FRANCHISE DISCLOSURE DOCUMENT

Eight USA Inc.
a Hawaii corporation
1441 Kapiolani Blvd., Suite 910
Honolulu, Hawaii 96814
(808) 679-2049

Eight USA Inc. operates a restaurant business under the name “Premium Matcha Café Maiko” offering products and services to the general public and compete with other green tea and ice cream chains and restaurants in the U.S.A (local, regional and national).

The total investment necessary to begin operation of a Premium Matcha Café Maiko franchise, ranges from $329,300-$412,300, including the cost of equipment, inventory, and real property or leased premise. This also includes a franchise initial fee of $25,000 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 and exhibits carefully. The Franchisee must receive this disclosure document at least fourteen (14) calendar days before the Franchisee signs a binding agreement with, or makes any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

The Franchisee may wish to receive their disclosure document in another format that is more convenient for the Franchisee. To discuss the availability of disclosures in different formats, contact Eight USA Inc. at 1441 Kapiolani Blvd., Suite 910, Honolulu, Hawaii 96814 or (808) 679-2049 or info@matchacafe-maiko.com.

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

Buying a franchise is a complex investment. The information in this disclosure document can help the Franchisee make up their mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help the Franchisee understand how to use this disclosure document, is available from the Federal Trade Commission. The Franchisee can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. The Franchisee can also visit the FTC's home page at www.ftc.gov for additional information. Also, the Franchisee can call their state agency at 1300 East Main Street, 9th Floor, Richmond, Virginia 23219 or 804-371-9051, or visit their public library for other sources of information on franchising.

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

Issuance Date: May 6, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit B.
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 C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Matcha Café Maiko 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 Matcha Café Maiko franchisee?	Item 20 or Exhibit B lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if they 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 their 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 risk(s) be highlighted:

1. **<u>Out-of-State Dispute Resolution</u>.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Hawaii. 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 Hawaii than in your own state.

Certain states may require other risks to be highlighted. If so, check the "State Specific Addenda" pages for your state.

The Table of Contents

Franchise Disclosure Document

THE DISCLOSURE ITEMS

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

FRANCHISOR:

EIGHT USA INC.

1441 Kapiolani Blvd., Suite 910, Honolulu, HI 96814
Domestic Profit Corporation in Hawaii.

The Franchisor's Parent company:

EIGHT KABUSHIKI GAISHA (Japan)
57-1 Nishiibacho Nakaku, Hamamatsu-shi,
Shizuoka, JAPAN 432-8028

The Background and Predecessor Information of the Franchisor:

Eight USA Inc. is a corporation organized and existing under the laws of the State of Hawaii and currently does not have affiliates that provide products or services of its licensees. Eight USA Inc. was set up by its parent company, Eight Inc. on June 10, 2019. The agent for service of process is Go Law Group at 1441 Kapiolani Blvd., Suite 910, Honolulu, HI 96814 or info@golaw-hi.com. The parent company of Eight USA Inc, Eight Inc., was incorporated on September 25, 2009 in Japan, located at 57-1 Nishiibacho Nakaku, Hamamatsu-shi, Shizuoka, Japan 432-8028.

Eight USA Inc. purchased the business from EXEO USA, INC. at 2552 Kalakaua Ave. Unit K201, Honolulu, Hawaii 96815 on July 31, 2019. EXEO USA, INC. operated the licensing business with the locations listed in Exhibit B. Since July 2019, Eight USA has operated the pre-existing licensing business that was purchased from EXEO USA, INC.

Eight USA Inc. operates the company-owned outlet in Hawaii and conducts business under the name "Matcha Café Maiko" or "Premium Matcha Café Maiko". As of March 31, 2022, Eight USA Inc. had 26 locations for licensing businesses as shown in Exhibit B. Eight USA has only offered franchise businesses to one of these licensees listed in Exhibit B as of August 31, 2021. Eight USA has not offered franchises in any other line of business as of August 31, 2021.

To operate the business systematically and expand the matcha business world-wide including the U.S., Eight USA Inc. decided to operate the franchise business as a Franchisor with the similar business model Exeo USA had as a licensor, with the trademark, "Premium Matcha Café Maiko." Starting October 2021, the Franchisor may engage in systematic activities such as supplying goods to its Franchisees and training the Franchisees for their operation of businesses in conformity with criteria and Standard set by the Franchisor.

The Premium Matcha Café Maiko Franchise Business

Eight USA Inc. operates businesses to offer franchise business as the Franchisor to qualified candidates-Franchisees who are familiar with the food industry and related law. The Franchisor is engaged in selling and the Franchisee will sell Matcha drink and ice cream soft and matcha sweets, and accordingly, any businesses engaged in selling green tea, matcha beverage or ice cream are competitors. The Franchisor may, in the future engage in selling goods relating to Premium Matcha Café Maiko and matcha business.

The general market for the product or service the franchisee will offer is based on some factors such as whether the market is developed or developing, whether the goods will be sold primarily to a certain group, whether sales are seasonal, whether the areas the Franchisees choose to operate their business attract certain customers.

Generally, the market for the product or service is in a metropolitan area that is popular with a younger generation in the U.S.

Agent for Service of Process

Our agents for service of process are Go R. Kobayashi, Go Law Group, 1441 Kapiolani Blvd., Suite 910, Honolulu, Hawaii 96814 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.

Industry-Specific Laws and Regulations:

Eight USA Inc. is not aware of any laws or regulations applicable to a Premier Matcha Café Maiko Restaurant that would not apply to restaurant or food business generally. The Franchisee must, however, comply with federal, state and local and health regulations pertaining to restaurants and food handling and labeling generally, including health sanitation, food handling, food preparation, menu labeling, waste disposal, smoking restrictions, discrimination, labor, employment, sexual harassment and advertising laws. Some laws require point of sale disclosures, including statements concerning nutritional and dietary characteristics of the food served at the Franchisee's Restaurant. There are other laws and regulations applicable to businesses generally with which the Franchisee must comply. The Franchisee should consult with its attorney concerning these and other laws and ordinances that may affect the operations of the Franchised Restaurant. The Franchisee also must obtain all applicable real estate permits and operational licenses.

ITEM 2: BUSINESS EXPERIENCE.

President: Hideyuki Hashimoto

Hideyuki Hashimoto established Eight USA in August 2019 as the President. From 2009 until present, he has been the representative director of Eight Kabushiki Gaisha (Eight Co., Ltd. Established in 2009), the parent company of Eight USA, which operates renewable energy businesses and real estate leasing businesses.

Manager: Makoto Honoki

Makoto Honoki joined Eight USA, Inc. as a manager on August 1, 2019. From April of 2018 to April 2019, he worked as manager for Eight Kabushiki Gaisha (Eight Co. Ltd., Japan), the parent company of Eight USA. From August 2009 until April 2018, he worked as a manager of the Finance Department of Aeon Bank Ltd. in Japan.

ITEM 3: LITIGATION.

Washington

Eight USA Inc. dba Matcha Café Maiko – Consent Order. Order No. S-19-2813 -20 -CO01, the State of Washington Dept of Financial Institutions Securities Division ("Securities Division").

Effective July 31, 2019, Eight USA assumed the license agreements for the Washington franchisee from Exeo USA (the predecessor of Eight USA Inc.).

On December 3, 2019, the Securities Division issued a subpoena to Eight USA to obtain information relevant to offering and selling franchises for a possible violation of the Franchise Investment Protection Act of Washington, Chapter 19.100 RCW. Eight USA Inc. was operating its businesses as a licensor at the time of the issuance of the subpoena. Eight USA Inc. responded to the subpoena and submitted relevant information to the Securities Division on March 16, 2020.

The Securities Division determined that Eight USA Inc. violated the Franchise Investment Protection Act of Washington because the business of the Eight USA Inc was considered the offer or sale of a franchise as defined in RCW 19.100.010 (6), RCW 19.100.010 (12) and RCW 19.100.010 (17).

The Securities Division provided a Consent Order Case No. S-19-2813-20-CO01 to settle this matter on May 27, 2020.

Eight USA Inc. signed the Consent Order on June 12, 2020. The Securities Division then countersigned the Consent Order on July 7, 2020. The Order also conditions that Eight USA Inc. would file a franchise registration application with the Securities Division within three months of the entry of the Consent Order.

Eight USA Inc. filed a franchise registration application on October 2, 2020, and was granted Franchise Registration Permit on May 27, 2021.

Virginia

Commonwealth of Virginia, *ex rel.*, State Corporation Commission v. Eight USA Inc. – Settlement Order. Case No. SEC-2021-00021

On or about May 5, 2021, Eight USA Inc. received a letter from the Division of Securities and Retail Franchising, of the State Corporation Commission of the State of Virginia ("***Franchising Division***"), requesting records regarding Eight USA's compliance with the Virginia Retail Franchising Act ("***Act***"), to obtain information regarding whether Eight USA violated the Act. Eight USA filed a response to the Division's letter on May 28, 2021.

The Franchising Division provided a Settlement Order to settle this matter on October 19, 2021. Eight USA Inc. signed the Settlement Order on November 21, 2021. The State Corporation Commission entered the Settlement Order on January 24, 2022. The Order requires Eight USA Inc. to pay civil penalties and investigation costs, and to refrain from violating the Act in the future.

Eight USA Inc. filed a franchise registration application on October 10, 2022, and was granted Franchise Registration Permit on January 27, 2023.

California

The Commissioner of Financial Protection and Innovation v. Eight USA Inc. dba Eight USA, and Premium Matcha Café Maiko – Consent Order.

On February 2, 2022, Eight USA Inc. received a letter from the California Department of Financial Protection and Innovation ("DFPI"), regarding its investigation into whether Eight USA Inc. engaged in activity that is in violation of California's Franchise Investment Law, Corporations Code at section 31000, et seq. ("FIL").

The Commissioner and Eight USA Inc. entered into a Consent Order on September 18, 2023. The Order requires Eight USA Inc. to pay administrative penalties and to refrain from violating the FIL in the future.

Eight USA Inc.'s franchise registration application filed on October 4, 2021, was approved and became effective on November 20, 2023.

ITEM 4: BANKRUPTCY

No bankruptcy information required to be disclosed in this Item.

ITEM 5: INITIAL FEES

The franchisee must pay the franchisor an initial fee of $25,000 for its first restaurant. The Initial Fee must be paid within 14 days after signing the Franchise Agreement attached as Exhibit A. This payment has to be made in lumpsum. The Initial Fee is considered earned at the time the Franchise Agreement is signed and is not refundable under any circumstances. The franchisee is not required to pay the Initial Fee when it opens its other Premium Matcha Café Maiko Restaurants so long as it paid the Initial Fee for the first Restaurant and other Restaurants are operated within the Approved Location.

"Approved Location" means the area, city, county or state where the Franchisee has permission to operate the Restaurant (s), which is described in Exhibit A to the Franchise Agreement. This is the territory where the Franchisee can open a Restaurant.

If a Franchisee opens another restaurant outside the Approved Location, the Franchisee will be required to pay another initial fee of $25,000.

The Franchisee may open another Premium Matcha Café Maiko restaurant based on reasonable business reasons i.e. the records of great profitability and geographical advantage, provided that the Franchisee is required to obtain written approval from the Franchisor before opening another restaurant within or outside the Approved Location. The Franchisor will not grant other new Franchisees to operate their businesses within or outside the Approved Location unless the Franchisee is in good standing and has satisfactory performance.

ITEM 6: OTHER FEES.

Item 6 Table

OTHER FEES

Column 1 Type of fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
a) Monthly Fee	$500.00 per restaurant. Monthly amount to Franchisor is higher of Monthly Fee of $500 or Food Beverage Royalty Fee.	The 15th every month	Payable to Franchisor
b) Food and Beverage Royalty Fee	5% on all sales from the items approved by the Franchisor.	The 15th every month	$2,000 cap per month, subject to annual increase. Payable to Franchisor
c) Local Advertising Expenditure	2% of the total amount of the Franchisee’s gross revenues each calendar quarter.	Quarterly	Payable to service provider.
d) Audit Costs and Fees	Cost and expenses connected with the examination and audit (including reasonable accounting and attorneys’ fees). Precise estimate is unknown.	Upon demand	Triggered by an understatement of the fees due to Franchisor by Franchisee of five percent (5%) or more for the period being audited, or if the inspection reveals that the accounting procedures employed by Franchisee are insufficient to determine the accuracy of the calculation of any payments due. Payable to Franchisor,

e) Late fee	ten percent (10%) on overdue amounts	Upon demand	Triggered if any payment by Franchisee to Franchisor pursuant to this Agreement is not received within seven (7) days following its due date. Payable to Franchisor.
f) Interest on Late Payments	The lesser of 18% per annum or the maximum interest rate on all overdue amounts from date it was due until paid.	Upon demand	Payable to Franchisor.
g) Processing fee	$50 per Matcha powder shipment order	When ordered	Optional. Payable to Franchisor if ordered. Franchisee has an option to purchase directly from suppliers.
h)Cost and attorney's fees	Will vary under circumstances	As incurred	Payable to Franchisor as a reimbursement for costs and attorneys' fees incurred in obtaining injunctive or legal relief for the enforcement of any item of the Franchise Agreement, or for arbitration proceedings.
i) Indemnification	Will vary under circumstances	As incurred	Payable to Franchisor. Franchisee shall reimburse to Franchisor for costs incurred, if and when Franchisor is held liable for any claims arising from the Franchisee's business.

j) Insurance	Will vary according to coverage and area	Upon demand	Payable to Franchisor if applicable. If Franchisee fails to procure/maintain required insurance, Franchisor has the right to procure such insurance and to charge Franchisee the costs and premiums, plus a reasonable fee for Franchisor's expense in so acting. See Exhibit A for required types of insurance.
k) Transfer Fee	Then-current Initial Fee being charged Premium Matcha Café Maiko Restaurant franchisees	Due at the time the Transferee signs the franchise agreement	Payable to Franchisor if applicable. If Franchisee wishes to transfer ownership of the Restaurant, with Franchisor's prior written consent, the transferee shall pay to Franchisor the Transfer Fee.
l) Relocation Fee	$25,000.00	At time relocation is granted	Payable to Franchisor. The Franchisee must obtain written approval from the Franchisor for a new location that is outside the Approved Location. This fee is not applicable if the Franchisee relocate to another area within the Approved Location.

m) Outside Counsel Costs	Outside Counsel Costs that are necessary due to circumstances surrounding a particular Transfer of the Restaurant, as determined by Franchisor in its Reasonable Business Judgment	Upon demand	Payable to Franchisor. Reimburse to Franchisor, outside counsel costs incurred by Franchisor
m)Import Fees (Tariffs and Custom inspection fees)	Import related fees for ingredients from Japan such as matcha powder and other items, will vary under circumstances.	As incurred	Payable to the authority through Shipping Company
All fees payable to Franchisor are non-refundable. All fees will be uniformly imposed and collected when applicable.			

ITEM 7: ESTIMATED INITIAL INVESTMENT

Item 7 Table:

FRANCHISEE's ESTIMATED INITIAL INVESTMENT

Column 1 Type of expenditure	Column 2 Amount	Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to
Initial Franchise Fee (1)	$25,000	By check or wire	Within 14 days after signing of the franchise agreement	To Franchisor
Real Estate Rental (2)	$5,000-$15,000	As arranged	As arranged	Seller or Landlord
Construction fees including fixtures and equipment installation (3)	$180,000	As arranged	As incurred	Directly to Vendor
Soft serve machine (5)	$27,000	As required	As incurred	Directly to Vendor
Ice cream freezer (5)	$6,700	As required	As incurred	Directly to Vendor
Ice cube machine (5)	$6,000	As required	As incurred	Directly to Vendor
Refrigerator (5)	$7,100	As required	As incurred	Directly to Vendor
Refrigerator (5)	$4,000	As required	As incurred	Directly to Vendor
Undercounter refrigerator (5)	$2,500	As required	As incurred	Directly to Vendor
Undercounter refrigerator (5)	$2,500	As required	As incurred	Directly to Vendor
Inventory (5)	$12,000	As required	As incurred	Directly to Vendor
Kitchen supplies (5)	$3,000	As required	As incurred	Directly to Vendor
Consultation fees (4)	$3,000	As required	As Arranged	Directly to Consultant
Computer, IT and other systems (6)	$10,000 - $15.000	As arranged	As arranged	Directory to Vendor

Furnishing (7)	$20,000 - $70,000	As arranged	As arranged	Directory to Vendor
Opening Advertising (8)	$3,000 -$10,000	As arranged	As arranged	Directory to Contractors or vendors
Insurance (1 year)	$1,500.00	As required	As required	Directory to Contractors or vendors
Training (9)	$1,000-$2,000 (this is the costs for the trip to Hawaii and accommodation)	As arranged	As arranged	Directory to Contractors or vendors or airlines
Additional Funds (10)	$10,000 - $20,000	As arranged	As needed	As required
Total	$329,000-$412,300			

Notes:

The Franchisee does not offer direct or indirect financing to franchisees for any items. Except where otherwise noted, all amount that the Franchisee pays to the Franchisor are non-refundable. Third party suppliers will decide if payments to them are refundable.

1) Initial Franchise Fee. The initial Franchise Fee is $25,000 for an individual franchise, and it is nonrefundable. The Franchisee must open the business within one year after signing the franchise agreement.

2) Real Estate. Franchisee is free to select its own location. The amount will vary depending on whether the location is purchased or lease, and the characteristics of the location. Premium Matcha Café Maiko restaurants typically range from about 380 (kiosk or take out) to 1800 (with dine in space) 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. The Franchisor anticipates that the Franchisee will rent the Store’s premises.

3) Construction Fee and Leasehold Improvements. This construction fee includes any improvement for the leasehold and installation of the equipment, appliances or fixtures. Leasehold improvement 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 the Franchisee's store; and any construction or other allowances the landlord grants. The lower figure assumes that the Franchisee has a unique real estate model; the higher figure assumes a high square footage model. The estimate included in the Construction fees reflects the average deduction provided by landlords for tenant improvements and other contractors.

4) Consultation Fee. Depending upon the Franchisee's needs, the Franchisor may refer it to a consultant who could suggest an ideal business for that particular Franchisee's location and leasehold. Please note that Franchisor should not be responsible for any business judgment made by the Franchisee regardless of whether the consultant was referred by the Franchisor.

5) Equipment. The amount included in the chart as the required equipment is necessary for the operation of the franchise business. This includes soft serve machine, ice cream freezer, ice cube machine, 2 refrigerators, one undercounter refrigerator, matcha power and other inventory for matcha café drinks and ice cream and kitchen supplies.

6) Computer, IT and other systems. The Franchisee must purchase and install IT, phone system or a computer system that needs the Franchisor's specifications and requirements.

7) Furniture. Franchisee may incur additional cost to purchase the furniture.

8) Opening Advertising. The Franchisee is required to install signage that contains "Premium Matcha Café Maiko" and its Mark. The manner of installation is governed by local ordinances and the costs of installation may vary.

9) Training Expenses. The Franchisor does not charge the Franchisee a fee for its initial training. The Franchisor may include the Franchisee's employees (management) for training if requested, although the Franchisee is responsible for paying any wages due to its employees as well as travel, food and lodging expenses incurred by the Franchisee and its employees during initial training. The training takes place at the Premium Matcha Café Maiko restaurant located in Hawaii and lasts 6 hours per day for 5 days (30 hours). Any trip cost should be incurred by the Franchisee.

10) The amount of additional funds the Franchisee will need will depend on the time necessary to achieve cash flow to cover operating expenses. This amount is the minimum recommended for a three (3) month contingency based on the amount of funds the Franchisor will need to purchase food and supplies for its Waikiki store location.

The Franchisee is cautioned to allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, and local market conditions.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.

The Franchisee must use signs at its restaurant that conforms to the standard set by the Franchisor. The Franchisee must conduct training for its employees in accordance with the standards set by the Franchisor. Further, the franchisee may use matcha powder, recipe and menu recommended by the Franchisor.

The Franchisor or its affiliates are neither approved suppliers nor the only approved suppliers of the goods or services. An officer of the Franchisor does not own an interest of any of the suppliers. The Franchisor will provide a list of designated suppliers to the Franchise.

The equipment/machine must be purchased or leased from the approved suppliers or under the Franchisor's specifications. A specification of a supplier for ingredients or signage may be conditioned in accordance with the standard the Franchisor sets.

The Franchisor recommends some suppliers for the purchase of the product or ingredients. However, the Franchisor does not require the Franchisee to use the specific suppliers so long as the Franchisee is in conformity of the recipe provided by the Franchisor and the Franchisee meets the specifications set by the Franchisor, except that matcha and hojicha powder must be purchased from a designated third-party vendor through the Franchisor. When the Franchisee purchases matcha and hojicha powder through the Franchisor's designated third-party vendor, the Franchisee will pay the then-current price in effect for all purchases made, as well as any applicable import fees and shipping and handling fees. Nonetheless, Franchisor does not allow Franchisees to misrepresent the source of their supplies. Franchisor does not provide material benefits to franchisees based on the franchisee's purchase of particular products or services or use of designated or approved suppliers. Franchisor and its affiliates did not derive revenue, rebates, or other material consideration based on the required purchases or leases in the last fiscal year. However, Franchisor does charge shipping and handling fees for coordinating the ordering and shipping of matcha supplies from its approved source, when Franchisees opted to order through Franchisor's approved supplier.

For purchases of ingredients and products relating to signage, the Franchisor may negotiate purchase arrangements with some of its designated manufacturers, suppliers, vendors and distributors for the benefit of the Franchisees in order to take advantage of the Franchisor's relationship with these suppliers and possibly a group discount of the products. There are no purchasing or distribution cooperatives at this time.

The Franchisee must obtain and install at its expense a technology system, including such data processing equipment, machine, computer hardware, software, point of sale system, required dedicated telephone lines, wireless internet connections, modems, printers and other computer related accessory or peripheral equipment. In addition, the Franchisee must use signs at its restaurant that conforms to the standard set by the Franchisor. The Franchisor will notify the Franchisee about any modifications on the Franchisee's obligation in writing. The Franchisor may accommodate the needs of the Franchisee as necessary.

While the Franchisor does not require the Franchisee to use the specific suppliers so long as the Franchisee is in conformity of the recipe provided by the Franchisor and the Franchisee meets the specifications set by the Franchisor, the Franchisor may notify the Franchisee in writing that a particular item or supplier does not meet the standards or specifications set by the Franchisor in the Franchisor's Operating Manual. The Franchisor determines that the standards or specifications are not met by the input and/or testing of specific items used by the Franchisee by its personnel. Upon receipt of written notice of noncompliance with the specifications, the Franchisee must cease purchasing the item and/or using the supplier. Franchisee is not subsequently required to obtain approval to use alternative suppliers. There is no fee involved in this process.

