FRANCHISEES

The Multi-Unit Agreement (the "Agreement") is amended as follows:

1. 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 the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable. All references in the Agreement which provide that the Agreement may be terminated for any reason are in violation of Section 13.1-564 of the Virginia Retail Franchising Act and are unenforceable.

2. 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 Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

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

Date: ___________________________________	Date: ___________________________________
FRANCHISEE: __________________________	FRANCHISOR: KYOCHON FRANCHISE LLC
By: _____________________________________	By: _____________________________________
Name: __________________________________	Name: __________________________________
Title: ___________________________________	Title: *[President or Secretary] of Kyochon USA Inc, Its Manager*

EXHIBIT “G”

KYOCHON

STATE EFFECTIVE DATES

EXHIBIT "G"

State Effective Dates

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

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

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Maryland	Pending
New York	Pending
Virginia	Pending

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

EXHIBIT “H”

KYOCHON

RECEIPT

EXHIBIT "H"
RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Kyochon Franchise LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under New York law, this disclosure document must be provided to you 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 franchised relationship. Michigan requires that we provide you with this disclosure document 10 business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale.

If Kyochon Franchise LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed in Exhibit E.

The name, address and telephone number of the franchise seller for this offering is: Jaewon Kim, Sung Yoon Kang, Jay Park and Young Kim at 3699 Wilshire Blvd., Suite 1240, Los Angeles, CA 90010, (310) 532-1220.

Date of Issuance: March 19, 2026.

Kyochon Franchise LLC authorizes the respective stage agencies identified in Item 1 to receive service of process for it in your state. I received a Disclosure Document dated March 19, 2026 (please also see the State Effective Dates Page) that included the following Exhibits:

"A-1"	Franchise Agreement and its Exhibits
"A-2"	Multi-Unit Agreement and its Exhibits
"B"	Financial Statements
"C"	List of Franchisees
"D"	List of Terminated Franchises
"E"	State Franchise Administrators and Agents for Service of Process
"F"	State Specific Addenda
"G"	State Effective Dates
"H"	Receipts

Prospective Franchisee:

Dated: ___________________________

____
Name of Business Entity or Individual

By: ___________________________________
(Signature)

By: ___________________________________
(Print Name and Title)

EXHIBIT "H"
RECEIPT
(FRANCHISOR COPY)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Kyochon Franchise LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under New York law, this disclosure document must be provided to you 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 franchised relationship. Michigan requires that we provide you with this disclosure document 10 business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale.

If Kyochon Franchise LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed in Exhibit E.

The name, address and telephone number of the franchise seller for this offering is: Jaewon Kim, Sung Yoon Kang, Jay Park and Young Kim at 3699 Wilshire Blvd., Suite 1240, Los Angeles, CA 90010, (310) 532-1220.

Date of Issuance: March 19, 2026.

Kyochon Franchise LLC authorizes the respective stage agencies identified in Item 1 to receive service of process for it in your state. I received a Disclosure Document dated March 19, 2026 (please also see the State Effective Dates Page) that included the following Exhibits:

"A-1" Franchise Agreement and its Exhibits
"A-2" Multi-Unit Agreement and its Exhibits
"B" Financial Statements
"C" List of Current Franchisees
"D" List of Terminated Franchises
"E" State Franchise Administrators and Agents for Service of Process
"F" State Specific Addenda
"G" State Effective Dates
"H" Receipts

Prospective Franchisee:

Dated: ____________________________

____
Name of Business Entity or Individual

By: ___________________________________
(Signature)

By: ___________________________________
(Print Name and Title)