For repair of equipment/machine or change in advertisement or signage, the specific time period for approval is required. If, after written notification from Franchisee of its plans for major repairs, alterations, renewals, replacements or additions to the Restaurant or material alterations to the Restaurant, Franchisor has not responded to such plans, Franchisor's consent shall be deemed granted forty-five (45) days after the receipt of the written notification from Franchisee. For advertisement or signage, the Franchisee will be notified within 10 business days or presumed to be approved if the franchisor does not respond within 10 business days. For other suppliers, no time period is specified.

The Franchisor estimates that the Franchisee's required purchases and leases (i.e. purchases and leases for the equipment from approved suppliers) will represent between 40% and 90% of their overall purchases and leases in establishing the Franchisee's restaurant. The Franchisor estimates that the Franchisee's required purchases and leases will be approximately 40-50% of the Franchisee's overall purchases and leases in operating its restaurant.

The Franchisee must obtain and maintain, at their sole expense, all of the insurance coverage in accordance with the standard and specifications the Franchisor requires. The required insurance policies include commercial general liability insurance, including coverage for bodily injury, personal injury, products liability, contractual liability, broad form property damage, non-owned automobiles, and completed operations and property damage on an occurrence basis with policy limits of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate. The Franchisee must also pay for workers' compensation and such other insurance as may be required by statute of rule of the state or locality in which the Franchised restaurant is located. Further the Franchisee must obtain automobile liability if it is engaged in any delivery operation. The Franchisor may place restriction or requirements on the insurance the Franchisee must purchase, which can be modified from time to time.

ITEM 9: FRANCHISEE'S OBLIGATIONS.

Item 9 Table

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure document
a. Site selection and acquisition/lease	Section 2 of the Franchise Agreement.	Item 11
b. Pre-opening purchase/leases	Section 11 of the Franchise Agreement.	Items 5,7 and 11
c. Site development and other pre-opening requirements	Section 5&11 of the Franchise Agreement	Items 7 and 11
d. Initial and ongoing training	Section 9 of Franchise Agreement	Item 11
e. Opening	Section 3 of the Franchise Agreement	Item 11
f. Fees	Section 3 of the Franchise Agreement	Items 5, 6, and 7
g. Compliance with standards and policies/operating	Section 7& 8 &11 of Franchise Agreement	Items 11 and 14
h. Trademarks and proprietary information	Section 12 of Franchise Agreement.	Items 13 and 14
i. Restrictions on products/services offered	Section 8&11 of the Franchise Agreement.	Items 8 and 16
j. Warranty and customer service requirements	Section 25 of Franchise Agreement	Not Applicable
k. Territorial development and sales quotas	Section 2 of the Franchise Agreement	Item 12
l. Ongoing product/service purchases	N/A	Item 8

m. Maintenance, appearance, and remodeling	Section 5&10 of the Franchise Agreement.	Items 6 and 17
n. Insurance	Section 15 of the Franchise Agreement.	Items 7 and 8
o. Advertising	Section 6 of the Franchise Agreement.	Items 6, 8 and 11
p. Indemnification	Section 15 of the Franchise Agreement.	Item 6
q. Owner's participation/management/staffing	Section 8 of the Franchise Agreement.	Item 15
r. Records and reports	Section 14 of the Franchise Agreement.	Not Applicable
s. Inspections and audits	Section 14 of the Franchise Agreement.	Items 6 and 11
t. Transfer	Section 16 of the Franchise Agreement.	Items 15 and 17
u. Renewal	Section 4 of the Franchise Agreement.	Item 17
v. Post-termination obligations	Section 18 of the Franchise Agreement.	Item 17
w. Non-competition covenants	Section 18(c) of the franchise Agreement.	Item 17
x. Dispute resolution	Section 22 of the Franchise Agreement.	Item 17

ITEM 10: FINANCING.

EIGHT USA INC. does not offer any direct or indirect financing. EIGHT USA INC. does not guarantee your notes, leases or other obligations.

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

Except as listed below, Eight USA Inc is not required to provide the Franchisee with any assistance.

A. Franchisor's pre-opening obligations:

(i) The Franchisor may provide inputs regarding the location or lease options, but the Franchisor will defer any decision of the franchisee's business location or lease and related negotiation to the Franchisee. The Franchisor does not own the premises and lease a premise to the Franchisee, and accordingly, the Franchisee is expected to find a business location within the territory it is allowed to operate business. There is no specific time limit of finding a business location so long as the Franchisee signs the Franchise Agreement and open a business within a year after the Franchisee signs the Franchise Agreement and make payment of the initial fee of $25,000. See sections 2.1 and 3.1 of the Franchise Agreement with respect to the last sentence.

(ii) The Franchisor requires the Franchisee to operate the business in compliance with the local laws and codes. See section 20.1 of the Franchise Agreement.

(iii) The Franchisor will not be involved in the construction, remodeling or decorating the premises, but it may advise to the Franchisee to have it maintain the premise in conformity with the standards set by the Franchisor. See section 5, 10, and 11 of the Franchise Agreement for details.

(iv) The Franchisor provides the training at a designated store. It takes six hours per day for 5 days. The training generally takes place in Hawaii, where the Franchisor's company-owned outlet is located. See section 9 of the Franchise Agreement.

(v) The Franchisor does not provide for necessary equipment, signs, fixtures, opening inventory and supplies. The Franchisor does not deliver or install these items. The Franchisor does not provide written specifications for these items, except that the signage has to be in conformity with the trademarks approved by the Franchisor. See section 5.2 of the Franchise Agreement.

B. Time of Opening:

The Franchisee is required to commence its business within one year after signing the Franchise Agreement. The franchisee must open a business within 1 year after signing the Franchise Agreement. See section 2.1 of the Franchise Agreement.

It is estimated that the commencement of restaurant operations in an existing structure converted to the Premium Matcha Café Maiko Restaurant is typically two (2) months to ten (10) months, depending upon several factors. This overall development timeline will vary depending on the time necessary to lease the site, obtain financing, complete preparation of the construction documents, obtain the necessary permits and licenses for the construction and operation of the restaurant, address the condition of the existing space and its infrastructure, address the complexity of the proposed construction, and secure the required municipal inspections.

The Franchisor requires the Franchisee to complete training to its satisfaction before the Franchisee opens any restaurant. See section 9 of the Franchise Agreement.

C. On-Going Obligation:

The Franchisor's obligations to the Franchisee during the operation of the franchise are as follows:

(i) The Franchisor may, but is not obligated to, provide assistance in purchasing matcha powder, products and equipment relevant to the franchise business at no cost.

(ii) The Franchisor will require the Franchisee to complete an initial training program to the Franchisor's satisfaction in all aspects of operations of the Premium Matcha Café Maiko Restaurant before the opening of any restaurant. The training should be completed within 5 days (6 hours each day) at the headquarter of the Premium Matcha Café Maiko. The Franchisor can also train Franchisee's employees separately for the management of the restaurant in accordance with the standard set up by the Franchisor. The training program will be conducted without charge for up to 2 individuals who are owners of the franchise or management employees of the franchise. The Franchisee is responsible for any traveling and living expenses of the Franchisee or its employees during the training program. After an initial training, additional trainings will be conducted as often as necessary to ensure the compliance of the standard set by the Franchisor to its satisfaction. The persons attending training must sign an agreement relating to confidentiality and/or noncompetition in a form specified by the Franchisor before beginning the training program. See section 9 of the Franchise Agreement. The Franchisee is responsible for the hiring of all employees. See section 8 of the Franchise Agreement.

(iii) The Franchisor may change or modify the manuals or menu including menu items and menu formats, product packaging, the required equipment, the signage, the building and premises of the franchised restaurant, the presentation of the proprietary marks, the adoption of new administrative forms and means of reporting and payment of any monies owed to the Franchisor and the adoption and use of new or modified proprietary marks or copyrighted materials, such as when the changes are expected to improve business or its management. The Franchisor will also incorporate the Franchisees' input relating to the pricing in modifying the menu, because the prices may vary depending upon the location of the Franchisee's business. See section 11 of the Franchise Agreement.

(iv) The Franchisor periodically advise and consult with the Franchisee in connection with the operation of the franchised restaurants as the Franchisor seems appropriate or necessary or upon Franchisee's request. The Franchisor will provide to the Franchisee the knowledge and expertise regarding the technology system and pertinent new developments, techniques and improvements in the areas of restaurant design, management, food and beverage preparation, sales promotion, pricing, service concepts and other areas. The Franchisor may provide these services through visits by the Franchisor's representatives to the franchised restaurants or their offices, the distribution of printed or filmed material or electronic information meetings or seminars, telephone communications, email communications or other communications. See section 9 of the Franchise Agreement.

(v) The Franchisor may, but is not obligated to, conduct inspections of the franchised restaurants and valuations of the products sold and services rendered as it deems appropriate or necessary to identify the restaurants conformity with the Premium Matcha Café Maiko system and potential management issues, to improve overall marketability of the brand. See section 8.1 of the Franchise Agreement.

D. The advertising program for the franchise system:

(i) The Franchisor will advertise individual Franchisees and the Mark and products, to promote the franchise business as a whole. The Franchisor will administer the national brand marketing fund. The goal of the national brand marketing fund is to maximize general public recognition of the Premium Matcha Café Maiko Restaurant and its Trademarks and brand. The Franchisor may use the national brand marketing fund to formulate, develop, produce, and execute advertising and promotional materials and programs and to conduct marketing, community relations, social media and other electronic media support and promotional programs on a national level as the Franchisor determines, in our discretion, to be most effective in achieving the goals of the national brand marketing fund. The Franchisor is not required to spend any other amounts to place advertising in the Franchisee's local area or in any specific media, nor is it required to report to franchisees on how the fund is spent. No more than 10% of the national brand marketing fund is used to solicit new franchise sales. Franchisor, in its sole discretion, may allocate a portion of the Royalty Fees collected from the Franchisees into the national brand marketing fund. Franchisor had not yet allocated any Royalty Fees to the national brand marketing fund or begun administrating the national brand marketing fund in the most recently concluded fiscal year. The national brand marketing fund is not audited, and no financial statements regarding the national brand marketing fund are made available for review by the franchisee.

(ii) There is no advertising council composed of Franchisees that advises the Franchisor on advertising policies.

(iii) The Franchisee is not required to participate in a local advertising or regional advertising cooperative. However, the Franchisee is expected to spend no less than 2% of the total amount of its gross revenue derived from the items approved by the Franchisor each calendar quarter for local advertising, marketing, promotional, sales and public relations programs, as provided in Section 6.2 of the Franchise Agreement.

(iv) The Franchisee must submit to the Franchisor for approval any local advertising and promotional materials that it obtains from a source other than the Franchisor. The Franchisor will permit Franchisees to use its advertising material to the extent the Franchisees do not violate the terms including the Franchisor's Intellectual Property Rights under the Franchise Agreement. See sections 6 and 12 of the Franchise Agreement.

(v) In addition to not being required to participate in a local or regional advertising cooperative, the Franchisee is not required to participate in any other advertising fund.

(vi) If not all advertising funds under its local advertising, marketing, promotional, sales and public relations programs are spent in the fiscal year in which they accrue, the Franchisee may carry over the remaining funds to the following year. The Franchisor may also require the Franchisee to submit reports on how the advertising fee was spent by the Franchisee. If Franchisee fails to contribute the funds for its advertisement for 2 consecutive years, the Franchisee may be required to make contributions to the national brand marketing fund that is held by the Franchisor for national marketing.

(vii) The Franchisor may also contribute 2% of the revenue derived from the Royalty Fee for the national brand marketing fund.

E. Electronic /Technology System:

Franchisee must use an electronic cash register or other computer system commonly used in the retail industry, that accurately records all sales, at the time each sale is made, whether wholly or partly for cash, credit, or otherwise, containing records of each sale and a cumulative total for all products and merchandise sold, and all charges made for services performed, at or from any part of the Franchisee's restaurant by Franchisee or anyone acting on Franchisee's behalf, which shall be recorded in a manner in which sales of all items subject to the Food and Beverage Royalty Fee, and Gross Revenues can be determined. However, Franchisor is not requiring Franchisees to use a specific system at this time, as long as the system provides these functions. See section 7 of the Franchise Agreement.

(i) The cost of purchasing or leasing the technology systems depends on the system selected by Franchisee, but is estimated to cost $10,000 to $15,000 for start-up costs, including the electronic cash register or computer system, customer self-ordering kiosk system, and wireless internet network set-up.

(ii) There is no obligation of the Franchisor, any affiliate, or third party to provide ongoing maintenance, repairs, upgrades, or updates.

(iii) Franchisee may be required to upgrade or update their cash register system upon Franchisor's adoption of "Standards" as defined in the Franchise Agreement or requirements to use a uniform electronic cash register or computer system. Cost will be dependent on the new system to be implemented.

(iv) The annual cost of any optional or required maintenance, updating, upgrading, or support contracts is undetermined at this time.

(v) The Franchisor may have independent access to the information that will be generated or stored in any electronic cash register or computer system in the future. There are no contractual limitations on the franchisor's right to access such information.

F. Operating Manual:

The operating manual provides the method of operating a Premium Matcha Café Maiko Restaurant. The Franchisor provides the Franchisee with a copy of the most recent confidential operating manuals (“Manual”) in any manner the Franchisor chooses. Exhibit D to this disclosure document sets forth the table of contents of the Manual as of the date of this disclosure document, the number of pages devoted to each subject, and the total number of pages in that Manual.

G. Training:

The training program will be conducted in Hawaii before opening of the franchisee’s business and as often as necessary to ensure that the Franchisee’s new employees or new Franchisees complete training. The training program must be completed to the Franchisor’s satisfaction. The training will last 5 days (6 hours per day). The training is not required for all employees of the Franchisee; only the manager or the owner of the Franchisee is required to attend the training program in Hawaii. See section 6 of the Franchise Agreement.

Item 11 Table

TRAINING PROGRAM

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-The-Job Training	Column 4 Location
Introduction to Matcha Culture	1 hour		Hawaii Store
Matcha Process		25 hours	Hawaii Store
Service Operation	2 hours		Hawaii Store
Business Operation	2 hours		Hawaii Store

(A) Before opening a store, a Franchisee is required to attend a training for 5 days (6 hours per day) in a Franchisor-owned outlet in Hawaii. If necessary, Eight USA Inc. assists the Franchisee with operating its business.

(B) The franchisor distributes a menu including method of making matcha. The instructor's length of experience is two (2) years.

(C) The training fee is included in the franchise fee. Franchisee is expected to pay for transportation and lodging fees.

(D) Owners and management employees may be required to attend additional training, annual franchise meetings, sales programs and other meetings reasonably specified by the Franchisor, in addition to the initial trainings. The Franchisor may require the Franchisee to complete additional training before offering new products or service from the Franchisee's restaurant in addition to the initial trainings. The Franchisee is required to complete the training within 12 months after signing the Franchise Agreement. After beginning the operation of the restaurant, the Franchisee must establish and maintain a continual program of training for managers and other employees in accordance with the Franchisor's Standards. The training is mandatory for management staff.

(E) No additional training programs or refresher courses are required.

ITEM 12: TERRITORY.

The Franchisee will not receive exclusive territory to operate the Premium Matcha Café Maiko Restaurant within the Approved Location. The location of the franchise business must be approved by the Franchisor in advance based on the designated Approved Location. ("Approved Location" means the area, city, county or state where the Franchisee has permission to operate the Restaurant (s), which is described in Exhibit A to the Franchise Agreement. This is the territory where the Franchisee can open a Restaurant.) The minimum territory granted to the Franchisee for each designated Approved Location is the smallest of the city, county, or municipality in which the franchise business will be located.

The Franchisor will not grant other new Franchisees to operate their businesses within the Approved Location unless the Franchisee is not in good standing or does not have satisfactory performance. If the Franchisee's performance is not satisfactory or the Franchisee is not in good standing, the Franchisor reserves the right to have its affiliates or other Franchisees operate businesses and use the licensed Intellectual Property within the Approved Location. Accordingly, the Franchisee may face competition from other Franchisees, from outlets that the Franchisor owns, or from other channels of distribution or competitive brands that the Franchisor controls if the above conditions are not met.

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

The performance of the Franchisee will be measured based on the record submitted by the Franchisee to show its profitability and services provided to the customers.
There are no minimum sales quotas or other conditions that must be met in order to maintain the Franchisee's territorial rights. However, if the Franchisee is in default under the Franchise Agreement, the Franchisor may terminate the Franchise Agreement and the Franchisee's territorial rights.

The Franchisor will authorize the relocation of the Franchisee's restaurant if the locations used becomes unusable or unavailable for the Restaurant or the Franchisee requests relocation and has other reasonable business reasons to relocate, so long as the relocation is within the Approved Location. The Franchisee must obtain written approval from the Franchisor for a new location and, if such new location is outside the Approved Location, pay $25,000 Initial Fee. This fee is reasonable because the Franchisor may accept a new franchisee for the fee of $25,000 in the same location where the Franchisee is seeking to relocate its business. Any Franchisee seeking a new location or relocation outside the Approved Location should be treated fairly for the new opportunity given.
For approval of additional territories or locations, the Franchisee must show that it is in good standing and its business is profitable.

The relocation within the Approved Location can be achieved without any additional fee. If the Franchisee intends to relocate the franchised business to an area outside the Approved Location, the Franchisee will have to pay the Initial Fee of $25,000.00.

The factors the Franchisor considers for approving relocations are the same factors the Franchisor considers for approving initial locations, including visibility, surrounding population density, competition, income and educational levels, vehicle traffic counts, pedestrian traffic counts, space dimensions, parking availability, signage restrictions, use restrictions, and economic terms. The Franchisee's performance will be also measured in determining approval of relocation, based on its profitability and services provided to the customers. The Franchisor will also consider potential conflict or competition with other Franchisees before approving additional territories.
The Franchisee is not limited in the Approved Location. The Franchisee has the option to choose additional territories outside the Approved Location so long as those territories are not in conflict with other Franchisees or the Franchisor's affiliates and the Franchisee shows it is in good standing.

The Franchisee may establish additional franchise outlets within the Approved Location with the prior written consent of the Franchisor.

The Franchisor may not open for business a Premium Matcha Café Maiko restaurant outlet within any Franchisee's Approved Location, without the affected Franchisee's agreement, unless it is a new restaurant product developed by Franchisor that is not within the Premium Matcha Café Maiko system, or is a restaurant included in a restaurant chain acquisition. Franchisor does, however, reserve the right to use its website or other online system to sell products or services within the franchisee's territory either using the Premium Matcha Café Maiko trademark, or using trademarks other than the Premium Matcha Café Maiko trademark, without compensation to franchisees.

There is no restriction on the Franchisee from soliciting and accepting orders from consumers outside of his or her territory, so long as the location outside the Franchisee's Approved Location is not in competition with other Franchisees. The Franchisee must obtain written approval from the Franchisor prior to its franchise activities outside the Approved Location.

However, the Franchisee does not have the right to offer internet or wholesale sales, use the licensed Marks or Standards in connection with a food truck or mobile, roving, or vehicular food operation business, unless we authorize in writing, nor has the right to solicit or conduct businesses through the use of toll-free telephone numbers, catalogs, direct mail, or other advertising or solicitation methods targeting any other area outside the Approved Location or in any area where other Franchisees operate their business.

Currently, the Franchisor does not operate or franchise, or have any affiliate that operates, franchises, or has any presently formulated plans or policy to operate or franchise any business that sells Premium Matcha Café Maiko under a trademark other than "Matcha Café Maiko." The Franchisor does not have any plan to operate a franchise business under a different or similar mark. The Franchisor does not have any plan to use a different trademark. To minimize the risk of confusion, conflict or competition, the Franchisee should not use any trademark other than the Mark approved by the Franchisor to solicit and accept orders of any beverage or ice cream products.

ITEM 13: TRADEMARKS.

The franchisee must operate its franchise business under the Trademarks as identified below. The principal Trademarks, the “Premium Matcha Café Maiko” word and design marks were registered on the Principal Register of the United States Patent and Trademark Office (USPTO) at Registration No. 6,042,108 on April 28, 2020, and No. 5,810,618 as service marks on July 23, 2019, respectively. The registrations are owned by Eight USA Inc. All required affidavits have been filed and the trademark is in good standing. Eight USA Inc. intends to continue to file all required affidavits and renewals for this trademark in a timely manner.

Mark	Registration No.	Date of Registration
PREMIUM MATCHA CAFÉ MAIKO	Reg. No. 6,042,108	Registered Apr. 28, 2020
舞妓 PREMIUM MATCHA Café MAIKO	Reg. No. 5,810,618	Registered Jul. 23, 2019

The franchisee must use the Trademarks only in accordance with the terms of the Franchise Agreement and our Standards. The franchisee must only use the Trademarks in connection with the operation of Premium Matcha Café Maiko restaurants in the manner specified in the Franchise Agreement and the Operating Manual. The franchisee must not use the Trademarks in connection with any products and services not authorized by the franchisor in writing. The franchisee must not use, reproduce or cause to be used or reproduced any Trademarks in any matter in connection with advertising, marketing or promotion without the franchisor’s prior written approval.

So long as the executed Franchise Agreement is in place, the Franchisee may use the trademark, “Matcha Café Maiko” and related marks or symbols. However, the Franchisee is not allowed to use the trademark for its company’s name without first obtaining approval from the Franchisor. Also, the Franchisee is not allowed to use the trademark or Franchisor’s intellectual property to the extent that confuses the consumers regarding the legal ownership of the trademark or intellectual property. These Franchisee’s rights to use

“Matcha Café Maiko” will be terminated at the time of termination of the franchise agreement.

The Franchise Agreement expires in 5 years with an option to renew for additional 5 years thereafter with 90 days prior written notice. If the Franchisee violates the terms of the Franchise Agreement or it is in default, the Franchisor may cancel the Agreement or modify the terms.

The Franchisor will take all steps necessary to protect the Franchisee’s use of the licensed trademark and related intellectual property, so long as the Franchisee is in compliance with the terms of the Franchise Agreement. The Franchisee has the obligation to notify the Franchisor of any potential infringement of the Franchisor’s intellectual property rights. The obligations of the Franchisee and the Franchisor are specified in Section 12 of the Franchise Agreement. The Franchise Agreement requires the franchisor to take affirmative action when notified of uses or claims. The Franchisee has no right to administrate litigation proceedings relating to the trademark licensed by the Franchisor, except that the Franchisee is required to notify the Franchisor of litigation and cooperate fully with the Franchisor in Franchisor’s defense or settlement of any litigation. The Franchise Agreement requires the Franchisor to participate in litigation if the Franchisee is involved in the litigation.

The Franchisee does not have the right to request modification or termination of the trademark. There is no pending litigation regarding the franchisor’s use or ownership rights in a trademark. There are not any currently effective agreements that significantly limit the franchisor’s rights to use or license the use of the Trademarks. The Franchisor is not aware of any infringing use of the trademark.

If the Franchisor requires the Franchisee to modify or discontinue using any of the Trademarks, the Franchisee does not have any right to compensation or otherwise under the Franchise Agreement.

ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION.

As of the date of this Disclosure Document, the Franchisor does not own any rights in or to any patents, patent applications or copyrights that are material to the franchise. The Franchisor claims copyright protection for its Operational Manual, and other publications and promotional materials, although the Franchisor has not registered any of the materials with the U.S. Copyright Office. In addition, the Franchisor claims trade secret protection for its proprietary recipes. These materials are considered proprietary and confidential and are considered the Franchisor's property and may be used by the Franchisee only as provided in the Franchise Agreement, Operations Manual and other communications that the Franchisor provided to the Franchisee, but the Franchisor is not obligated to defend Franchisee against claims arising from the Franchisee's use of copyrighted materials. The Franchisor reserves the right to register any of its copyrighted materials at any time it deems appropriate, but is not obligated to protect its copyrights.

The Franchisor knows of no superior prior rights, agreements, or infringing uses that could materially affect the use of the Franchisee's copyrights in the State of Virginia or anywhere else.

The Franchisee shall not use the Franchisor's confidential information in any unauthorized manner whether or not the Franchisee decided not to pursue the franchise business with the Franchisor. The Franchisor may provide a non-disclosure agreement before discussing any potential franchise business with potential franchisees.

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

(1) The Franchisee does not have obligation to participate personally in the direct operation of the Franchisee's business so long as the Franchisee is responsible for training of its employees who are involved in the business. It is assumed that the Franchisee will participate directly in the business.

(2) Personal "on-premises" supervision by the Franchisee is not required but expected to ensure the proper operation of the business.
There is no limitation on whom the Franchisee can hire as an on-premises supervisor.

Any on-premise supervisor must successfully complete the Franchisor's training program.

If the Franchisee is a business entity, there is no requirement on the amount of equity interest for the on-premises supervisor to hold in the franchise business. However, the on-premises supervisor must agree in writing not to compete against the restaurant and to preserve confidential information to which they have access and not compete with Franchisee or the Company, and other franchisees. Franchisor may regulate the form of agreement that Franchisee uses and be a third-party beneficiary of that agreement with independent enforcement rights.

(3) The Franchisee and its manager are collectively responsible in making sure that they comply with the terms of confidential information and other requirements for use of IP and trademark as specified in the Franchise Agreement and will not operate any other businesses that compete against the franchise business. Further, the Franchisee's manager is required to maintain the same standard as that of the franchisee in the franchise business and bound by the terms of the Franchise Agreement signed by the franchisee. Franchisee is obligated to not use Franchisor's confidential proprietary recipes, operating manual, and other publications in any unauthorized manner. Potential Franchisees may be obligated to sign a non-disclosure agreement before discussing any potential franchise business with the Franchisor. Franchisee may not copy, duplicate, record, reproduce, in whole or in part, or otherwise transmit or make available to any employee or agents other than those who are apprised of the confidential nature of the information and agree to comply with the confidentiality obligations, Confidential Information, as it is defined in the Franchise Agreement, and only to the extent such disclosure is necessary in order to operate the Restaurant. Franchisee is liable to Franchisor for any breaches of these confidentiality obligations by its employees and agents. Franchisee is required to maintain the Confidential Information in a safe and secure location, and immediately turn over to Franchisor the originals and all copies of any Confidential Information upon expiration or other termination of the Franchise Agreement. Franchisee may not retain a copy or record of Confidential Information, except a copy of the Franchise Agreement, any correspondence between the parties, and any other documents that Franchisee

reasonably needs for compliance with any provisions of applicable law. Franchisee must also immediately report to Franchisor the theft or loss of all or any part of the Confidential Information. Except as otherwise required by applicable law, or as may be necessary to enforce the franchise agreement in any legal proceedings, the terms of the franchise agreement and all exhibits, attachments or addenda or other agreements ancillary to, or executed in connection with the franchise agreement, that have been negotiated from the standard form of the franchise agreement are strictly confidential and may be disclosed only to those of Franchisee's managers, members, officers, directors, employees, attorneys, accountants, agents or lenders as is necessary for the operation or financing of the Restaurant. In addition, the Franchisee is not allowed to disclose to others the existence or terms of a general release agreement that the franchisor and franchisee enter into upon the transfer of a franchisee's ownership interests in their restaurant, except that Franchisee may disclose the general release agreement to government agencies or to Franchisee's assigns, successors, directors, officers, shareholders, attorney, and tax advisor, if these individuals agree not to disclose to other the existence or terms of said agreement, to the extent allowed under law.

(4) In the event a Franchisee seeks to transfer a Restaurant to an entity in which Franchisee or the Person that Controls Franchisee has a Controlling Ownership Interest, the Franchisee, or another party acceptable to Franchisor in its sole discretion, must execute a guaranty.

(5) The Franchisee and its affiliates may not promote or divert business to competing businesses, or operate a business with a competitor within a 5 mile radius of its former territory, for 18 months from the termination or expiration of the Franchise Agreement, or transfer its interest to a competitor. The Franchisee is obligated to pay to Franchisor the applicable monthly franchise fee for each business Franchisee owns or operates in violation of the provision.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.

The Franchisee may sell only goods or services approved by the Franchisor. Franchisee is not obligated to sell all the goods or services authorized by the Franchisor. If the Franchisee sells other products and services than the items or services required by the Franchisor, the Franchisee must obtain written approval from the Franchisor before selling these unauthorized products or services ("Franchisee Items"). The Franchisor has the rights to disapprove or approve the offer or sale of any Franchisee Item or services if they are not authorized by the Franchisor. If Franchisor approves the offer or sale of any Franchisee Items, such approval is conditioned on delivery by the Franchisee of the recipes, specifications, and other formulas of the Franchisee Items ("Franchisee Recipes") to the Franchisor, and grant of right of the Premium Matcha Café Maiko franchise to make all uses of such Franchisee Recipes and sell Franchisee Items throughout the universe, including by the sharing of such Franchisee Recipes with other Premium Matcha Café Maiko Restaurant franchisees, and Franchisee agreement not to expect or demand any amounts or compensation from the Franchisor, the Premium Matcha Café Maiko Restaurant franchise, or franchisees who use such Franchisee Recipes. This is to ensure uniformity and cohesiveness of the Premium Matcha Café Maiko franchise operations.

The Franchisee should not sell any products on a wholesale basis. Also, the Franchisee should not sell any products that are inconsistent with the Standards set by the Franchisor. The Franchisor has the right to change the types of authorized goods or services, and there is no limit on the Franchisor's right to make those changes.

ITEM 17: RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION.

Item 17 Table

THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Section 4.1 of the Franchise Agreement	5 years
b. Renewal or extension of the term	Section 4.1 of the Agreement.	The Franchise Agreement may be extended for an additional 5 years for a Franchisee that is not in default of the Agreement, provided prior written notice is given at least 90 days prior to expiration of Term.
c. Requirements for franchisee to renew or extend	Section 4.1 of the Agreement.	The Franchisee is not required to pay a renewal fee but must continue paying the Franchise fee if it remains in the same approved location. A renewal extends the Franchise Agreement under the same terms and conditions for the renewal term. (See also below.)
d. Termination by franchisee	There is no specific section on this in the Agreement.	The Agreement is silent about this, but the franchisee has the right to terminate, if the franchisor fails to perform its duties.
e. Termination by franchisor without cause	Not Applicable.	No termination without cause, unless the franchisee is in default or in violation of the Franchise Agreement.
f. Termination by franchisor with cause	Section 17 of the Agreement.	The Franchisor has the right to terminate the Agreement if the Franchisee violates the terms of the Agreement or is in default.

g. "Cause" defined - curable defaults	Section 17.3 of the Agreement.	Franchisee is given not less than 14 days to cure: non-payment of fees to franchisor or its affiliates, open the restaurant within one year of signing the Agreement, renovations, trademark misuse, non-compliance with data protection laws, non-procurement of insurance, repair of restaurant, compliance with quality assurance program, standards or applicable law, and any other default not listed in Section 17.2.
h. "Cause" defined - non-curable defaults	Section 17.2 of the Agreement	Non-curable defaults: insolvency, bankruptcy, execution on judgment against restaurant, foreclosure suit, restaurant closure due to danger to public health, disclosure of confidential information, misrepresentation by Franchisee in violation of Section 25, underreporting of sales or underpayment of royalties, felony conviction, unapproved transfers, and cessation of operation of restaurant, loss of possession or right to manage or operate the restaurant.
i. Franchisee's obligations on termination/non-renewal	Section 18.1 of the Agreement	The Franchisee should cease to operate the franchise business, not use the trademark or IP owned by the Franchisor and not disclose and return confidential information, and change appearance of restaurant, and pay all amounts due to Franchisor, including costs incurred by Franchisor to remove the restaurant from the Franchisor's System. (also, see r. below.)
j. Assignment of contract by	Section 16.3 of the Agreement.	The Assignment of contract by Franchisor is allowed.
k. "Transfer" by franchisee – defined	Sections 1, 16.1, and 16.4 of the Agreement.	Includes sale, conveyance, assignment, exchange, pledge, encumbrance, and lease of restaurant or contract, and controlling ownership changes.

l. Franchisor approval of transfer by franchisee	Sections 16.1 and 16.2 of the Agreement.	Written approval by the Franchisor is required, which may be withheld in Franchisor's sole discretion.
m. Conditions for franchisor approval of transfer	Sections 16.1 and 16.2 of the Agreement	Transfers to an entity in which Franchisee or the Person that Controls Franchisee has a Controlling Ownership Interest are allowed with prior written notice to Franchisor, provided that there is no uncured breach of the Agreement. In addition, (1) Franchisee or another party acceptable to Franchisor in its sole discretion, must execute a guaranty. (2) Franchisor must receive documents and information with respect to transferee's corporate organization, authority, and ownership as if transferee were submitting a franchise application. (3) The transferee must provide to Franchisor documentation evidencing the Transfer by which the transferee expressly assumes the obligations of Franchisee. (4) Upon Franchisor's request, employees must be retained and Section 8.3 must be complied with. (5) All other obligations of Franchisee under the Agreement are satisfied. For any other transfer, Franchisee must (1) be in good standing under the Standards, (2) deliver a copy of the sale and purchase agreement to Franchisor, (3) not have outstanding monetary obligations to Franchisor, and (4) execute a general release of claims against the Franchisor, and the transferee must be (1) capable of performing the obligations under the Agreement, (2) qualified in terms of financial status, (3) enter into a new franchise agreement, (4) make upgrades to the restaurant as necessary, (5) pay the then-current initial fee. In addition, Franchisor must not have exercised its right of first refusal, and Franchisor must have approved in writing prior to the transfer. Franchisor may disapprove if transferee or affiliate is in conflict with the franchise business.

n. Franchisor's right of first refusal to acquire franchisee's business	Section 16.2 of the Agreement.	The Franchisor has the right of first refusal to acquire franchisee's interest in transferring the business, except when the transfer is to an entity in which Franchisee or the Person that Controls Franchisee has a Controlling Ownership Interest.
o. Franchisor's option to purchase franchisee's business	Section 18.3 of the Agreement	The Franchisor has the option to purchase the franchisee's business within 30 days after termination or expiration of the Agreement.
p. Death or disability of franchisee	Section 17.2 of the Agreement	The Franchisor has the right to terminate the Agreement upon the death or disability of franchisee.
q. Non-competition covenants during the term of the franchise	Sections 8.2 and 16.1 of the Agreement	There is a non-competition covenant to the extent that the franchisee does not promote or divert business to competing businesses, or operate business with a competitor or transfer its interest to a competitor.
r. Non-competition covenants after the franchise is terminated or expires	Section 18.1 (c) of the Agreement	Yes, only to the extent that a state allows non-competition provision.
s. Modification of the agreement	Sections 11 and 24.3 of the Agreement	There may be a modification of the Franchise Agreement.
t. Integration/merger clause	Section 24.3 of the Agreement	Only the terms of the Franchise Agreement are binding (subject to applicable state law). Any representations or promises outside of the Franchise Agreement will not be enforceable.

u. Dispute resolution by arbitration or mediation	Section 22.5 of the Agreement	Any dispute should be resolved by arbitration except in the case of injunctive relief (subject to state law).
v. Choice of forum	Section 22.5 of the Agreement.	The venue for arbitration is in Hawaii (subject to state law).
w. Choice of law	Section 22.1 of the Agreement.	The laws of the State of Hawaii will govern the terms of the franchise agreement to the extent that does not have conflict with the state where the Franchisee is located (subject to state law).

Item 17 (c) – the term “renewal” is used only in case the Franchisee chooses to renew the Franchise Agreement. Any modification of the Agreement will be made if necessary to be in compliance with laws, regulations, ordinances, rules, orders, decrees and requirements of any governmental authority having jurisdiction over the franchise business.

Item 17(m) – the state of Virginia requires the inclusion of a sample copy of the document the franchisee will be asked to sign when the franchise agreement requires the franchisee to sign a release or waiver as a condition to consenting to some future action. The franchise agreement requires the franchisee to execute a general release of claims against the Franchisor when the franchisee seeks to transfer the franchise agreement to an entity other than one in which a Person that Controls Franchisee has a Controlling Ownership Interest. A sample copy of the general release that the franchisee will be asked to sign upon transfer is attached as Exhibit F.

ITEM 18: PUBLIC FIGURES.

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

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS.

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a Franchisor provides the actual records of an existing outlet the Franchisee 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.

The Franchisor does not make any representations about a Franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. The Franchisor also does not authorize its employees or representatives to make any such representations either orally or in writing. If the Franchisee is purchasing an existing outlet, however, the Franchisor may provide the Franchisee with the actual records of that outlet. If the Franchisee receives any other financial performance information or projections of their future income, the Franchisee should report it to the Franchisor's management by contacting Makoto Honoki, 1441 Kapiolani Blvd. Suite 910, Honolulu, HI 96814, (808) 679-2049, info@matchacafe-maiko.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION.

Table No. 1

Systemwide Outlet Summary
For years 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	22	23	+1
	2023	23	23	0
	2024	23	25	+2
Company-Owned	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	23	24	+1
	2023	24	24	0
	2024	24	26	+2

Notes: Some of the Franchisees listed above were licensees under the license agreement prior to approval of the franchise application in the State of Virginia. These licensees will be notified by the franchisor upon the filing of the franchise filing that they will be required to sign the Franchise Agreement or amendment of the license agreements to continue their businesses.

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)

For years 2022 to 2024

State	Year	Number of Transfers
MI	2022	0
	2023	0
	2024	1
OR	2022	1
	2023	0
	2024	0
Total	2022	1
	2023	0
	2024	1

Table No. 3

Status of Franchised Outlets
For years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
AZ	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
CA	2022	8	0	0	0	0	0	8
	2023	8	1	0	1	0	0	8
	2024	8	1	0	0	0	0	9
FL	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
GA	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
MA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
MI	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
NC	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
NJ	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2

NV	2022	1	0	0	0	0	0	1
	2023	1	0	0	1	0	0	0
	2024	1	0	0	0	0	0	0
NY	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	0	0	0	0	0	0
OR	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
PA	2022	1	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
TX	2022	2	0	0	1	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
VA	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
WA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	0
	2024	0	0	0	0	0	1	0
Totals	2022	22	2	0	1	0	0	23
	2023	23	3	1	2	0	0	23
	2024	23	2	0	0	0	0	25

Table No. 4

Status of Company-Owned Outlets
For years 2022 to 2024

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
HI	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Totals	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

Table No. 5

Projected Openings As Of December 31, 2024

State	Franchise Agreements Signed but Outlet not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Openings in Next Fiscal Year
AZ	0	0	0
CA	0	0	0
FL	0	0	0
GA	0	0	0
HI	0	0	0
MA	0	0	0
MD	0	0	0
MI	0	0	0
NC	0	0	0
NJ	0	0	0
NV	1	1	0
NY	0	0	0
OR	0	0	0
PA	0	0	0
TX	0	0	0
VA	0	0	0
WA	0	0	0
Total	1	1	0

The information in the tables is as of December 31, 2024.

The names of the Franchisees of the Premium Matcha Café Maiko are listed on Exhibit B.
Some of the franchisees listed in the above charts operated their businesses as a licensee of the predecessor (Exeo) of Eight USA Inc. After Eight USA Inc. purchased the business from Exeo in August 2019, Eight USA Inc. decided to operate its business with the current licensees as a Franchisor.

A license agreement was signed by licensees located in the States, CA, FL, GA, MA, MD, MI, NC, NV, NY, PA, TX, and VA, but the Franchise Agreement has not been signed by some of these licensees yet. The franchisor plans to replace the current license agreements signed by the licensees/franchisees listed above with the Franchise Agreement attached as Exhibit A upon approval of the franchise application by each state. The outlets not opened yet should be opened subsequently after the Franchise Agreement is signed by them.

There are no licensees who voluntarily ceased to do business under the License Agreement during the most recently completed fiscal year.

No licensee has ceased to do business under the License Agreement or had an outlet terminated, canceled, not renewed within the most recently completed fiscal year or who have not communicated with us, within the last ten (10) weeks. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Eight USA. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them discussing with you their experiences as a franchisee in Eight USA’s franchise system.

The Franchisor has not created, sponsored, or endorsed any trademark-specific franchisee organizations associated with the Premium Matcha Café Maiko franchise. There are no independent franchisee organizations that have asked to be included in this disclosure document.

ITEM 21: FINANCIAL STATEMENTS.

Attached and identified as **EXHIBIT C** is the Franchisor’s audited financial statements for the years ended December 31, 2022, December 31, 2023, and December 31, 2024. The Franchisor’s fiscal year end is December 31.

ITEM 22: CONTRACTS.

The Franchise Agreement along with Exhibits is attached as **EXHIBIT A.**

ITEM 23: RECEIPTS.

RECEIPTS

Two copies of an acknowledgment of your receipt for this disclosure document appear as the last pages of the disclosure document (**Exhibit I**). Please date and sign each of them as the date you received this disclosure document, return one copy to us and keep the other with this disclosure document for your record.

EXHIBIT A

FRANCHISE AGREEMENT

F R A N C H I S E   A G R E E M E N T

THIS FRANCHISE AGREEMENT (“Agreement”) is effective as of [__________________], 2025 (“Effective Date”) by Eight USA Inc., a corporation organized and existing under the laws of the State of Hawaii (“Franchisor”) and_________________, a ____________ organized and existing under the laws of the State of __________________ (“Franchisee”).

RECITALS

A. Franchisor and its Affiliates (as defined below) own the System (as defined below) for the Premium Matcha Café Maiko (as defined below); and

B. Franchisee is the owner of the Restaurant (as defined below), and Franchisee desires to operate the Restaurant as a Premium Matcha Café Maiko restaurant and wishes to obtain a license to use the System and the Proprietary Marks (as defined below) for that purpose; and

C. It is the intention of the parties that the Restaurant, together with other Premium Matcha Café Maiko Restaurants will be part of a worldwide chain of restaurants providing distinctive, high-quality restaurant services, and Franchisee agrees that it is important to operate the Restaurant in strict conformity with the System in order to enhance public acceptance of, and demand for, all Premium Matcha Café Maiko Restaurants; and

D. In agreeing to grant the non exclusive license to operate business of Matcha Café Maiko Restaurant under this Agreement to Franchisee, Franchisor is relying upon the business skill, financial capacity, and character of Franchisee and its principals.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Franchisee and Franchisor agree as follows:

SECTION 1 DEFINITIONS

1.1 Definitions. The following terms when used in this Agreement have the following meanings:

“Accounting Period” means any fiscal accounting and reporting period required by Franchisor.

“Affiliate” means, for any Person, a Person that is related directly (or indirectly through one or more intermediaries) Controlling, Controlled by, or under common Control with such Person.

“Applicable Law” means all laws, regulations, ordinances, rules, orders, decrees, and requirements of any governmental authority having jurisdiction over the Restaurant, Franchisee, or any of the Entire Agreements, or applicable to the filing, registration, or approval of any of the Entire Agreements.

“Approved Location” means the area, city, county or state where the Franchisee has permission to operate the Restaurant (s), which is described in Exhibit A to this Agreement. This is the territory where the Franchisee can open a Restaurant, and the Franchisee does not need to pay the Initial Fee in setting up its other Restaurants so long as it paid the Initial Fee for the first Restaurant and other Restaurants are operated within the Approved Location.

“Case Goods” means furniture and fixtures used in the Restaurant, and its Public Facilities, such as chairs, stools, tables, television sets, mirrors, pictures, wall decorations, graphics and all other unspecified items of the same class.

“Competitor” means any Person that: (i) owns, has an interest in, or (ii) is an Affiliate, principal, director, officer, or other individual with management responsibility of a Person that owns or has an interest in a restaurant brand, trade name, trademark, system, or chain (a “Brand”) that is comprised of at least two (2) full-service restaurants; provided, such Person will not be deemed to be a Competitor if such

Person has an interest in such Brand merely as a mere passive investor that has no Control or influence over the business decisions concerning the Brand at issue, such as limited partners in a partnership or as a mere non-Controlling stockholder in a corporation.

"Confidential Information" means any or all of the following information, including without limitation, any unpublished financial information, product and business and marketing plans, projections, marketing data, computer data, computer programs and supporting documentation, and any other information that will reasonably be deemed confidential even if not designated as such. For the purpose of this Agreement, Confidential Information specifically includes (i) Standards, documents, or trade secrets approved for use in the System or in the design, construction, renovation or operation of the Restaurant; (ii) any Electronic Systems and accompanying documentation developed for the System or elements thereof; or (iii) any other confidential information, knowledge, trade secrets, business information or know-how obtained (a) through the use of any part of the System or concerning the System or the operation of the Restaurant or (b) under any Entire Agreements. ("**Confidential Information**"). Franchisee must take reasonable steps to prevent any confidential information from being disclosed and prevent the unauthorized duplication or disclosure of such confidential information. Confidential Information does not mean information that is: (a) already in Licensee's possession without obligation of confidentiality; (b) independently developed by Franchisee without reference to Franchisor's Confidential Information, as demonstrated by competent evidence; (c) obtained from source other than Franchisor without obligation of confidentiality; (d) publicly available when received, or thereafter becomes publicly available through no fault of either party; (e) disclosed by Licensor to another party without obligation of confidentiality; (f) incidentally retained in the unaided memories of persons who have had access to Confidential Information;; or (g) disclosed by Franchisee with Franchisor's prior written consent.

"Control" (and any form thereof, such as "Controlling" or "Controlled") means, for any Person, the possession, directly or indirectly (through one or more intermediaries), of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting interests, by contract, or otherwise.

"Data Protection Laws" means data protection and privacy laws and regulations in each relevant jurisdiction.

"Dispute" means any dispute, controversy, or claim arising out of or relating to this Agreement or any other Entire Agreement, or the making, breach, termination, or invalidity of this Agreement or any other Entire Agreement, or the relationship created by those agreements.

"Electronic Systems" means all Software, Hardware and all electronic access to Franchisor's systems and data, licensed or made available to Franchisee relating to the System, and includes any Software or Hardware that results from modifications to the System pursuant to Section 11.2.

"Entire Agreement(s)" means, collectively, this Agreement (including any agreement attached to this Agreement as exhibits, attachments or addenda) and any other agreements executed in connection with any of the foregoing, including any other agreement relating to the Restaurant between Franchisor (or its Affiliates on the one hand) and Franchisee or owner(s) of the Restaurant on the other, as any may be amended, modified, supplemented, or restated.

"FF&E" means furniture, furnishings, fixtures, signage, equipment (including telephone systems; facsimile machines; copiers; vending machines; freezers; refrigerators; electronic systems); Case Goods and Soft Goods.

"Food and Beverage Operations" means all Restaurant food and beverage services, whether performed inside or outside the Restaurant, including: (i) all restaurant, dining, bar, lounge, and retail food and beverage services; (ii) any other food, beverage, or related services of the Restaurant; and (iii) the amount of all lost revenues and receipts from any of the foregoing upon which proceeds of business interruption, loss of income, or other similar insurance are calculated.

"Franchisor Restaurant Facilities" means all restaurants and eating facilities, chains, brands, or restaurant systems owned, leased, under development, or operated or franchised, now or in the future, by Franchisor or any of its Affiliates, including: (i) Premium Matcha Café Maiko Restaurants; and (ii) any other restaurant product or concept developed or utilized by Franchisor or any of its Affiliates in the future.

"Gross Revenues" means all sales and receipts of every kind and nature from the Food and Beverage Operations, including credit charges, charge backs, service charges (other than tips, service charges, or gratuities to Restaurant employees to the extent actually received by the Restaurant employees), and uncollectible amounts, whether or not collected, and guaranteed no-show revenue that is collected from the Food and Beverage Operations, but does not include any sales, restaurant tax, or similar taxes collected from patrons or guests.

"Gross Sales" means the dollar aggregate of the full amount of the price charged or value received for all goods, food, beverage, and merchandise sold, leased, rented, licensed, or delivered, and all charges for all services sold or performed, and all other receipts from all business conducted in, on, or from the Restaurant by the Franchisee, or its parent, subsidiary or affiliate, licensee, concessionaire, or subtenant, including but not limited to business done both for cash and on credit, it being understood that sales on credit are to be included in Gross Sales, whether or not payment therefore is actually received; including all deposits not refunded to customers; the gross amount charged by Franchisee for food and beverage and merchandise sold from or orders received, placed at, taken at, billed by, fulfilled by, or shipped by the Restaurant, or picked up by the customer, or delivered elsewhere by any means, including but not limited to, mail order, electronic, computer, internet, telephone, or other technology based system whether now existing or hereinafter developed; the gross amount charged or received by Restaurant from any and all other sources of income derived from or connected with the operations of the business conducted in, on, or from the Restaurant; and the entire price of all orders secured or received on the Restaurant by telephone, mail, house-to-house, or other canvassing by personnel operating from, reporting to, or under the supervision of any employee, agent or representative of Franchisee located at or operating out of the Restaurant, or by other means, whether or not filled elsewhere, or which Franchisee, in the normal and customary course of its operations, could credit or attribute to its business on the Restaurant, less the following deductions: (i) all amounts refunded to customers for merchandise returned, to the extent that the original sale was included in Gross Sales, (ii) the amount of all state general excise taxes which by law are chargeable to customers and further provided that only those taxes actually paid shall be allowed as a deduction from Gross Sales as defined herein, and (iii) any discounts actually applied to the price charged by the Franchisee, to the extent the discount was not reflected in Gross Sales.

"Guarantor" means individually and collectively any Person(s) who guarantee(s) the performance of Franchisee's obligations under this Agreement in connection with a Transfer permitted under Section 16 and in accordance with the Guaranty.

"Guaranty" means any guaranty executed by and among the Guarantor and Franchisor.

"Hardware" means all computer hardware and other equipment (including all future upgrades, enhancements, additions, substitutions, and other modifications thereof) required for the operation of and connection to the applicable system by the Standards for Premium Matcha Café Maiko Restaurants.

"Intellectual Property" means all of the following items, regardless of the form or medium involved (e.g., paper, electronic, tape, tangible or intangible): (i) all Software, including the data and information processed or stored by such Software; (ii) all Proprietary Marks; and (iii) all Confidential Information and all other information, materials, and copyrightable or patentable subject matter developed, acquired, licensed, or used by Franchisor or any of its Affiliates in the operation of the Restaurant or in any other restaurant in the System.

"Interest" means the lesser of eighteen percent (18%) per annum or the maximum interest rate allowable under Applicable Law.

"Inventories" means (i) provisions in storerooms, refrigerators, freezers, pantries, and kitchens; (ii) beverages; (iii) other merchandise intended for sale; (iv) ingredients; (v) mechanical supplies; (vi) paper items; and (vii) other expensed supplies and similar items.

"Licensed Marks" means one or more of the registered trademarks, registered service marks, and registration applications, and any other Proprietary Mark designated in writing as a Licensed Mark by Franchisor, all as may be changed, deleted, added to or otherwise modified by Franchisor in its sole discretion.

"Marketing Materials" means all advertising, marketing, promotional, sales and public relations concepts; press releases; materials; copy; concepts; plans; programs; brochures; or other information to be released to the public whether in digital, electronic or computerized form, or in any form of media now or hereafter developed.

"Other Mark(s)" means any trademark, trade name, symbol, slogan, design, insignia, emblem, device, or service mark that is not a Proprietary Mark.

"Ownership Interest" means all forms of ownership of legal entities or property, both legal and beneficial, voting and non-voting, including stock interests, partnership interests, limited liability company membership or ownership interests, joint tenancy interests, leasehold interests, proprietorship interests, trust beneficiary interests, proxy interests, power-of-attorney interests, and all options, warrants, and any other forms of interest evidencing ownership or Control.

"Person" means an individual (and the heirs, executors, administrators, or other legal representatives of an individual), a partnership, a corporation, a limited liability company, a government, or any department or agency thereof, a trustee, a trust, an unincorporated organization, or any other entity of any kind.

"Premium Matcha Café Maiko Restaurants" or "Matcha Café Maiko Restaurants" means the group of restaurants serving ice cream, desert, beverage and other food or tea products known, as of the Effective Date, as "Matcha Café Maiko", which restaurants are operated by any approved party under the System or are designated by Franchisor as "Premium Matcha Café Maiko Restaurants" or "Matcha Café Maiko Restaurants". Franchisor or its Affiliates may elect to increase or decrease the number of "Premium Matcha Café Maiko Restaurants."

"Proprietary Marks" means the Licensed Marks, the name "Matcha Café Maiko" or "Premium Matcha Café Maiko" in any form, the Matcha Café Maiko logo, and all other trademarks, trade names, trade dress, words, symbols, logos, slogans, designs, insignia, emblems, devices, service marks, and indicia of origin (including restaurant or store names or other outlet names), or combinations thereof, that are registered by Franchisor or any of its Affiliates, or are used to identify or are otherwise associated by virtue of usage with Premium Matcha Café Maiko Restaurants, all as may be changed, deleted, added to or otherwise modified by Franchisor in its sole discretion. The term applies whether the Proprietary Marks are owned currently by Franchisor or any of its Affiliates, or are later developed or acquired, and whether or not they are registered in any state, foreign country or in the United States Patent and Trademark Office.

"Public Facilities" means any dining facilities, restaurants, lounges, and all other similar public facilities at the Restaurant.

"Reasonable Business Judgment," means (1) with respect to the System, Franchisor's action or inaction has a business basis that is intended to: (i) benefit the System or the profitability of the System, including Franchisor, regardless of whether some individual restaurants may be unfavorably affected; (ii) increase the value of the Proprietary Marks; (iii) increase or enhance overall restaurant guest or franchisee or owner satisfaction; or (iv) minimize possible brand inconsistencies or customer confusion, or (2) with respect to everything other than the System, Franchisor's action or inaction has a business basis and has not acted in bad faith.

"Restaurant" means the restaurant and all land used in connection with the restaurant called "Restricted Territory" for the purpose of this Agreement, which is located or to be located within the Approved Location, including: (i) the freehold or long-term leasehold title to the Restricted Territory within the Approved Location; (ii) all improvements, structures, facilities, entry and exit rights, parking, landscaping, and other appurtenances (including the restaurant building, Public Facilities, and all operating systems) located at the Restricted Territory within the Approved Location; and (iii) all FF&E and Inventories installed or located in such improvements at the Restricted Territory. The details of the Restricted Territory are listed and attached as Exhibit B.

"Quality Assurance Program" means the quality assurance program required by Franchisor or its Affiliates for Premium Matcha Café Maiko Restaurants as set forth in the Standards for evaluating or ensuring compliance of Premium Matcha Café Maiko Restaurants with the Standards.

"Soft Goods" means textile, fabric and vinyl and similar products used in finishing and decorating the Restaurant and its Public Facilities, such as vinyl wall and floor coverings, drapes, sheers, cornice coverings, artwork, upholstery and all other unspecified items of the same class.

"Software" means all computer software and accompanying documentation (including all future enhancements, upgrades, additions, substitutions, and other modifications) provided to Franchisee by or through Franchisor and/or third parties designated by Franchisor or its Affiliates required for the operation of and connection to the applicable Electronic System.

"Standards" means Franchisor's operating rules, manuals, standard operating and other procedures, systems, guides, programs (including the Quality Assurance Program), requirements, directives, standards, specifications, design criteria, and such other information, initiatives and controls that are necessary for planning, constructing, renovating, refurbishing, and operating Premium Matcha Café Maiko Restaurants, as such may be modified, amended or supplemented by Franchisor or its Affiliates. The Standards may be in paper or in electronic form (or with Franchisor's prior approval take into account specific characteristics and conditions of the local market).

"System" means the Standards, Confidential Information and other distinctive, distinguishing elements or characteristics that Franchisor or its Affiliates have developed, designated or authorized for the operation of Premium Matcha Café Maiko Restaurants, including advertising programs and training.

"Taxes" means all taxes (including any sales, gross receipts, value-added or goods and services taxes), levies, charges, impositions, stamp or other duties, fees, deductions, withholdings or other payments levied or assessed by any competent governmental authority, including by any federal, national, state, provincial, local, or other tax authority.

"Transfer" means any sale, conveyance, assignment, exchange, pledge, encumbrance, lease or other transfer or disposition, directly or indirectly, voluntarily or involuntarily, absolutely or conditionally, by operation of law or otherwise. For purposes of determining whether a Transfer or change of Control has occurred, any prior Transfers of an Ownership Interest to the same Person or an Affiliate of such Person may be considered together.

"Travel Expenses" means all reasonable and documented travel, food and lodging, living, and other out-of-pocket costs and expenses.

SECTION 2 LICENSE

2.1 Limited Grant.

Upon the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee the non exclusive license to use the Licensed Marks and the System and the right to operate the Restaurant as a Matcha Café Maiko Restaurant solely at the Approved Location; provided that Franchisee shall commence operation of at least one (1) Restaurant under the terms of this Agreement by the first anniversary of the Effective Date. Franchisee may operate additional Franchisee Restaurants within the Approved Location under this Agreement with the prior written consent of Franchisor and subject to any other applicable provisions in this Agreement. Franchisee agrees: (i) to operate the Restaurant as a Matcha Café Maiko Restaurant in accordance with the System and this Agreement as and when authorized by Franchisor under this Agreement; and (ii) to identify or name the Restaurant in accordance with the Standards. Franchisee acknowledges that this license does not permit (1) sales on a wholesale basis or (2) use of Marks and the System in connection with a food truck or any roving, mobile, or vehicular food operations..

2.2 Franchisor's Reserved Rights.

(a) Franchisee agrees that, except as set forth below in Section 2.3: (i) Franchisor and its Affiliates retain the right to develop, promote, construct, own, lease, acquire and/or operate, or authorize or otherwise license or franchise to other Persons the right to develop, promote, construct, own, lease, acquire and/or operate: (a) Franchisor Restaurant Facilities; (b) restaurants; and (c) other business operations; (ii) Franchisor or its Affiliates may exercise such right without notice to Franchisee and (iii) Franchisee is not entitled to any protected territory, territorial rights or exclusivity, other than the Approved Location. Franchisee covenants that it will not interfere with the exercise of such right by Franchisor or any of its Affiliates outside the Approved Location.

(b) Franchisee agrees that in the operation or conduct of any Franchisor Restaurant Facilities or any other business activity, Franchisor may use, or benefit from common use of, the System and Standards and other reservations and other systems, communications equipment, services, administrative systems, Electronic Systems, personnel not assigned to work with Franchisee, marketing and advertising programs, central purchasing, approved supplier lists, independent licensed sales representatives, or other independent contractors. Nothing in this Agreement will prevent Franchisor from allowing other Franchisor Restaurant Facilities operated or franchised by Franchisor or its Affiliates to use various components of the System.

2.3 Restricted Territory.

Neither Franchisor nor any of its Affiliates shall open for business to the public, grant a franchise or license or otherwise authorize any other Person to open for business of a Matcha Café Maiko Restaurant in the Approved Location during the Initial Term and any subsequent Renewal Term, unless agreed to in writing otherwise, provided however, that the Franchisor may grant a franchise or license to other persons or businesses within the Approved Location if the Franchisee is found to be in noncompliance with the Standards set by the Franchisor. The details of the Franchisee Restaurants within the Approved Location are listed and attached as Exhibit B (the "Restricted Territory"). The restrictions set forth in this Section 2.3 shall not apply to (i) any future restaurant product developed by Franchisor or one of its Affiliates that is not included within the System; or (ii) to any restaurants (whether under development or already in operation) included in any restaurant chain acquisition.

SECTION 3 FEES

3.1 Initial Fee.

The initial fee, which is nonrefundable, in consideration of Franchisor's investigation, review and approval process and other administrative functions and undertakings in connection with this Agreement is $25,000.00 (the "Initial Fee"). This Initial Fee is applicable to each Approved Location. The Initial Fee is due and payable within 14 calendar days after signing this Agreement.

3.2 Franchise Fees.

(a) From the earlier of (1) the opening of the Restaurant for business or (2) the first full month after the one year anniversary of the Effective Date, until the expiration or termination of this Agreement, Franchisee shall pay Franchisor each month for each Restaurant, the higher of (i) a non-refundable amount of $500.00 per month (hereinafter referred to as the "Monthly Fee") or (ii) the Food and Beverage Royalty Fee as described in Sections 3.2(b) and (c) below (collectively "Franchise Fee"). The applicable Franchise Fee must be received by the Franchisor no later than the 15th day of each month for the business operation during the preceding month.

(b) Franchisee shall pay Franchisor a monthly royalty on the items set forth in Exhibit C attached hereto ("Food and Beverage Royalty Fee") for each Restaurant.

(c) For 2025, Food and Beverage Royalty Fee is five percent (5%) on all Gross Sales on the items set forth in Exhibit C. The maximum aggregate amount payable in any month by Franchisee for the Monthly Fee and Food and Beverage Royalty Fee shall be capped at $2,000 per month (the "Monthly Cap"). For each subsequent year, the Franchisor may increase the Monthly Cap by up to 5% or by the consumer price index for the previous year (as published by the Bureau of Labor Statistics of the United States Department of Labor), whichever is the greater.

(d) Franchisor has the right, at its sole discretion, to amend, update or change the items listed in Exhibit C, and the Premium Matcha Café Maiko order guide, at any time. Franchisee acknowledges Franchisor's right to collect fees, service charges and tariff that are incurred by the Franchisor to facilitate shipment or delivery of the approved items, rebates, and marketing allowances from food distributors, food manufacturers, food brokers, or other vendors or suppliers, as well as from Franchisee, and to require Franchisee to pay service charges and tariff assessed for shipment or delivery of the approved items. Franchisee shall have no claim for offset or a reduction in fees with respect to any fees Franchisor may negotiate from any other party.

3.3 Making of Payments and Performance of Services.

Payments for the Initial Fee due to Franchisor or its Affiliates will be paid immediately upon signing this Agreement. Payment for the Franchise Fee is due on the 15th of each month for the business operation during the preceding month. The Franchisee shall pay to the Franchisor by any method as Franchisor approves to the accounts designated by Franchisor in Section 3.6. Franchisor has the right to have any service or obligation of Franchisor under this Agreement be performed by an Affiliate of Franchisor. Franchisor also has the right to designate that payment be made to one of its Affiliates instead of Franchisor, and, provided that such designation is in writing, Franchisee must make such payments as designated. All payments will be made subject to applicable withholding and other taxes.

3.4 Late Fee and Interest on Late Payments.

If any payment by Franchisee to Franchisor pursuant to this Agreement is not received within seven (7) days following its due date, such payment will be deemed overdue, and Franchisee must pay to Franchisor, in addition to the overdue amount, a late fee equal to ten percent (10%) on such overdue amounts. Furthermore, Franchisee will pay Interest on all such overdue amounts from the date it was due until paid. Franchisor's entitlement to Interest will be in addition to any other remedies Franchisor may have under Applicable Law.

3.5 Taxes.

Franchisee must promptly pay when due all Taxes levied or assessed by any Tax authority relating to the Restaurant, Franchisee, this Agreement, any other Entire Agreement or in connection with operating the Restaurant. If any amount to be paid or reimbursed under this Agreement to Franchisor, or any of its Affiliates, is subject to any deductions or withholdings for any present or future Taxes relating to the Restaurant, and to the extent Applicable Law requires such amounts to be withheld and paid by Franchisee directly to a governmental authority, then Franchisee must account for and pay such deductions or withholdings promptly and will provide to Franchisor receipts or other proof of such payments upon receipt. If there is a bona fide Dispute by Franchisee as to liability for Taxes, Franchisee may contest the validity of the amount of the Tax in accordance with the procedures of Applicable Law, provided that Franchisee will not permit a Tax sale or seizure by levy of execution or similar writ or warrant, or attachment by creditor, to occur against any part of the Restaurant.

3.6 Method of Payment.

Any payment to Franchisor, including but not limited to the Initial Fee and Franchise Fee may be made by way of regular check, PayPal at __________________ (payment by PayPal limited to payment of monthly fees only), or wire transfer. In the event Franchisee wishes to pay the Fees by wire transfer, Franchisee shall incur the wire transfer transaction fees and handling charges and shall wire it to the following designated bank account in U.S. Dollars.

Name of Bank: Central Pacific Bank
Branch Name: International Banking
Branch Number: 234

Office Address: 2250 Kalakaua Ave. Suite 401, Honolulu, HI 96815, USA
Head Office Address: 220 South King St., Honolulu, HI 96813, USA
Bank's Call Center: (808) 544-0500
Routing Number: 121301578
SWIFT: CEPBUS77
Account Number: ________________________
Account Title: Eight USA Inc. dba Matcha Café Maiko

SECTION 4 TERM AND RENEWAL

4.1 Term and Renewal.

The term of this Agreement shall begin on the date first set forth above and shall expire on the date that is five (5) years after the Effective Date (the "Initial Term"), unless earlier terminated in accordance with the terms of this Agreement. Provided that Franchisee is not in default of any of the terms of this Agreement, this Agreement may be extended for an additional period of five (5) years thereafter ("Renewal Term") if and when Franchisee provides Franchisor a prior written notice to extend the Term at least ninety (90) calendar days prior to the expiration of the Term. In the event Franchisee wishes to exercise its right to renew the Agreement, Franchisee shall not be required to pay the Initial Fee for the same Approved Location, except for the Franchise Fee during the Renewal Term.

SECTION 5 CONSTRUCTION; SOURCING AND DESIGN APPROVALS

5.1 Construction, Conversion, and Renovation of the Restaurant.

Franchisee, at its expense, must start and complete in a timely fashion and to Franchisor's satisfaction the construction or renovation, as the case may be, of the Restaurant in accordance with the Standards and in compliance with All Applicable Law.

5.2 FF&E, Supplies, and Signage.

(a) Franchisee must use only such signs, FF&E, and Inventories that conform to the Standards and are purchased from a vendor, supplier or manufacturer designated as "approved" by Franchisor. Franchisor may designate approved vendors and suppliers, including Franchisor or any of its Affiliates, as the only approved supplier for certain items. The requirements imposed by this Section 5.2 are to insure that the FF&E, Inventories, and other items used by Premium Matcha Café Maiko Restaurants will be uniform and of high-quality, and Franchisee agrees that the restrictions imposed on Franchisee in this Section 5.2 constitute the measures necessary to maintain the identity, integrity and reputation of the System.

(b) Franchisee must prominently display in, on, and around the Restaurant signs using the Licensed Marks and other advertising signs of such nature, form, color, number, location, and size, and containing such material, as Franchisor provides in the Standards or otherwise approves. All signs will comply with all Applicable Law. Franchisee must not display in or upon the Restaurant premises or elsewhere, any sign or Marketing Materials of any kind that does not comply with Section 6 or to which Franchisor objects.

5.3 Design Approval.

(a) If Franchisee elects or is required by this Agreement (including, pursuant to Section 10) to perform construction work or significant renovations or refurbishment of the Restaurant affecting the design, character, or appearance of the Restaurant, Franchisee will obtain the prior approval of Franchisor that any such construction work or significant renovations or refurbishment complies with the Standards and the requirements set forth in Section 5. Prior to commencing such construction, renovation, or refurbishment, Franchisee will engage a qualified designer and other qualified consultants and cause them to prepare and submit to Franchisor for its review and approval for compliance with the Standards, complete design drawings and specifications based on the Standards. If such drawings and specifications are not approved by Franchisor, Franchisor will provide recommendations to Franchisee related to the Standards that Franchisee must incorporate into such designs and drawings. Once approved, no changes will be made to any design, drawings, and specifications previously approved by Franchisor without Franchisee re-submitting such changes to Franchisor for its review and approval. Each party will act promptly in the preparation, submission, approval, and revision of all of said design drawings and specifications.

(b) Franchisee agrees that Franchisee, and not Franchisor or its Affiliates, is responsible for: (i) ensuring that any design, working drawings, specifications, construction, renovation, or refurbishment complies with any Applicable Law, including any requirements relating to disabled persons; (ii) any errors or omissions; or (iii) discrepancies (of any nature) in any drawings or specifications. Franchisor's review and approval under this Section 5.3 is limited solely to confirming Franchisee's compliance with the Standards. Except for Franchisee's own uses related to its construction or operation of the Restaurant, Franchisee must not reproduce, use or permit the use of any of the design concepts, drawings, or Standards without the prior approval of Franchisor.

SECTION 6 ADVERTISING AND MARKETING

6.1 General.

Franchisee will prominently use and display, in connection with the Restaurant, (i) Marketing Materials and signs only in the combination, arrangement, and manner approved or required by Franchisor, and (ii) such other trade names, trademarks, logos, and designs as may be provided, approved, or required by Franchisor.

6.2 Local Advertising Programs.

(a) Franchisee agrees to spend not less than two (2%) percent of the total amount of its Gross Revenues each calendar quarter for local advertising, marketing, promotional, sales and public relations programs and activities for the Restaurant ("Local Advertising Programs"). Franchisor may request that Franchisee prepare and submit a quarterly report to Franchisor which accounts for the use of the Local Advertising no later than ten (10) days following the end of each quarter during the Term of this Agreement.

(b) Local Advertising Programs will be at Franchisee's expense and will be conducted to the extent that Franchisee deems necessary, but in accordance with the Standards and in a respectable and dignified manner that will not detract from the reputation of Franchisor or the System. Prior to public use of any Marketing Materials for Local Advertising Programs or for other purposes, Franchisee must submit for Franchisor's approval samples of Marketing Materials that have not been previously approved by Franchisor. If Franchisor does not respond to Franchisee's submittal within ten (10) business days of the receipt of such Marketing Materials, such Marketing Materials shall be deemed approved by Franchisor. If Franchisor, subsequent to its approval of such Marketing Materials or Local Advertising Programs, withdraws its approval, Franchisee must immediately cease the use, distribution, and dissemination thereof. Any Marketing Materials developed by Franchisee for the Restaurant, and approved by Franchisor, may be used by other restaurant facilities owned, operated, or franchised by Franchisor or its Affiliates without any compensation to Franchisee.

SECTION 7 ELECTRONIC SYSTEMS

7.1 Systems Installation.

Franchisor may provide to Franchisee the specifications for the Electronic Systems and other systems required to be utilized at the Restaurant, as necessary. Upon Franchisor's written request, Franchisee must, at its expense: purchase or lease, install, maintain, and use at the Restaurant all Electronic Systems necessary for the proper and efficient utilization and operation of such systems.

7.2 Electronic Systems Provided Under License.

The Electronic Systems will remain the sole property of any third party vendors, as applicable. Franchisee will at all times treat the Electronic Systems as confidential. Franchisee acknowledges that the Electronic Systems will be modified, enhanced, replaced, become obsolete, and that new Electronic Systems will be created to meet the needs of the System and restaurants operating in it and the continual changes in technology. Franchisee agrees that Franchisee shall, at its expense, purchase, install, maintain and use the Electronic Systems required by Franchisor during the Term of this Agreement.

SECTION 8 OPERATIONS

8.1 Operating the Restaurant.

Franchisee will operate the Restaurant using the System and in compliance with Standards in such a manner as to provide courteous, uniform, respectable, and high-quality food and beverage, and other services and conveniences to the public. Franchisee will maintain a high moral and ethical standard and atmosphere at the Restaurant. Franchisee will comply with all of the terms of this Agreement and will:

(a) permit the duly authorized representatives of Franchisor to: (i) enter Franchisee's facilities and inspect same at all reasonable times to confirm that Franchisee is complying with the terms of this Agreement and the Standards, and operating in compliance with the System; and (ii) test any and all equipment, food products, and supplies located at the Restaurant.

(b) not sell, display or use in the Restaurant any vending machines, entertainment devices, or similar products that have not been previously approved by Franchisor;

(c) honor at the Restaurant all credit cards specified in the Standards;

(d) fully participate in all complaint resolution programs that may be specified in the Standards or in any Exhibit to this Agreement;

(e) except as otherwise set forth herein, make when due all payments in accordance with the terms of all contracts, agreements, and invoices, except for payments that are disputed by Franchisee in good faith;

(f) not offer or sell services or products from or through the Restaurant that have not been previously authorized by Franchisor; provided that Franchisor authorization for Franchisee to offer or sell any original menu item(s) is conditioned upon delivery of recipes, specifications, and other formulas ("Franchisee Recipes") for such original menu items, grant of right of the Matcha Café Maiko franchise to make all uses of such Franchisee Recipes throughout the universe, including by the sharing of such Franchisee Recipes with other Matcha Café Maiko Restaurant franchisees, and Franchisee will not be due any amounts from the Franchisor, Matcha Café Maiko Restaurant franchise, or franchisees from the use of such Franchisee Recipes;

(g) prepare such trademarked items strictly in accordance with the specifications, recipes, and formulas supplied by Franchisor (Franchisee's right to use such trademarked food and beverage items may be revoked by Franchisor at any time); and

(h) submit to Franchisor a copy of any management, consultant, contractor, or other agreement with a third party that involves the operation of any Restaurants within the Approved Location within seven (7) days of entering into such agreement.

8.2 System Promotion and Diversion to Other Businesses.

Franchisee must use all reasonable means to encourage and promote the use of Premium Matcha Café Maiko Restaurants everywhere by the public. If Franchisee receives a request for reservations or restaurant services or use of Public Facilities in any other area outside the Approved Location where a Premium Matcha Café Maiko Restaurants is located, Franchisee must promptly refer such request to that Premium Matcha Café Maiko Restaurant. Franchisee will not, without obtaining Franchisor's prior consent, associate or affiliate with any other restaurant business organization that requires Franchisee to refer business to other members of that organization. Unless Franchisee obtains Franchisor's prior approval, which approval may be withheld in Franchisor's sole discretion, Franchisee will ensure that no part of the Restaurant or the System is used to further or promote or divert business to:

(a) any restaurant business (including any other restaurant operated by Franchisee or in which Franchisee or a principal of Franchisee owns or holds an Ownership Interest) not operated under a trade name or trademark owned by Franchisor or any of its Affiliates, including advertising or promotion of restaurants facilities; or

(b) except as expressly permitted by the Standards or by Franchisor, any other business or concession, and in connection herewith, any such permitted business shall comply with Section 12.3 with respect to Other Marks.

8.3 Employees

(a) Franchisee must employ suitable individuals and qualified personnel sufficient to staff all positions at the Restaurant as required by the Standards or Franchisor. Franchisee must use its best efforts to ensure that Franchisee's employees: (i) at all times conduct themselves in a competent and courteous manner in accordance with the image and reputation of Franchisor and the System; and (ii) maintain a neat and clean appearance and render competent, sober, and courteous service to all Persons at all times.

(b) Franchisee agrees that Franchisor has the right to communicate directly with the employee(s) at the Restaurant regarding day-to-day operations of the Restaurant, and such communications will be deemed made to Franchisee, as the agents of Franchisee.

(c) Unless the employee(s) in question first solicits Franchisee or Franchisor (as applicable), neither Franchisee nor Franchisor will seek to employ or employ any person who is employed by the other without obtaining the other party's prior written consent.

SECTION 9 TRAINING, COUNSELING, AND ADVISORY SERVICES

9.1 Training.

(a) The Restaurant must be managed or operated by a Person or Persons who have successfully completed the training program(s) required by Franchisor. Franchisor will have the right to require the Restaurant's or Franchisee's management personnel to attend specific training program(s) before the opening of the Restaurant. Franchisee will advise Franchisor of all newly hired management personnel to successfully complete such training program(s) within thirty (30) days after the hiring of such management personnel.

(b) Franchisee must conduct such training for Franchisee's employees as is required for them to properly operate, administer and manage the Restaurant in accordance with the Standards.

(c) Franchisor may offer, and Franchisee may elect to participate in, optional training courses for personnel engaged in operating or managing Matcha Café Maiko Restaurants.

(d) For all activities under Section 9, Franchisee will be responsible for paying all Travel Expenses, and the salary and other compensation for individuals while they attend such training. Franchisor reserves the right to require Franchisee to pay and/or reimburse Travel Expenses of the providers of such training programs and services.

9.2 Counseling and Advisory Services.

Franchisor will make its representatives available at Franchisor's designated offices at reasonable hours to consult with and advise (but not provide legal counsel or advice to) Franchisee regarding the design, operation, and management of the Restaurant as a Matcha Café Maiko Restaurant.

SECTION 10 PHYSICAL FACILITIES

10.1 Repairs and Maintenance.

Franchisee will maintain the Restaurant in good repair and condition and in conformity with Applicable Law, and will make or cause to be made such routine maintenance, repairs, and alterations, as Franchisee or Franchisor deems necessary to ensure compliance with the Standards. Franchisee will not make any major repairs, alterations, renewals, replacements, or additions to the Restaurant or carry out any material alterations to the Restaurant (including the design, character, or appearance thereof) without first obtaining the prior consent of Franchisor unless such repairs, alterations, renewals, replacements, or additions are required by any Applicable Law or are otherwise required for the continued safe and orderly operation of the Restaurant. If, after written notification from Franchisee of its plans for major repairs, alterations, renewals, replacements or additions to the Restaurant or material alterations to the Restaurant, Franchisor has not responded to such plans, Franchisor's consent shall be deemed granted forty-five(45) days after the receipt of the written notification from Franchisee.

10.2 Renovation.

Franchisee shall complete a significant renovation of dining areas and Public Facilities, including (i) replacement of Soft Goods at least every five (5) years after the date such Soft Goods were installed and (ii) replacement of Case Goods at least every ten (10) years after the date such Case Goods were installed; provided, however, Franchisee acknowledges that earlier or more frequent renovations or replacements may be required to maintain the quality level of the Restaurant and to comply with the Quality Assurance Program. In connection with any replacement required in the immediately preceding sentence, the replacement of all Soft Goods or all Case Goods, as the case may be, shall be done at the same time rather than being done in a piecemeal fashion or in phases. If the date of installation of Soft Goods or Case Goods cannot be demonstrated by Franchisee, Franchisor shall determine the date of installation for purposes of the first sentence of this Section 10.2 after consultation with Franchisee.

SECTION 11 SYSTEM AND STANDARDS

11.1 Compliance with System and Standards.

(a) Franchisee agrees that conformity with all aspects of the System and the Standards is essential in order to maintain the uniform quality and guest service of Premium Matcha Café Maiko Restaurants and to enhance public acceptance of and demand for Premium Matcha Café Maiko Restaurants. Therefore, Franchisee agrees that it will comply with the Standards in all matters involving the Restaurant, and operate the Restaurant in compliance with the System, this Agreement, and the other Entire Agreements.

(b) Franchisor will provide access to or make the Standards available to Franchisee either as paper copy or in digital, electronic, or computerized form or in some other form now existing or hereafter developed. Franchisee must pay any and all costs to retrieve, review, use, or access the Standards not in paper form. The Standards will at all times remain the sole property of Franchisor and its Affiliates. Franchisee will at all times ensure that Franchisee's copy of the Standards is kept up-to-date, and if there is any dispute as to the contents of the Standards, the Standards then being provided or made available to new franchisees will be controlling.

11.2 Modification of the System and Standards.

(a) Franchisor and its Affiliates expressly reserve the right, in their Reasonable Business Judgment, to revise, modify, amend, delete or change the System and Standards or any part of either; provided, however, that any modification of the Proprietary Marks pursuant to Section 12.2(b)(3) may be made in Franchisor's sole discretion. Franchisee agrees that modifications to the System (including the Intellectual Property, Proprietary Marks, the Quality Assurance Program, the Standards, and any and all other aspects of the System) may be made for all Premium Matcha Café Maiko Restaurants. The System and Standards, as so revised, modified, amended, or changed, will for all purposes be deemed to be the System and the Standards referred to in this Agreement and the other Entire Agreements.

(b) Franchisee agrees that certain modifications or additions to the System or the Standards may require Franchisee to contribute to the cost of such modifications or additions on a fair and consistent basis with other participating Premium Matcha Café Maiko Restaurants or other restaurants, as determined by Franchisor.

SECTION 12 PROPRIETARY MARKS AND INTELLECTUAL PROPERTY

12.1 Franchisor's Representations and Responsibility Regarding Ownership and Use.

(a) Franchisor represents with respect to the Licensed Marks that (i) Franchisor and its Affiliates are the owners of all right, title, and interest in and to the Licensed Marks or have the right to grant Franchisee's use thereof in accordance with this Agreement; and (ii) Franchisor will take all steps reasonably necessary to preserve and protect the ownership and validity of the Licensed Marks; provided, however, this provision will not require Franchisor to maintain any registration for the Licensed Marks that Franchisor determines, in its sole discretion, cannot or should not be maintained.

(b) Subject to Franchisee's compliance with the terms of this Agreement, Franchisor will indemnify and hold Franchisee harmless against claims that Franchisee's use of the Licensed Marks, infringes upon the rights of any third party unrelated to Franchisee; so long as, Franchisee gives immediate written notice of any such claim to Franchisor, permits Franchisor to have sole control over the defense or settlement of the claim, and cooperates fully with Franchisor in defending or settling the claim.

12.2 Franchisee's Use of System and Intellectual Property.

(a) With respect to Franchisee's use of the System and Intellectual Property under this Agreement:

(1) Franchisee will use the System and Intellectual Property only for such uses regarding the operation of the Restaurant as are expressly authorized under this Agreement or otherwise authorized by Franchisor and only in the form and manner authorized by Franchisor, and any use thereof not so authorized will constitute an infringement of Franchisor's rights as well as a material default of this Agreement.

(2) Operation of the Restaurant and all marketing materials related to the Restaurant will use the Licensed Marks in substantially the same combination, arrangement, and manner as provided in the Standards so that the Restaurant will be readily recognizable by the general public as an integral part of the chain of Premium Matcha Café Maiko Restaurants. Franchisee will use the symbol "©," "™," "℠" or such symbols or words as Franchisor may designate to protect the Licensed Marks. *See* Exhibit D.

(3) Upon Franchisor's request, or as provided in the Standards, Franchisee must identify itself as a franchisee or licensee of Franchisor and the owner and/or operator of the Restaurant in a manner and form designated by Franchisor at conspicuous locations at the Restaurant and with respect to any use of the Licensed Marks (including, on invoices, order forms, receipts, and contracts), and Franchisee will not use the Licensed Marks in any manner that would or could imply that Franchisee has an Ownership Interest in the Licensed Marks, including, on Franchisee's corporate letterhead or business cards, except as set forth in the Standards.

(4) Franchisee does not have any right to and will not Transfer, sublicense, or allow any Person to use any of the Intellectual Property, except as set forth in this Agreement.

(5) Franchisee will not use the Intellectual Property to incur any obligation or indebtedness on behalf of Franchisor or any of its Affiliates.

(6) Franchisee will not use any Proprietary Mark or marks or names that are similar, in Franchisor's sole opinion or the opinion of the applicable governmental authority, as part of Franchisee's corporate or legal name or in connection with any business activity or venture (other than the Restaurant), or apply for trademark or service mark registration of any Proprietary Mark, any variation thereof or any mark similar to any Proprietary Mark, in the United States or any other jurisdiction, whether alone or in combination with other trademarks, trade names, trade dress, symbols, logos, slogans, designs, insignia, emblems, devices, or service marks; provided that Franchisee may been given permission to use "Matcha Café Maiko" as its entity name with the express written consent of the Franchisor, so long as the Agreement is in effect, provided however, that the Franchisee shall stop using "Matcha Café Maiko" or similar names or marks for its entity name upon the termination or the expiration of this Agreement.

(7) Franchisee must: (i) comply with Franchisor's instructions in filing and maintaining any required business, trade, fictitious, assumed, or similar name registrations; (ii) obtain Franchisor's prior approval of any name to be so registered; and (iii) indicate in the registration documents that Franchisee has the right to use such name only subject to the terms of this Agreement, and Franchisee must also execute any documents and take such other action deemed necessary by Franchisor or its counsel to protect the Proprietary Marks or maintain their validity and enforceability.

(8) If litigation involving the Proprietary Marks is instituted or threatened against Franchisee or any notice of such infringement is received by Franchisee, or if Franchisee becomes aware of any infringement, Franchisee will promptly notify Franchisor in writing and will cooperate fully with Franchisor in Franchisor's defense or settlement of such litigation. Franchisee will not make any demand or serve any notice orally or in writing, or

institute any legal action, or negotiate, litigate, compromise or settle any controversy with respect to any such litigation without first obtaining Franchisor's prior consent, which consent may be withheld in Franchisor's sole discretion. Franchisor will have the right to bring such action and to join Franchisee as a party to any action in which Franchisor is or may be a party as to which Franchisee is or would be a necessary or proper party.

(b) Franchisee agrees that:

(1) Franchisor and its Affiliates are, in the aggregate, the owners or licensees of all

right, title, and interest in and to the Intellectual Property (other than Electronic Systems provided by or licensed by third parties) and the goodwill associated with and symbolized by the Proprietary Marks.

(2) The Proprietary Marks are valid and serve to identify the System and those who hold rights to operate restaurants under the System.

(3) The Proprietary Marks are subject to replacement, addition, deletion, and other modification by Franchisor (or the Affiliate that owns the Proprietary Marks) in its sole discretion, and if any such action is taken by Franchisor (or the Affiliate that owns the Proprietary Marks), Franchisee will promptly accept and use such replacement, addition, deletion, and other modification, and, in the case of Licensed Marks, display such changed Licensed Marks as if they were part of the System as of the Effective Date (and replace, add, remove or modify the Licensed Mark(s) that have been so changed), and Franchisee will bear the cost of conforming the Restaurant to any such replacement, modification, addition, deletion, or other change.

(4) During the Term and thereafter, Franchisee will not directly or indirectly (i) attack the ownership, title or rights of Franchisor or its Affiliates in and to any part of the System or Intellectual Property, including the Proprietary Marks; (ii) contest the validity of any part of the Intellectual Property, including the Proprietary Marks, or the right of Franchisor to grant to Franchisee the use of the System and Intellectual Property, including the Proprietary Marks (other than Electronic Systems provided by or licensed by third parties) in accordance with this Agreement; (iii) take any action or refrain from taking any action that could impair, jeopardize, violate, or infringe the Intellectual Property, including the Proprietary Marks; (iv) claim adversely to Franchisor or its Affiliates any right, title, or interest in and to the Intellectual Property, including the Proprietary Marks; or (v) misuse or harm or bring into dispute the Intellectual Property, including the Proprietary Marks.

(5) Franchisee has no Ownership Interest in the System or the Intellectual Property, and Franchisee's use of the Intellectual Property and other aspects of the System pursuant to this Agreement (including any addition or other modification to the Intellectual Property or any other aspect of the System proposed by Franchisee and adopted by Franchisor) will not give Franchisee any Ownership Interest or other interest in or to the Intellectual Property or any other aspect of the System, except the non exclusive license to operate Matcha Café Maiko Restaurant within the Approved Location granted by this Agreement.

(6) All goodwill arising from Franchisee's use of the Intellectual Property (other than Electronic Systems provided by or licensed by third parties) and any other aspect of the System will inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement, no monetary amount will be assigned as attributable to any goodwill associated with Franchisee's use of the Intellectual Property or any other aspect of the System.

(7) The rights in, and license of, the Intellectual Property granted hereunder to Franchisee are non exclusive, and thus Franchisor and its Affiliates may (i) use and may grant franchises and/or licenses to others to use the Intellectual Property, and otherwise profit from the Intellectual Property; and (ii) establish, develop, franchise, and license other systems that use the Intellectual Property and other aspects of the System, without offering or providing Franchisee any rights in, to, or under such other systems.

(c) The provisions of this Section 12.2 will survive the expiration or termination of this Agreement.

12.3 Franchisee's Use of Other Trademarks

(a) Franchisee will not use in any manner any of the Proprietary Marks in connection with any Other Mark(s), without Franchisor's prior approval, which approval may be granted or withheld in Franchisor's sole discretion.

(b) Franchisee will not use any name or Other Mark in connection with any Public Facilities that may infringe upon or tend to be confused with a third party's trade name, trademark, or other rights in intellectual property.

(c) Franchisee will not use or permit the use of any Other Mark in or at the Restaurant or in any advertising material of, for, relating to or involving the Restaurant or its operation without Franchisor's prior approval, which approval may be granted or withheld in Franchisor's sole discretion.

12.4 Internet Website.

(a) With the exception of a website that describes Franchisee's franchise relationship with Franchisor and as set forth in this Section 12.4, the Standards or any Exhibit to this Agreement, Franchisee will not display the Proprietary Marks on or associate the System with (through a link or otherwise) any website, electronic Marketing Materials, domain name, address, designation, or listing on the Internet or other communication system without the express written consent of Franchisor. Franchisee acknowledges that the https://www.matchacafe-maiko.com/domain name is the sole property of Franchisor and its Affiliates. Franchisee will not, directly or indirectly, use, register, obtain or maintain a registration for any Internet domain name, address, or other designation that contains any Proprietary Mark or any mark that is in Franchisor's sole opinion confusingly similar, including misspellings and acronyms. Upon Franchisor's request, Franchisee must, at Franchisor's option, promptly take all steps to cancel or transfer to Franchisor or its designee any such domain name, address, or other designation under its control.

(b) To the extent and for such period that any Applicable Law entitles Franchisee to display or otherwise use the Licensed Marks in connection with its own Internet site, such use will be governed by this Agreement or Exhibits and the Standards, including Section 8.2 and the requirements contained in Section 12.4(b)(1) through Section 12.4(b)(3) below.

(1) Franchisee must obtain Franchisor's prior approval to use any domain name, address, or other designation that contains any Proprietary Mark or a confusingly similar variation thereof, and such domain name, address, or other designation will be registered in Franchisor's name and licensed to Franchisee by Franchisor for the Term. The form, content and appearance of Franchisee's Internet site, and any modifications thereto, must comply with the Standards and be approved by Franchisor before it is posted on the Internet so that Franchisor can maintain the common identity of the Matcha Café Maiko Restaurants and the Proprietary Marks;

(2) Franchisee must obtain independent legal advice concerning the content of Franchisee's Internet website and ensure that at all times it complies with all laws, rules or regulations; and

(3) Franchisee acknowledges that the Internet and e-commerce is a rapidly developing field and agrees that the provisions of this Section 12.4 may need to be modified in the future in the Standards, which will be legally binding on Franchisee to the fullest extent permitted by Applicable Law.

(4) Franchisee's Internet website shall not be used to provide Food and Beverage Operations outside of the Approved Location, without Franchisor's prior written consent.

SECTION 13 CONFIDENTIAL INFORMATION; DATA PROTECTION LAWS

13.1 Confidential Information.

Franchisee will not during the Term or thereafter, without Franchisor's prior consent, which consent may be granted or withheld in Franchisor's sole discretion, copy, duplicate, record, reproduce, in whole or in part, or otherwise transmit or make available to any "unauthorized" Person (see below) any Confidential Information. Franchisee may divulge such Confidential Information only to such of Franchisee's employees or agents as require access to it in order to operate the Restaurant; provided, that such employees or agents are apprised of the confidential nature of such information before it is divulged to them and agree to comply with confidentiality obligations substantially similar to those listed above. All other Persons are "unauthorized" for purposes of this Agreement. Franchisee agrees that the Confidential Information has commercial value and is not publicly available. Franchisee further agrees that Franchisor and its Affiliates have taken measures to maintain its confidentiality, and, as such, the Confidential Information is proprietary and a trade secret of Franchisor and its Affiliates. Franchisee will be liable to Franchisor for any breaches of the confidentiality obligations in this Section 13.1 by its employees and agents. Franchisee will maintain the Confidential Information in a safe and secure location and will immediately report to Franchisor the theft or loss of all or any part of the Confidential Information.

13.2 Data Protection Laws.

During the Term, Franchisee will: (i) comply with all applicable Data Protection Laws; (ii) comply with all of Franchisor's requirements regarding the Data Protection Laws contained in the Standards or otherwise; (iii) refrain from any action or inaction that could cause Franchisor or its Affiliates to breach any of the Data Protection Laws; (iv) do and execute, or arrange to be done and executed, each act, document and thing necessary or desirable to keep Franchisor and its Affiliates in compliance with any of the Data Protection Laws; and (v) permit Franchisor and its Affiliates to use any data or other information each of them gathers concerning Franchisee and its Affiliates in connection with the establishment and operation of Premium Matcha Café Maiko Restaurants by Franchisor and its Affiliates.

SECTION 14 ACCOUNTING AND REPORTS

14.1 Books, Records, and Accounts.

Franchisee at its expense must maintain and preserve for the Restaurant for at least three (3) years from the dates of their preparation, complete and accurate books, records, and accounts in accordance with generally accepted accounting principles of the United States, consistently applied, Applicable Law and the Standards. Franchisee's obligation to preserve such books, records and accounts will survive the expiration or termination of this Agreement.

14.2 Reports.

(a) Franchisee must, at its expense, submit to Franchisor within fifteen (15) days after the close of each Accounting Period-quarterly, an operating statement containing such information required by Franchisor. In addition, within ninety (90) days after the close of each calendar or fiscal year, whichever is used by Franchisee for income tax purposes, Franchisee must furnish Franchisor a full and complete statement of income and expense from the operation of the Restaurant for such preceding year, which will be prepared in accordance with generally accepted accounting principles of the United States consistently applied, Applicable Law and the Standards.

(b) Franchisee must, at its expense, submit to Franchisor such other miscellaneous forms, periodic and other reports, records, financial statements, and other information relating to Franchisee, the Restaurant and the Restaurant's marketing, sales and guests as Franchisor may reasonably request, in the form and at the times and places specified by Franchisor.

14.3 Franchisor Examination and Audit of Restaurant Records.

(a) Franchisor and its authorized representatives have the right, with notice of at least five (5) business days, at any time during normal business hours, to: (i) examine and copy, at Franchisee's expense, all books, records, accounts, and tax returns of Franchisee related to the operation of the Restaurant; and (ii) have an independent audit made of any of such books, records, accounts, and tax returns. Franchisee must provide such other assistance as may be reasonably requested related to the audit. If an examination reveals that Franchisee has made underpayments to Franchisor or any of its Affiliates, Franchisee must immediately pay to Franchisor or such Affiliate upon demand, the amount underpaid plus Interest thereon from the date such amount was due until paid.

(b) If an inspection discloses an understatement of payments due to Franchisor by Franchisee of five percent (5%) or more for the period being audited, or if the inspection reveals that the accounting procedures employed by Franchisee are insufficient to determine the accuracy of the calculation of any payments due, Franchisee must reimburse Franchisor for all costs and expenses connected with the examination and audit (including reasonable accounting and attorneys' fees). If the inspection establishes a pattern of underreporting, Franchisor has the right to require that the various items due under Section 14.2 be audited by an accounting firm approved by Franchisor. The foregoing remedies are in addition to any other remedies that Franchisor may have under this Agreement, including the right to terminate this Agreement in accordance with Section 17. If an examination or audit reveals that Franchisee has made overpayments to Franchisor or any of its Affiliates, the amount of any such overpayment, without interest, will be promptly credited against future payments due and payable by Franchisee to Franchisor or such Affiliate.

SECTION 15 INDEMNIFICATION AND INSURANCE

15.1 Indemnification.

Franchisee must and hereby does indemnify, defend, and hold harmless
Franchisor and its Affiliates, their officers, directors, agents and employees, and their respective successors and assigns, from and against all losses, costs, liabilities, damages, claims, and expenses of every kind and description, including allegations of negligence by Franchisor and its Affiliates and their officers, employees, and agents, to the fullest extent permitted by Applicable Law, and including reasonable attorneys' fees, arising out of or resulting from: (i) the unauthorized use of the Proprietary Marks; (ii) the violation of Applicable Law; or (iii) the construction, renovation, upgrading, alteration, remodeling, repair, operation, or use of the Restaurant or the Approved Location or of any other business conducted on, related to, or in connection with the Restaurant by Franchisee or any Person acting for or on behalf of Franchisee. Franchisee must promptly give notice to Franchisor of any action, suit, proceeding, claim, demand, inquiry, or investigation related to the foregoing. Franchisee shall not be required to indemnify Franchisor for claims in which Franchisor, its Affiliates or their respective officers, employees or agents are found to be solely responsible by final non-appealable judicial decision for such damages or losses based upon such person's or entity's willful misconduct or gross negligence.
Franchisor will in any event have the right, through counsel of its choice, at Franchisee's expense, to control the defense or response to any such action to the extent such action affects the interests of Franchisor, and such undertaking by Franchisor will not, in any manner or form, diminish Franchisee's obligations to Franchisor hereunder. Under no circumstances will Franchisor (or any of its Affiliates) be required or obligated to seek recovery from third parties or otherwise mitigate its losses in order to maintain a claim under this indemnification and against Franchisee, and the failure of Franchisor (or any of its Affiliates) to pursue such recovery or mitigate a loss will in no way reduce the amounts recoverable by Franchisor from Franchisee. Franchisee's obligations under this Section 15.1 will survive the termination or expiration of this Agreement.

15.2 Insurance Requirements.

(a) Franchisee shall be solely responsible for obtaining and maintaining all insurance necessary to run the Restaurant, including but not limited to, statutory worker's compensation in the minimum amount required by law, comprehensive liability insurance, including products liability coverage, in the minimum amount of $2,000,000, and business vehicle coverage, including owned vehicle liability and non-owned vehicle liability coverage, in the minimum of $1,000,000. Franchisee shall maintain all insurance policies in force for the mutual benefit of the parties.

(b) Franchisor will have the right to require Franchisee to obtain additional or different types of insurance and/or increase the amount of coverage if, Franchisor determines such type of insurance or an increase is required to comply with the Standards or as otherwise prescribed by Franchisor.

(c) Insurance coverage obtained by Franchisee pursuant to this Agreement will not relieve Franchisee of any liability under any indemnity provisions of this Agreement (including Section 15.1 hereof).

15.3 Blanket Insurance.

If Franchisee seeks to comply with the requirements of this Section 15 under policies of insurance that cover other properties of Franchisee and its Affiliates as well as the Restaurant, such other insurance policies must fulfill all the requirements of this Section 15.

15.4 Franchisee's Failure to Procure Insurance.

If Franchisee for any reason fails to procure or maintain the insurance required by this Agreement, Franchisor will have the right (but not any obligation) to procure such insurance and to charge Franchisee the costs and premiums, plus a reasonable fee for Franchisor's expense in so acting. Such costs, premiums, and fees will be payable by Franchisee immediately upon Franchisor's demand and will accrue Interest thereon until paid.

SECTION 16 TRANSFERABILITY OF INTERESTS

16.1 Transfers by Franchisee.

(a) Franchisee agrees that Franchisee's rights and duties stated in this Agreement are personal to Franchisee, and that Franchisor has entered into this Agreement in reliance on the business skill, financial capacity, and character of Franchisee and its principals and Affiliates. Accordingly, except as otherwise provided in this Section 16, a Transfer of any Ownership Interest in Franchisee, the Restaurant, or a Transfer of any of Franchisee's rights or obligations under this Agreement, or a Transfer of or change of Control of Franchisee or in any Person that Controls Franchisee, without the prior written approval of Franchisor, which approval may be withheld in Franchisor's sole discretion, is prohibited and shall be a breach of this Agreement.

(b) Notwithstanding any other provision in this Section 16.1 and provided that there is no uncured breach of this Agreement by Franchisee, Franchisee may, with prior written notice to Franchisor, Transfer its Ownership Interests in the Restaurant to an entity in which Franchisee or the Person that Controls Franchisee has a Controlling Ownership Interest provided that (i) Franchisee or another party acceptable to Franchisor in its sole discretion, has executed a Guaranty, (ii) Franchisor receives documents and information with respect to transferee's corporate organization, authority, and ownership as if transferee were submitting a franchise application as set forth in the then current franchise disclosure document for Premium Matcha Café Maiko Restaurants, (iii) such transferee provides to Franchisor documentation evidencing the Transfer by which the transferee expressly assumes the obligations of Franchisee hereunder; (iv) upon Franchisor's request, management for the Restaurant is retained pursuant to, and Franchisee otherwise complies with, Section 8.3.; and (vi) all other obligations of Franchisee under this Agreement are satisfied.

16.2 Transfer of Controlling Ownership Interests.

(a) If Franchisee or any Person who directly or indirectly Controls Franchisee wishes to engage in a transaction that will result in a Transfer of the Restaurant, Franchisee's Ownership Interest in the Restaurant or a direct or indirect Controlling Ownership Interest in Franchisee (not otherwise meeting the requirements of Section 16.1(b)), Franchisee shall provide or cause to be provided notice of such transaction to Franchisor, stating the full name and identity of all of the parties to the transaction including the owners or holders of the Ownership Interests of such parties, the price or rental and the terms and conditions of such proposed transaction together with all other information with respect thereto that is reasonably requested by Franchisor and reasonably available to Franchisee. Within thirty (30) days after receipt by Franchisor of such notice and required data, Franchisor shall elect by notice to Franchisee, one of the following alternatives:

(1) In accordance with the provisions of Section 16.2(b), to consent to such Transfer, provided Franchisor may, in its sole discretion, require any or all of the following as a condition of its consent:

(i) Franchisee shall deliver to Franchisor a complete and accurate copy of the sale and purchase agreement or similar document covering the transaction or Transfer.

(ii) Franchisee shall satisfy all of its accrued monetary obligations to Franchisor and its Affiliates and shall execute a general release in a form prescribed by Franchisor of any and all claims against Franchisor and its Affiliates, and their respective officers, directors, agents and employees.

(iii) The proposed transferee shall submit to Franchisor an application, in the form prescribed by Franchisor, for a new franchise together with the then-current Initial Fee being charged Matcha Café Maiko Restaurant franchisees, which fee, in part, is intended to cover Franchisor's costs associated with the Transfer. If, prior to the submission of an application, Franchisee desires Franchisor to review the Restaurant to determine the renovations necessary to bring the Restaurant into good repair and to conform the Restaurant to Franchisor's then current Standards, Franchisor may charge its then current review fee to cover Franchisor's costs associated with such review under this Section 16.2(a)(1)(iii) and Franchisor shall have the right to charge outside counsel costs in connection with any such Transfer; provided, however, that such costs are necessary due to the circumstances surrounding a particular Transfer, as determined by Franchisor in its Reasonable Business Judgment.

(iv) Franchisor and the transferee will, upon approval of transferee's application, enter into a new franchise agreement that shall require transferee to upgrade the Restaurant to conform to Franchisor's then-current Standards, and which new franchise agreement shall contain the standard terms (except for duration which shall be the then unexpired Term of this Agreement) then being issued for newly franchised restaurants under the System.

(v) The transferee will certify in writing that: (x) Franchisor did not endorse, recommend, or otherwise concur with the terms of the Transfer, (y) Franchisor did not comment upon any financial projections submitted by Franchisee to transferee, and (z) Franchisor did not participate in the decision of the price to be paid, which decision was made without any intervention, support or participation by Franchisor.

(2) To refuse consent in accordance with Section 16.2(b), in which event Franchisee shall be in breach of this Agreement if Franchisee were to consummate such Transfer.

(3) To notify Franchisee that Franchisor desires to exercise its right of first refusal to engage in the proposed transaction contained in the notice, provided that Franchisor shall have the right to substitute the cash equivalent of any noncash consideration described in such notice or set off all amounts due from Franchisee under this Agreement or any other Entire Agreement. The following additional terms shall apply to Franchisor's exercise of this right:

(i) The closing for the purchase will take place no later than sixty (60) days after delivery to Franchisee of written notice of Franchisor's exercise of its option. Franchisor has the unrestricted right to assign this option to purchase at any time to a third party, who then will have the rights described in this Section 16.2(a). Franchisor will pay the purchase price in full at the closing or, at its option, in twenty-four (24) equal consecutive monthly installments, with interest at a rate equal to the prime lending rate as of the closing at Franchisor's primary bank. Franchisee must sign all documents of transfer reasonably necessary for purchase of the Restaurant by Franchisor or the third party assignee, which documents shall include all customary representations and warranties from

Franchisee as to ownership and condition of, and title to, the assets of the Restaurant being transferred. All assets must be transferred free and clear of all liens and encumbrances, with all sales and transfer taxes paid by Franchisee. Franchisee further agrees to sign general releases, in a form satisfactory to Franchisor, of any and all claims against Franchisor and their respective shareholders, officers, directors, employees, agents, successors, and assigns.

(ii) Franchisee agrees that it shall be obligated to operate the Restaurant, according to this Agreement's terms, during the period in which Franchisor or the third party assignee is deciding whether to exercise its option to purchase and until the closing takes place, and that a condition to closing is that the Restaurant has remained open during that time period. Franchisor or the third party assignee may decide not to exercise its option to purchase at any time before closing if it determines that any of the conditions noted above have not been or cannot be satisfied.

(iii) If Franchisor does not exercise this option during such thirty (30) day period then Franchisee may, during the following one hundred twenty (120) days, transfer the Restaurant and assign this Agreement to the proposed assignee on the terms in the notice, provided that the assignment shall be made, without limitation, in compliance with this Section 16.2. Any proposed transfer not completed within such one hundred twenty (120) day period or any material change in the terms of the proposed transaction prior to closing shall constitute a new offer to which Franchisor shall have the right of first refusal and shall require compliance again with this Section 16.2.

(b) In providing its consent or refusing consent to Transfer pursuant to this Section 16, Franchisor shall have the right to withhold its consent to such Transfer if such transferee is, in the sole judgment of Franchisor, not operationally capable of performing the duties and obligations of Franchisee hereunder. Also, Franchisor reserves the right to disapprove (and Franchisee agrees that such disapproval shall be reasonable) such Transfer (i) if Franchisor, in its Reasonable Business Judgment, deems the proposed transferee’s debt service or overall financial status to be such as will not permit the Restaurant to be operated pursuant to the Standards, or (ii) if the proposed transferee or any of its Affiliates is a Competitor, or (iii) the Restaurant is not in good standing under the Standards. Notwithstanding the foregoing, Franchisor shall have no obligation to consent or refuse consent, and Franchisee shall have no right to effect a Transfer pursuant to the provisions of Section 16.2(a), if an uncured breach of this Agreement by Franchisee exists.

16.3 <u>Transfers by Franchisor</u>.

Franchisor will have the right to Transfer this Agreement to any Person without prior notice to, or consent of, Franchisee, provided the transferee assumes Franchisor’s obligations to Franchisee under this Agreement, is an Affiliate of Franchisor or acquires substantially all of the Premium Matcha Café Maiko Restaurants, and is a Person reasonably capable of performing Franchisor’s obligations under this Agreement. Franchisee agrees that any such Transfer will constitute a release and novation of Franchisor with respect to this Agreement. This Agreement will be binding on and inure to the benefit of Franchisor and the successors and assigns of Franchisor.

16.4 <u>Security Interests in the Restaurant or Franchisee</u>.

Franchisee may, in connection with any financing benefiting the Restaurant, Transfer the Restaurant, an Ownership Interest in Franchisee, or in a Person Controlling Franchisee solely as a mortgage, pledge, grant of a security interest, or otherwise as collateral, to banks or other bona fide reputable lending institutions that are not Competitors; <u>provided</u>, that: (i) such financing meets the requirements of the Standards (ii) if such lender forecloses on, or otherwise exercises its rights against, the Restaurant or such Ownership Interests, Franchisor will have the rights under Section 18.1; and (iii) this Agreement will not be the subject of a security interest, pledge, or mortgage or assigned as collateral for any financing.

SECTION 17 DEFAULT AND TERMINATION

17.1 General.

Franchisor may terminate this Agreement for any breach of this Agreement by giving Franchisee notice of default and termination as set forth in this Section 17. As set forth in Section 24.2, any notice of default or any decision not to place Franchisee in default at any given time shall not prejudice any rights of Franchisor under this Agreement, and Franchisor may, in its sole discretion, determine when to exercise its rights under this Section 17.

17.2 Immediate Termination.

Franchisor may terminate this Agreement and all rights granted to Franchisee under this Agreement without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee (or upon such notice period or cure period given by Franchisor in its sole discretion or required by Applicable Law), if:

(a) Franchisee or any Guarantor becomes insolvent, generally does not pay its debts as they become due, admits that any of them is unable to pay its debts as they become due, or makes a general assignment for the benefit of creditors; or proceedings for a compromise with creditors are instituted by, against, or consented to by Franchisee or any Guarantor.

(b) Franchisee or any Guarantor files a voluntary petition under any bankruptcy, insolvency, or similar law, or consents to an involuntary petition under any bankruptcy, insolvency, or similar law filed against it, or an order approving an involuntary petition in bankruptcy, insolvency, or similar declaration filed against Franchisee or any Guarantor remains unvacated ninety (90) days after the date of entry thereof.

(c) A court of competent jurisdiction enters an order, judgment, or decree, on the application of a creditor, adjudicating Franchisee or any Guarantor as bankrupt, insolvent, or similar status or approving a petition seeking reorganization or appointing a receiver, trustee, or liquidator of all or a substantial part of Franchisee's or any Guarantor's assets, and such order, judgment, or decree remains unstayed and in effect for a period of ninety (90) days or will be consented to by Franchisee or such Guarantor.

(d) Execution is levied against the Restaurant, Franchisee, or any material real or personal property comprising the Restaurant in connection with a final judgment for the payment of money.

(e) A suit to foreclose any lien, mortgage, or security interest in the Restaurant or any material real or personal property that is a part of the Restaurant, or any security interest in Franchisee is initiated.

(f) A danger to public health or safety results from the construction, renovation, repair, refurbishment, upgrading, remodeling, maintenance, or operation of the Restaurant, and an immediate closing of the Restaurant (or any part thereof) is determined by Franchisor to be necessary to: (i) avoid substantial liability; or (ii) adversely affecting the Restaurant, other Premium Matcha Café Maiko Restaurants, the System, the Proprietary Marks, or the goodwill associated therewith; provided, however, Franchisee may request that Franchisor reinstate this Agreement if within thirty (30) days after termination under this Section 17.2(f), the threat or danger to public health or safety is eliminated and Franchisor shall reinstate this Agreement if it determines that reopening of Restaurant would not cause substantial liability or loss of good will.

(g) Franchisee or any principal, director, officer, shareholder, or agent of Franchisee contrary to the provisions of this Agreement discloses or causes to be disclosed any Confidential Information provided to Franchisee or fails to exercise reasonable care to prevent such disclosure.

(h) If any of the representations and warranties by Franchisee pursuant to Section 25 fails to be true and correct in any material respect when made, deemed made, furnished or as of the date of this Agreement.

(i) An inspection of Franchisee's books and records pursuant to Section 14.3(b) establishes a pattern of underreporting or underpaying by Franchisee involving three (3) or more Accounting Periods within any twenty-four (24) month period.

(j) Franchisee or any Person holding or owning a Controlling Ownership Interest in Franchisee or an individual with management responsibility of a Person is or has been convicted of a felony or other similar crime or offense or has engaged in a pattern or practice of acts or conduct that is likely in Franchisor's judgment to, as a result of the adverse publicity that has occurred in connection with such offense, acts, or conduct, adversely affect the Restaurant, other Premium Matcha Café Maiko Restaurants, the System, the Proprietary Marks, the goodwill associated therewith or Franchisor's interests therein, any Franchisor Restaurant Facility or any other business conducted by Franchisor or any of its Affiliates.

(k) There occurs a Transfer that violates or does not comply with the provisions of Section 16.

(l) The Restaurant ceases to operate as a Matcha Café Maiko Restaurant or Franchisee (i) loses its right to manage or operate the Restaurant, or (ii) loses ownership or the right to possession of the Restaurant or at the Approved Location.

(m) Franchisee, the Person holding or owning a Controlling Ownership Interest in Franchisee, or an individual with management responsibility of such Person dies, or becomes physically or mentally incapable of performing his or her duties under this Agreement.

17.3 <u>Termination Upon Notice with Opportunity to Cure</u>.

Franchisor may terminate this Agreement and all rights granted to Franchisee hereunder for the reasons set forth below if (i) Franchisor gives Franchisee notice of default that provides fourteen (14) days for cure of the default (or such greater number of days given by Franchisor in its sole discretion or required by Applicable Law) and identifies the breach or breaches of this Agreement, and (ii) Franchisee fails to cure in the time and manner specified in the notice of default or as specifically provided in this Section 17.3:

(a) Franchisee, as applicable, fails to do any of the following in a timely manner to Franchisor's satisfaction: (i) perform any of the requirements stated in <u>this Agreement</u> by the dates required for completion of such requirements; or (ii) begin or complete any renovation, repair, refurbishment, upgrading or remodeling of the Restaurant as required by Franchisor pursuant to Section 6 and Section 10 or any Standards for the renovation, repair, refurbishment, upgrading or remodeling of the Restaurant.

(b) Franchisee fails to fully comply with any of Section 12, 13.2, 15 or 19.

(c) Franchisee and its Affiliates fail to pay any indebtedness to Franchisor or any of its Affiliates when same becomes due and payable.

(d) Franchisee fails to comply with or satisfy the thresholds of performance established by the Quality Assurance Program and such failure has not been cured within the applicable cure period for such failure under the Quality Assurance Program.

(e) Any of the Entire Agreements or other franchise agreements entered into between Franchisor and Franchisee or any of their respective Affiliates is terminated based on default of Franchisee or its Affiliates (and the notice of default of this Agreement may run concurrently with the notice of default of the other Entire Agreement).

(f) Franchisee fails to fully comply with the Standards or the Applicable Law and such failure has not been cured within the applicable cure period for such failure under the Standards or the Applicable Law.

17.4 Force Majeure.

Except for Franchisee's obligations to make payments, or as otherwise provided under this Agreement, neither party is liable for failing to fulfill its obligations due to acts of God or government, civil commotion, military authority, war, riots, strikes, fire, or other causes beyond its reasonable control of that party and not caused by the negligence of the non-performing party ("Force Majeure"). If any Force Majeure conditions occur, the non-performing party shall make reasonable efforts to notify the other party of the nature of any such condition and the extent of the delay, and shall make reasonable, good faith efforts to resume performance as soon as possible, as specified in Section 19.2. If Franchisee suffers such Force Majeure event and the Force Majeure continues for longer than sixty (60) calendar days, either party may terminate this Agreement effective immediately upon written notice to the other.

SECTION 18 POST-TERMINATION

18.1 Franchisee Obligations.

(a) Upon expiration or other termination of this Agreement, all rights granted under this Agreement to Franchisee will immediately terminate, and Franchisee, at its expense, will comply with each of the following obligations:

(1) Franchisee must immediately cease to operate the Restaurant as a Matcha Café Maiko Restaurant and will not directly or indirectly represent or give the impression that it is a present or former franchisee or licensee of Franchisor or that the Restaurant was previously part of the System.

(2) Franchisee must immediately and permanently cease to use and remove from the Restaurant and any other place of business any Intellectual Property and any other identifying characteristics and marks of the System, including, any Electronic Systems, signs, fixtures, furniture, furnishings, equipment, advertising materials, stationery, supplies, forms, or other articles that display any Proprietary Marks or any trade dress or other distinctive features or designs associated with Franchisor or the System. Any signs containing any Proprietary Marks that Franchisee is unable to remove from the Restaurant despite its best efforts upon termination of this Agreement will be completely covered by Franchisee from view and physically removed within seventy-two (72) hours after termination. Franchisee also will immediately remove all content regarding Franchisor, the System, and the Proprietary Marks from any Internet sites under its control and will take all necessary actions required by Franchisor to disassociate itself from Franchisor on the Internet. Franchisee will, at Franchisor's option and within thirty (30) days, cancel or assign to Franchisor or its designee, any domain name owned by or under the control of Franchisee or its Affiliates that contains any Proprietary Mark, or any mark that is in Franchisor's sole opinion confusingly similar, including misspellings and acronyms.

(3) Franchisee must take such action as may be necessary to cancel use of any fictitious, trade, or assumed name or equivalent registration that contains the name "Matcha Café Maiko" or any other Proprietary Mark or any variations thereof, and Franchisee must furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination of this Agreement.

(4) Franchisee will immediately turn over to Franchisor the originals and all copies of any Confidential Information, Intellectual Property, and all other System materials relating to the operation of the Restaurant and the System, or such other information generated by Franchisee through its use of the System that is deemed confidential by Franchisor, all of which are acknowledged by Franchisee to be Franchisor's property. Franchisee will retain no copy or record of any of the foregoing, except for Franchisee's copy of this Agreement, any correspondence between the parties, and any other documents that Franchisee reasonably needs for compliance with any provisions of Applicable

Law. If Franchisor permits Franchisee to continue to use any Intellectual Property after the termination date (such permission to be explicit and specific), such use by Franchisee will be in accordance with the terms of this Agreement.

(5) Franchisee agrees that it will make no use of any of the Confidential Information or System or disclose or reveal it or any portion thereof to anyone not employed by Franchisor or its franchisees or licensees. Additionally, Franchisee will not assist anyone not franchised or licensed to use the System in constructing or equipping any restaurant premises incorporating the distinctive features or equipment layout that Franchisor (or any of its Affiliates) owns, has originated, or developed and which are identifying characteristics of businesses using the System.

(6) Franchisee must immediately make such alterations as may be necessary to distinguish the Restaurant clearly from its former appearance and other Matcha Café Maiko Restaurants in order to prevent any possibility of confusion by the public. Franchisee must make such specific additional changes as Franchisor may reasonably request for this purpose. Until all alterations required by this Section 18.1(a) are completed, Franchisee must maintain a conspicuous sign at the registration desk in a form specified by Franchisor, stating that the Restaurant is no longer associated with Premium Matcha Café Maiko Restaurants. Franchisee will advise all customers and prospective customers telephoning the Restaurant that the Restaurant is no longer associated with Match Café Maiko Restaurants. Franchisee agrees that its failure to comply with any of the requirements of this Section 18.1(a) will cause irreparable injury to Franchisor.

(b) Upon expiration or other termination of this Agreement, Franchisee must promptly pay: (i) all amounts owing to Franchisor and any of its Affiliates; (ii) any costs and expenses incurred by Franchisor in connection with removing the Restaurant from the System; and (iii) an amount equal to a reasonable estimate of costs and fees not yet accumulated and/or invoiced. Franchisor is entitled to receive Interest on any amount not paid when due hereunder from earlier of the date due or the date on which Franchisee is notified of the amount owed to Franchisor or its Affiliate.

(c) For a period of eighteen (18) months from the date of termination or expiration of this Agreement for any reason, or the date on which Franchisee begins to comply with this Section 18.1(c), whichever is later, Franchisee shall not, and shall cause its Affiliates or other Persons not to, directly or indirectly engage in, operate, manage, consult with, advise, partner with, lease or license any assets or provide financing to or invest in any Person that engages in a Matcha Café Maiko business or similar business located or operating within a five (5) mile radius of the former Restricted Territory (including at the former Approved Location) or within a five (5) mile radius of any other Matcha Café Maiko Restaurant existing on the later of the date of termination or expiration of this Agreement or the date on which Franchisee and its Affiliates begin to comply with this Section 18.1(c). Franchisee and its Affiliates expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section 18.1(c) will not deprive them of their personal goodwill or ability to earn a living. Franchisee agrees to pay Franchisor the applicable monthly Franchise Fees for each business Franchisee owns or operates in violation of this Section 18.1(c) during the eighteen (18) month period. Furthermore, in addition to the aforementioned fees, Franchisor reserves the right to enjoin or seek injunctive relief for any Franchisee activities in contravention of this Section 18.1(c).

(d) The provisions of Section 18.1 will survive the expiration or termination (for any reason) of this Agreement.

18.2 Franchisor's Termination Rights.

(a) If this Agreement is terminated, Franchisor will be entitled to pursue all remedies whether legal, equitable, or statutory, to compensate Franchisor for the damages it incurs as a result of such termination. In determining damages or compensation to Franchisor, a court, arbitrator, or other trier of fact must consider that Franchisee has agreed to operate the Restaurant as a Matcha Café Maiko Restaurant in compliance with this Agreement for the full Term, and Franchisee acknowledges that should it fail to do so, Franchisor would be damaged in several ways, including: (i) loss of future Franchise Fees and fees used to market the System; (ii) loss of System representation in the area served by the

Restaurant; (iii) confusion of customers; (iv) injury to the goodwill in the Proprietary Marks; and (v) lost opportunities to operate or franchise restaurants in the formerly Approved Location served by the Restaurant. Franchisee acknowledges that it will be difficult to estimate the revenues of the Restaurant over a period of years, and that elements of Franchisor's damages not directly calculated from the Restaurant's revenues also will be difficult to calculate, and that such damages are real and meaningful to Franchisor, and the proofs thereof would be burdensome and costly. Franchisor and Franchisee agree that liquidated damages (as calculated below) are not a penalty and represent a reasonable estimate of just and fair compensation of Franchisor for the damages that it would suffer. If this Agreement is terminated, Franchisee must promptly pay to Franchisor, in addition to any amounts otherwise payable to Franchisor, liquidated damages in an amount equal to the sum of the Franchise Fees payable to Franchisor under this Agreement. In addition to such damages, Franchisor will have the right to recover reasonable attorneys' fees and court costs incurred in collecting such sums, plus Interest on all amounts due pursuant to this Section 18.2(a) from the date of such termination until paid.

(b) Upon termination or expiration of this Agreement, Franchisor may give notice of the pending expiration or termination of this Agreement to, and take such other action relating to, customers, suppliers and other Persons that might be affected by such expiration or termination.

18.3 Franchisor Option to Purchase.

(a) Upon termination or expiration of this Agreement, Franchisor will have the right, but not the duty, to be exercised by notice of intent to do so within thirty (30) days after termination or expiration of this Agreement, to purchase any signs, advertising materials, Inventories, or other items bearing any Proprietary Marks. The purchase price to be paid by Franchisor for any such items will be the fair market value for such items. With respect to any such purchase, Franchisor will have the right to set off all amounts due from Franchisee under this Agreement or any other Entire Agreement.

(b) Upon termination or expiration of this Agreement, Franchisor will have the right, but not the duty, to be exercised by notice of intent to do so within thirty (30) days after termination or expiration of this Agreement, to purchase the Restaurant or a portion of the assets of the Restaurant (including any FF&E or improvements) which may include, at Franchisor's option, all of Franchisee's leasehold interest in and to the real estate upon which the Restaurant is located, but not including any other interest in real property. The purchase price to be paid by Franchisor for any such items will be the fair market value for such items. With respect to any such purchase, Franchisor will have the right to set off all amounts due from Franchisee under this Agreement or any other Entire Agreement. The following additional terms shall apply to Franchisor's exercise of this option:

(1) Franchisor's option shall be exercisable by providing Franchisee with written notice of its intention to exercise the option no later than thirty (30) days after termination of this Agreement, in the case of termination, or at least thirty (30) days prior to the expiration of the Term, in circumstances where no renewal is granted.

(2) Franchisor and Franchisee agree that the terms and conditions of this right and option to purchase may be recorded, if deemed appropriate by Franchisor, in the real property records, and Franchisor and Franchisee further agree to execute such additional documentation as may be necessary and appropriate to effectuate such recording.

(3) The closing for the purchase will take place no later than sixty (60) days after delivery to Franchisee of written notice of Franchisor's exercise of its option. Franchisor has the unrestricted right to assign this option to purchase at any time to a third party, who then will have the rights described in this Section 18.3(b). Franchisor will pay the purchase price in full at the closing or, at its option, in twenty-four (24) equal consecutive monthly installments, with interest at a rate equal to the prime lending rate as of the closing at Franchisor's primary bank. Franchisee must sign all documents of transfer reasonably necessary for purchase of the Restaurant by Franchisor or the third party assignee, which documents shall include all customary representations and warranties from Franchisee as to ownership and condition of, and title to, the assets of the Restaurant being transferred. All assets must be

transferred free and clear of all liens and encumbrances, with all sales and transfer taxes paid by Franchisee. Franchisee further agrees to sign general releases, in a form satisfactory to Franchisor, of any and all claims against Franchisor and their respective shareholders, officers, directors, employees, agents, successors, and assigns.

(4) Franchisee agrees that it shall be obligated to operate the Restaurant, according to this Agreement's terms, during the period in which Franchisor or the third party assignee is deciding whether to exercise its option to purchase and until the closing takes place, and that a condition to closing is that the Restaurant has remained open during that time period. Franchisor or the third party assignee may decide not to exercise its option to purchase at any time before closing if it determines that any of the conditions noted above have not been or cannot be satisfied.

(c) Should Franchisor or a third party assignee choose to not exercise its right to purchase under Section 18.3(b), the Franchisee will be free, after such termination or expiration, to keep or to sell to any third party all of the physical assets of its Restaurant; provided, however, that all Proprietary Marks are first removed in a manner approved in writing by Franchisor. The provisions of Section 18.3 will survive the expiration or termination (for any reason) of this Agreement.

SECTION 19 CONDEMNATION AND CASUALTY

19.1 Condemnation.

Franchisee will, at the earliest possible time, give Franchisor notice of any proposed taking by nationalization, expropriation, eminent domain, condemnation, compulsory acquisition, or similar proceeding. If such taking is substantial enough in Franchisor's opinion to render impractical the continued operation of the Restaurant in accordance with the System and guest expectations, this Agreement will terminate upon notice by Franchisor to Franchisee, and Franchisor and Franchisee will share equitably in the award; provided, however, Franchisor's portion shall be limited to compensating Franchisor for Franchisor's lost Franchise Fees under this Agreement. If such taking, in Franchisor's opinion, will not render the continued operation of the Restaurant impractical, Franchisee must promptly make whatever repairs and restoration are necessary to make the Restaurant conform substantially to the then-current Standards. Franchisee will take all measures necessary to ensure that the resumption of normal operation of the Restaurant is not unreasonably delayed.

19.2 Casualty.

If the Restaurant is damaged by Force Majeure events, fire or other casualty, this Agreement will not terminate, and Franchisee, at its sole cost and expense will expeditiously repair the damage. If the damage or repair requires closing the Restaurant, Franchisee must, at its sole cost and expense: (i) immediately notify Franchisor; (ii) repair or rebuild the Restaurant in accordance with then-current Standards; (iii) begin reconstruction as soon as practicable; (iv) reopen the Restaurant for continuous business operations as soon as practicable; and (v) give Franchisor ample advance notice of the date of reopening. If the casualty will require the closing of the Restaurant in excess of thirty (30) days or Franchisee invokes a Force Majeure event as provided in Section 17.4 of this Agreement, Franchisee must provide Franchisor with a schedule for completing the repairs and/or re-opening of the Restaurant within thirty (30) days after such closing. If the Restaurant, or a substantial portion thereof, will be closed and cannot be re-opened within one-hundred eighty (180) days, and Franchisee fails to provide evidence that re-opening is possible within a timeframe acceptable to Franchisor beyond such date, Franchisor will have the right to terminate this Agreement and treat it as a default by Franchisee.

SECTION 20 COMPLIANCE WITH LAWS; LEGAL ACTIONS

20.1 Compliance with Laws.

(a) Franchisee must comply with all Applicable Law, and will obtain in a timely manner all permits, certificates, and licenses necessary for the full and proper operation of the Restaurant and compliance with the Entire Agreements. Franchisee must forward to Franchisor within seven (7) days of Franchisee's receipt copies of all inspection reports, warnings, certificates, letters and ratings issued by any governmental entity related to the Restaurant that indicate a material failure to meet or maintain governmental standards regarding health or life safety or any other material violation of Applicable Law that may adversely affect the operation or financial condition of the Restaurant or Franchisee.

(b) Franchisee must, if required by Applicable Law, timely file, register, or report this Agreement or the payments to be made hereunder, as applicable, to the appropriate governmental authorities having jurisdiction over the Restaurant or this Agreement. Franchisee must provide a copy of all materials prepared in satisfaction of such Applicable Law to Franchisor for Franchisor's approval prior to furnishing such materials to any governmental authority.

(c) If required by any Applicable Law: (i) the effectiveness of this Agreement will be the date on which all requirements for the effectiveness of this Agreement under such Applicable Law have been met and complied with; and (ii) payment of fees will be deferred until all requirements for the payment of such fees under such Applicable Law have been met and complied with; <u>provided</u>, <u>however</u>, that to the extent not prohibited by Applicable Law, Franchisee will pay, as provided in Section 3, all invoices submitted by Franchisor to Franchisee for costs and expenses incurred by Franchisor or its Affiliates (including Travel Expenses) arising out of or related to its review and investigation of the proposed Restaurant (including, the Initial Fee), any plans, designs, development, or construction related thereto, and Franchisor's negotiation, preparation, and implementation of this Agreement. If Franchisee makes such reimbursement payments, Franchisor will adjust fees so as to avoid a duplication of charges to Franchisee.

20.2 <u>Notice Regarding Legal Actions</u>. Franchisee must notify Franchisor within seven (7) days: (i) after the commencement of any material action, suit, or other proceeding that involves the Restaurant or Franchisee; or (ii) after the commencement of any action, suit, or other proceeding that involves Franchisor or Franchisor's relationship with Franchisee or the Restaurant, and within seven (7) days of the issuance of any judgment, order, writ, injunction, award, or other decree of any court, agency, or other governmental instrumentality that may adversely affect the operation or financial condition of the Restaurant or Franchisee. Nothing in this Section 20.2, however, will abrogate any notice requirement that Franchisee may have under any insurance program or contract.

SECTION 21 RELATIONSHIP OF PARTIES

21.1 <u>Reasonable Business Judgment</u>.

Except where Franchisor has reserved "sole discretion" or as otherwise indicated in this Agreement, Franchisor agrees to use Reasonable Business Judgment when discharging its obligations or exercising its rights or discretion under this Agreement, including with respect to any consents and approvals and the administration of Franchisor's relationship with Franchisee. Franchisee will have the burden of establishing that Franchisor failed to exercise Reasonable Business Judgment, and neither the fact that Franchisor benefited economically from an action nor the existence of other "reasonable" alternatives will, by themselves, establish such failure. To the extent that any implied covenant, such as the implied covenant of good faith and fair dealing, or civil law duty of good faith is applied to this Agreement, Franchisor and Franchisee intend that Franchisor will not have violated such covenant or duty if Franchisor has exercised Reasonable Business Judgment.

21.2 <u>Independent Contractor</u>.

This Agreement does not create a fiduciary relationship between Franchisor and Franchisee. Franchisee is an independent contractor, and nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf or to incur any debt or other obligation in Franchisor's name.

SECTION 22 GOVERNING LAW; DISPUTE RESOLUTION

22.1 Governing Law.
The validity of this Franchise Agreement and any of its terms or provisions, as well as the rights and duties of the parties hereunder will be governed by, construed and enforced in accordance with the laws of the State of Hawaii.

22.2 Waiver of Jury Trial.
Each party hereby waives, without limitation, any right it might otherwise have to trial by jury on any and all claims asserted against the other.

22.3 Injunctive Relief.
Franchisor will be entitled to injunctive or other equitable or judicial relief, without the necessity of proving the inadequacy of money damages as a remedy, without the necessity of posting a bond, and without waiving any other rights or remedies at law or in equity, for any actual or threatened material breach or violation of this Agreement or the Standards.

22.4 Costs of Enforcement.

If for any reason it becomes necessary for either party to initiate any legal or equitable action to secure or protect its rights under this Agreement, the prevailing party will be entitled to recover all costs incurred by it in successfully enforcing said rights, including reasonable attorneys' fees.

22.5 Arbitration.

(a) Any dispute, controversy, or claim arising out of or relating to this Agreement or the breach thereof, except for the case of Injunctive Relief, shall be settled by arbitration. The arbitration shall be administered by an arbitration agency, such as the American Arbitration Association or the American Dispute Resolution Center, in accordance with the respective administrative rules. Any judgment rendered by the Arbitrator may be entered in any court having jurisdiction thereof. The costs of the arbitration will be borne equally by the parties. The parties agree that Honolulu, Hawaii shall be the site for all hearings held under this Section 22.5, and that such hearings shall be conducted before a single arbitrator, not a panel. Neither party shall pursue class action type claims and/or consolidate the arbitration with any other proceedings to which Franchisor is a party.

(b) Franchisee may only seek damages or any remedy under law or equity for any arbitrable claim against Franchisor or Franchisor's successors or assigns. Franchisee agrees that Franchisor's Affiliates, shareholders, directors, officers, employees, agents, and representatives, and their Affiliates, shall not be liable nor named as a party to this Agreement. Franchisee further agrees that the foregoing parties are intended beneficiaries of the arbitration clause; and that all claims against them that arise out of or relate to this Agreement must be resolved with Franchisor through arbitration. Should Franchisee name a party in any arbitration or litigation proceeding in violation of this Section 22.5, Franchisee will reimburse Franchisor for costs incurred, including but not limited to attorney's fees, arbitration fees, court costs, witness fees, management preparation time, Travel Expenses, and incidental expenses.

(c) Notwithstanding the arbitration clause in Section 22.5(a), Franchisor may bring an action for injunctive relief in any court having jurisdiction to enforce Franchisor's trademarks or proprietary rights, the covenants not to compete, or the restriction on disclosure of Confidential Information in order to avoid irreparable harm to Franchisor, Franchisor's Affiliates, and the System as a whole. Franchisor may, without waiving any rights it has under this Agreement, seek from a court having jurisdiction any interim or provisional relief that may be necessary to protect its rights or property (including any aspect of the System, or any reason concerning the safety of the Restaurant or the health and welfare of any of the Restaurant's guests, invitees or employees).

(d) The provisions of this Section 22 will survive the expiration or termination of this Agreement.

22.6 Limitation on Damages.

(a) FRANCHISEE HEREBY WAIVES, WITHOUT LIMITATION, ANY RIGHT IT MIGHT OTHERWISE HAVE TO ASSERT A CLAIM FOR AND/OR TO RECOVER LOST PROFITS AND OTHER FORMS OF CONSEQUENTIAL, INCIDENTAL, CONTINGENT, PUNITIVE, AND EXEMPLARY DAMAGES FROM FRANCHISOR EXCEPT AS PROVIDED HEREIN.

(b) FRANCHISOR’S LIABILITY SHALL BE LIMITED TO THE ACTUAL COMPENSATORY DAMAGES, SUCH DAMAGES BEING THE GREATER OF (1) $50,000.00 OR (2) AT FRANCHISEE’S SOLE OPTION, ALL AMOUNTS PAID TO FRANCHISOR FOR FRANCHISE FEES FOR THIS AGREEMENT FOR UP TO THREE (3) YEARS PRECEDING THE DATE OF ANY AWARD HEREIN. SHOULD FRANCHISEE ELECT OPTION (2), FRANCHISOR RESERVES THE RIGHT TO REPURCHASE FRANCHISEE’S EQUIPMENT, PURCHASED FROM OR THROUGH FRANCHISOR, AT DEPRECIATED VALUE USING THE FIVE YEAR, STRAIGHT LINE METHOD OF CALCULATION.

SECTION 23 NOTICES

23.1 Notices.

All notices, requests, demands, statements, and other communications required or permitted to be given under the terms of this Agreement will be in writing, and delivered by certified mail or email with receipt confirmation requested or carried by reputable overnight courier service, to the respective party at the following addresses:

To Franchisor: Eight USA Inc.
Address:

Email:

Attn:

To Franchisee: ________________________
Address:
Email:
Attn:

or at such other address as designated by notice from the respective party to the other party. Any such notice or communication will be deemed to have been given at the date and time of: (i) receipt confirmation; or (ii) first refusal of delivery. Franchisee expressly consents to service of process at the above address or at such other address as it may designate pursuant to Section 23.1. Notwithstanding the foregoing, Franchisor may provide Franchisee with routine information, the Standards and other System requirements and programs, such as the Quality Assurance Program, by regular mail or by e-mail, or by making such information available to Franchisee on the Internet, an extranet, or other electronic means.

SECTION 24 MISCELLANEOUS

24.1 Construction and Severability; Bluepencil Doctrine.

(a) Except as expressly provided to the contrary in this Agreement, each section, part, term and/or provision of this Agreement (including, Section 16), will be considered severable; and if, for any reason any section, part, term, or provision is determined to be invalid, unenforceable or contrary to, or in conflict with, any existing or future Applicable Law or by an arbitral tribunal, court or agency having valid jurisdiction, such will not impair the operation of, or have any other effect upon, such other sections, parts, terms, and provisions of this Agreement as may remain otherwise intelligible, and the latter will continue to be given full force and effect and bind Franchisor and Franchisee; and said invalid or unenforceable sections, parts, terms, or provisions will be deemed to be replaced with a provision that is valid and enforceable and most nearly reflects the original intent of the invalid or unenforceable provision. If any provision herein for any reason and to any extent are construed or held to be invalid or unenforceable by any court, arbitrator and/or tribunal, the same shall reduce the scope, geographical and/or term thereof only to the extent thereby allowing the maximum enforceable scope, geographical area, term and/or otherwise.

(b) Nothing in this Agreement is intended, or will be deemed, to create any third party beneficiary or confer any rights or remedies under or by reason of this Agreement upon any Person other than Franchisor (and its Affiliates) or Franchisee, and their respective permitted successors and assigns.

(c) When this Agreement provides that Franchisor may take or refrain from taking any action or exercise discretion, such as rights of approval, or to modify the System or any part of it, or to make other determinations or modifications under this Agreement, Franchisor may do so from time to time.

(d) Unless otherwise stated, references to Sections are to Sections of this Agreement. Unless otherwise stated, references to exhibits, attachments or addenda are to exhibits, attachments and addenda to this Agreement, and all of such are incorporated by reference into this Agreement.

(e) Words importing the singular include the plural and vice versa as the context may imply. Words importing a gender include every gender as the context may imply. References to days, months, and years are to calendar days, calendar months, and calendar years, respectively.

(f) The words "include," "included" and "including" will be terms of enlargement or example (meaning that, for instance, "including" will be read as "including but not limited to") and will not imply any restriction or limitation unless the context clearly requires otherwise. Captions and section headings are used for convenience only. They are not part of this Agreement and will not be used in construing it.

(g) The parties agree that no one party shall be deemed to be the drafter of this Agreement in the event this Agreement is ever construed by a court of law or equity, and such court shall not construe this Agreement or any provision of this Agreement against any party as the drafter of the Agreement.

24.2 Approvals and Waivers.

Approvals, designations, and consents required under this Agreement will not be effective unless evidenced by a writing or signed by the duly authorized officer or agent of the party giving such approval or consent. No waiver, delay, omission, or forbearance on the part of Franchisor or Franchisee to exercise any right, option or power arising from any default or breach by the other party will affect or impair the rights of Franchisor or Franchisee, respectively, with respect to any such default or breach or subsequent default or breach of the same or of a different kind. Any delay or omission of either party to exercise any right arising from any such default or breach will not affect or impair such party's rights with respect to such default or breach or any future default or breach. Franchisor shall not be liable to Franchisee for providing (or denying) any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement or by reason of any delay or denial of any request.

24.3 Entire Agreement.

The Entire Agreement, including, all exhibits, attachments, and addenda, and this Agreement, and any execution copies executed simultaneously or in connection with, this Agreement, contain the entire agreement between the parties as it relates to the Restaurant and the Approved Location as of the date of this Agreement. This is a fully integrated agreement. No agreement of any kind relating to the matters covered by this Agreement will be binding upon either party unless and until the same has been made in a written, non-electronic instrument that has been duly executed by the non-electronic signature of all interested parties. This Agreement may not be amended or modified by conduct manifesting assent, or by electronic signature, and each party is hereby put on notice that any individual purporting to amend or modify this Agreement by conduct manifesting assent or by electronic signature is not authorized to do so. In entering this Agreement, Franchisee represents and warrants that it did not rely on in entering this Agreement or otherwise, and Franchisor and Franchisor's representatives have not made, any promises, representations or agreements relating to franchising the Restaurant or Approved Location, except as expressly contained in this Agreement.

24.4 Confidentiality.

The terms of this Agreement and all exhibits, attachments or addenda or other agreements ancillary to, or executed in connection with this Agreement, that have been negotiated ("Negotiated Terms") from the standard form of Agreements are strictly confidential. Except as otherwise required by Applicable Law, or as may be necessary to enforce this Agreement in any legal proceedings, those Negotiated Terms will be disclosed only to those of Franchisee's managers, members, officers, directors, employees, attorneys, accountants, agents or lenders as is necessary for the operation or financing of the Restaurant. Franchisee agrees that it will be a material default hereunder if Franchisee, its managers, members, officers, directors, employees, attorneys, accountants, agents or lenders disclose the Negotiated Terms to any unauthorized Person without the prior consent of Franchisor.

24.5 Multiple Counterparts.

This Agreement may be executed in a number of identical counterparts, each of which will be deemed an original for all purposes and all of which will constitute, collectively, one agreement. Delivery of an executed signature page to this Agreement by facsimile transmission will be effective as delivery of a manually signed counterpart of this Agreement.

SECTION 25 REPRESENTATIONS, WARRANTIES AND COVENANTS

25.1 Existence and Power.

Franchisee represents, warrants and covenants that: (i) it is a legal entity duly formed, validly existing, and in good standing under the laws of the jurisdiction of its formation; (ii) it and its Affiliates have and will continue to have throughout the Term hereof the ability to perform its obligations under this Agreement; and (iii) it has and will continue to have throughout the Term hereof all necessary power and authority to execute and deliver this Agreement.

25.2 Authorization.

Franchisee represents, warrants and covenants that the execution and delivery of this Agreement and the performance by Franchisee of its obligations hereunder: (i) have been duly authorized by all necessary action; (ii) do not require the consent, vote, or approval of any third parties (including lenders) except for such consents as have been properly obtained; and (iii) do not and will not contravene, violate, result in a breach of, or constitute a default under (a) its certificate of formation, operating agreement, articles of incorporation, by-laws, or other governing documents, (b) any Applicable Law; or (c) any agreement, indenture, contract, commitment, restriction or other instrument to which it or any of its Affiliates is a party or by which it or any of its Affiliates is bound.

25.3 Contravention.

Franchisee represents and warrants that all of the representations and warranties in the application, and any information provided in addition to the application in connection with this Agreement, is true, correct and complete as of the time made and as of the date hereof, regardless of whether such was provided by Franchisee, one of its Affiliates, or by a third party on behalf of Franchisee, unless Franchisee has notified Franchisor of a change in the representations and warranties or the information and Franchisor has approved the change.

25.4 Ownership of the Restaurant.

Franchisee hereby represents, warrants and covenants to Franchisor that (i) Franchisee is the sole owner of the Restaurant and will be the sole owner of any Restaurants subsequently approved under Section 2.1, and (ii) Franchisee holds good title and updated registrations in compliance with the Applicable Law. Franchisee shall deliver to Franchisor a copy of the deed, lease, sublease, license, or other instrument demonstrating Franchisee's title to the Restricted Territory upon which the Restaurant is located as required by the Agreement prior to the opening of each Restaurant, and thereafter as to renewals, within thirty (30) days prior to the expiration of the terms of each such lease or other instrument, if applicable.

25.5 Additional Franchisee Acknowledgments and Representations.

(a) FRANCHISEE AGREES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS, AND ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS. FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE AGREES FRANCHISEE HAS NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT. IF FRANCHISOR FURNISHES ADVICE, CONSULTATION, TRAINING, OR OTHER FORMS OF ASSISTANCE IN CONNECTION WITH THE RESTAURANT WITH REGARD TO MATTERS SUCH AS FINANCING, DESIGN, CONSTRUCTION, RENOVATION, MENU PLANNING, OPERATION AND MANAGEMENT OF THE RESTAURANT, FRANCHISOR DOES NOT GUARANTEE OR ASSURE THE SUCCESS OR SATISFACTORY RESULT OF SUCH MATTERS AND FRANCHISOR WILL NOT THEREBY INCUR ANY LIABILITY OR BE RESPONSIBLE IN ANY WAY FOR ANY ERROR, OMISSION OR FAILURE OF WHATEVER NATURE IN SUCH FINANCING, DESIGN, CONSTRUCTION, RENOVATION, MENU PLANNING, OPERATION OR MANAGEMENT OF THE RESTAURANT.

(b) FRANCHISEE AGREES THAT IT HAS READ AND UNDERSTOOD THE DISCLOSURE DOCUMENT PROVIDED TO FRANCHISEE, THIS AGREEMENT, INCLUDING ALL EXHIBITS, ATTACHMENTS AND ADDENDA, AND RELATED AGREEMENTS, IF ANY, AND FRANCHISEE HAS HAD AMPLE TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS AND LEGAL COUNSEL OF FRANCHISEE'S OWN CHOOSING ABOUT THE POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS AGREEMENT. FRANCHISEE AGREES THAT FRANCHISEE HAS HAD AN OPPORTUNITY TO NEGOTIATE, AND HAS FULLY NEGOTIATED, THE ESSENTIAL STIPULATIONS OF THIS AGREEMENT AND THAT SUCH STIPULATIONS WERE NOT UNILATERALLY IMPOSED ON IT BY FRANCHISOR.

(Signatures on following page)

IN WITNESS WHEREOF, Franchisee and Franchisor have duly executed and delivered this Agreement, as of the Effective Date.

FRANCHISOR:

Eight USA Inc.

a Corporation registered under the laws of the State of Hawaii

By: ___________
Name:
Title:

FRANCHISEE:

____

a ______________________registered under the laws of the State of ________________________

By:____________
Name:
Title:

EXHIBIT A

Approved Location

Area: ______________________, State of __________________________

EXHIBIT B

Restricted Territory

Street Address:

City / Town:

State:

Zip code:

Country:

EXHIBIT C

ITEMS SUBJECT TO FOOD AND BEVERAGE ROYALTY FEE

All items sold at the Restaurant, including but not limited to the items on the list attached hereto, which may be updated from time to time at the sole discretion of the Franchisor, and any merchandise or other non-food or beverage products approved by Franchisor.

[current list of menu items attached]

List of Menu Items
(Current as of December 2024)

1	Soft serve matcha
	Soft serve mixed
	Soft serve vanilla
2	Maiko special matcha
	Maiko special mixed
3	Iced Matcha
4	Matcha Lemon
5	Iced Hojicha
6	Matcha Latte
7	Matcha Cream
8	Matcha Kuromitsu Kinako
9	Matcha Kuromitsu Kinako Cream
10	Matcha Chocolate
11	Matcha Chocolate Cream
12	Hojicha Latte
13	Hojicha Cream
14	Kokuto Iced Matcha
15	Kokuto Matcha Latte
16	Kokuto Macha Cream
17	Kokuto Macha Kuromitsu Kinako
18	Kokuto Macha Kuromitsu
19	Kokuto Iced Hojicha
20	Kokuto Hojicha Latte
21	Kokuto Hojicha Cream
22	Matcha Frappe
23	Hojicha Frappe
24	Matcha Float
25	Matcha Latte Float
26	Matcha Lemon Float
27	Matcha Chocolate Float
28	Matcha Kuromitsu Kinako Float
29	Hojicha Float
30	Hojicha Latte Float
31	Kokuto Matcha Float
32	Kokuto Matcha Latte Float
33	Kokuto Matcha Kuromitsu Kinako Float

34	Kokuto Hojicha Float
35	Kokuto Hojicha Latte Float
36	Chestnut
37	Shiratama
38	Azuki Bean
39	Matcha Powder
40	Hojicha Powder
41	Chocolate Syrup
42	Kuromitsu
43	Kinako
44	Uji-Kintoki
45	Matcha Shaved Ice Matcha
	Matcha Shaved Ice Mixed
	Matcha Shaved Ice Vanilla
46	Hot Matcha
47	Hot Matcha Latte
48	Hot Hojicha
49	Hot Hojicha Latte
50	Ozenzai
51	Oshiruko
52	Matcha Frappe Cream
53	Hojicha Frappe Cream
54	Cheese Matcha Latte
55	Hot Plain Matcha
56	Hot Plain Hojicha
57	Matcha Yogurt Frappe
58	Matcha Yogurt Frappe Cream
07.2018	Yuzu Frappe
08.2018	Cheese Tea
02.2019	Matcha Mochi Ice Cream
03.2019	Matcha Panna Cotta
04.2019	Matcha and Coffee Jelly
05.2019	Matcha Pineapple Shaved Ice
06.2019	Hojicha Shaved Ice
07.2019	Matcha Oreo Frappe, Hojicha Oreo Frappe Cream
08.2019	Sparkling Matcha
09.2019	Matcha Baked Cheesecake
10.2019	Strawberry Milk Shaved ice

11.2019	Pumpkin Panna cotta
12.2019	Marble Cookie
01.2020	Matcha Chocolate Scone with Yuzu Glaze
02.2020	Matcha Swiss Roll
04.2020	Strawberry Soft Serve Ice Cream
07.2020	Matcha Acai Bowl
10.2020	Pumpkin Spice Ice Cream
01.2021	Matcha and Strawberry Mousse
04.2021	Yuzu Soft Serve
07.2021	Ube Soft Serve
10.2021	Earl Grey Soft Serve
01.2022	Haupia Soft Serve
04.2022	Sakura Soft Serve
07.2022	Calpico Soft Serve
10.2022	Matcha Cream Puff
10.2022	Pumpkin Soft Serve
10.2022	Pumpkin Spice Soft Serve
12.2022	Gingerbread Waffle Cones
12.2022	Matcha Cream Cheese Tart
01.2023	Kinako Soft Serve
04.2023	Easter Cup Cake
07.2023	Kokuto Soft Serve
08.2023	Matcha Pudding
08.2023	Blueberry Soft Serve
11.2023	Cinnamon Raisin Soft Cookie
12.2023	Chocolate Soft Serve
04.2024	Matcha Cake Pop
07.2024	Ume Soft Serve
08.2024	Watermelon Soft Serve
11.2024	Peach Soft Serve
12.2024	Matcha Tiramisu

EXHIBIT D

Licensed Marks

Mark	Registration No.	Date of Registration
舞妓 PREMIUM MATCHA Café MAIKO	Reg. No. 5,810,618	Registered Jul. 23, 2019
PREMIUM MATCHA CAFÉ MAIKO	Reg. No. 6,042,108	Registered Apr. 28, 2020

<u>EXHIBIT B</u>

LIST OF FRANCHISEES

Exhibit B

As of 12.31.2024

	Matcha Cafe Maiko Outlet	Name	State(province)	Contry	Address	Telephone number
1	Tempe	THE GRATITUDECO, LLC	AZ	USA	920 E University Dr Suite 106, Tempe, AZ 85288	(480)318-3896
2	Escondido	Foodmasters, LLC	CA	USA	1024 W Valley Pkwy, Escondido, CA 92025	(760)546-6409
3	Rowland Heights	Susan Doung	CA	USA	18180 Colima Rd., Rowland Heights, CA 91748	(626)764-4888
4	San Diego	Foodmasters, LLC	CA	USA	8072 Clairemont Mesa Blvd, San Diego, CA 92111	(858)262-3970
5	San Diego	Foodmasters, LLC	CA	USA	8270 Mira Mesa Blvd. Suite C, San Diego, 92126	(858)860-5086
6	San Francisco Japantown	TMC Ventures LLC	CA	USA	1581 Webster Street Suite 175, San Francisco, CA 94115	(415)757-0919
7	San Francisco Stonestown	TMC Ventures LLC	CA	USA	3251 20th Ave Ste 250K, San Francisco, CA 94132	(415)680-9650
8	San Francisco Chinatown	TMC Ventures LLC	CA	USA	756 Grant Ave, San Francisco, CA 94108	(415)658-7748
9	Sacramento	LUCKY 888 LLC	CA	USA	6905 Stockton Blvd Ste 240, Sacramento, CA 95823	(916)594-9967
10	Santa Clara	Aloha Vibes LLC	CA	USA	2855 Stevens Creek Blvd Unit 9254, Santa Clara, CA 95050	(408)688-9488
11	Orland	M.I.I.K LLC	FL	USA	639 N Mills Ave, Orlando, FL 32803	(407)730-9090
12	Atlanta	S&L Acquisitions, LLC	GA	USA	5306 Buford Highway NE Ste B, Atlanta, GA 30340	(470)459-3142
13	Duluth	S&L Acquisitions, LLC	GA	USA	2131 Pleasant Hill Rd ste #139, Duluth, GA 30096	(470)359-6152
14	Boston	Y & C Group LLC	MA	USA	115 Jersey Street Boston, MA 02215	(617)322-5360
15	Troy	Matcha in Troy LLC	MI	USA	5082 Rochester Rd, Troy, MI 48085	(248)250-6886
16	Charlotte	MANMEHAR LLC	NC	USA	8128 Providence Rd #900, Charlotte, NC 28277	(980)430-3918
17	Fort Lee	FLCM LLC	NJ	USA	1630 Lemoine Ave, Fort Lee, NJ 07024	(201)685-5378
18	Westfield Garden State Palza	FLCM LLC	NJ	USA	One Garden State Plaza Blvd, Paramus, NJ 07652	(973)435-3263
19	New York (Manhattan)	Maiko NYC LLC	NY	USA	132 Bowery, New York, NY 10013	(917)688-3166
20	New York (Tangram)	Maiko NYC LLC	NY	USA	133-33 39th Ave, fh21, Queens, NY 11354	(718)219-0011
21	Portland	KK Cafe Inc	OR	USA	3416 SE Cesar Estrada Chavez Blvd., Portland, OR 97202	(971) 279-4637
22	Philadelphia	Philly Matcha LLC	PA	USA	923 Race St, Philadelphia, PA 19107	(267) 861-0251
23	San Antonio	Tan's Sichuan LLC	TX	USA	7115 Blanco Rd Ste 112, San Antonio, TX 78216	(210) 267-1020
24	Centreville	YM Partners LLC	VA	USA	5947 Centreville Crest Ln, Centreville, VA 20121	(703)830-0036
25	Tysons	Matcha Cafe Tysons, LLC	VA	USA	1961 Chain Bridge Rd. 7920 KU, McLean, VA 22102	(240) 486-4166

EXHIBIT C

FINANCIAL INFORMATION / STATEMENTS

Financial Statements

Eight USA Inc.
(A Wholly-Owned Subsidiary of Eight, Inc.)

Years Ended December 31, 2024 and 2023
with Independent Auditors' Report

Eight USA Inc.

(A Wholly-Owned Subsidiary of Eight, Inc.)

Financial Statements

Years Ended December 31, 2024 and 2023

Contents

Independent Auditors' Report

To the Stockholder of
Eight USA Inc.

Opinion

We have audited the financial statements of Eight USA Inc. (the "Company"), a wholly-owned subsidiary of Eight, Inc (the "Parent"), which comprise the balance sheet as of December 31, 2024, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the Company for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on April 23, 2024.

Emphasis of Matters

As discussed in Notes 4 and 8 to the financial statements, because of extensive transactions with the Parent, the accompanying financial statements may not be indicative of the financial position or the results of operations if the Company had operated without such affiliation. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. 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 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 U.S. GAAS, we:

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

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

Reiwa Accounting LLP

Honolulu, Hawaii
May 6, 2025

Eight USA Inc.

(A Wholly-Owned Subsidiary of Eight, Inc.)

Balance Sheets

December 31, 2024 and 2023

Assets

	2024	2023
Current assets:		
Cash and cash equivalents	$ 669,031	502,290
Accounts receivable, less allowance for credit losses of $83,000 as of December 31, 2024 and 2023	6,554	23,956
Inventories	8,205	6,295
Prepaid insurance	6,023	5,357
Total current assets	689,813	537,898
Property and equipment:		
Leasehold improvements	89,994	89,994
Equipment	115,323	115,323
Vehicles	107,878	85,806
	313,195	291,123
Less accumulated depreciation and amortization	(116,133)	(134,071)
Net property and equipment	197,062	157,052
Operating lease right-of-use assets	215,035	267,183
Security deposit	27,351	27,351
Goodwill, net	160,416	195,416
Total assets	$ 1,289,677	$ 1,184,900

Eight USA Inc.
(A Wholly-Owned Subsidiary of Eight, Inc.)

Balance Sheets

December 31, 2024 and 2023

Liabilities and Stockholder's Equity

	2024	2023
Current liabilities:		
Due to Parent and affiliate	$ 101,276	$ 145,597
Operating lease liability, current	52,604	50,316
Unearned revenue	125,999	30,629
Accrued expenses and other liabilities	32,704	26,318
Accounts payable	2,011	834
Income taxes payable	12,500	6,015
Total current liabilities	327,094	259,709
Operating lease liability, noncurrent	172,317	224,919
Total liabilities	499,411	484,628
Commitments and contingencies		
Stockholder's equity		
Common stock, $1 par value; 1,000,000 shares authorized, 700,000 shares issued and outstanding	700,000	700,000
Retained earnings	90,266	272
Total stockholder's equity	790,266	700,272
Total liabilities and stockholder's equity	$ 1,289,677	$ 1,184,900

See accompanying notes to financial statements and independent auditors' report.

Eight USA Inc.

(A Wholly-Owned Subsidiary of Eight, Inc.)

Statements of Operations

Years Ended December 31, 2024 and 2023

	2024	2023
Revenue:		
Matcha powder sales	$ 1,051,466	$ 878,702
Store sales	633,733	579,028
Franchise revenue	149,602	153,629
Total revenue	1,834,801	1,611,359
Cost of sales	758,842	709,495
Gross profit	1,075,959	901,864
Operating and administrative expenses:		
Payroll	416,327	275,987
Professional fees and outside contract services	93,038	97,930
Depreciation and amortization	78,755	73,185
Office	75,875	67,638
Rent	70,394	67,547
Insurance	61,639	55,146
Commission	43,501	35,185
Credit loss expense	-	30,000
General excise tax	28,548	26,083
Meals and entertainment	13,251	25,359
Repairs and maintenance	17,501	24,788
Travel	36,543	23,751
Utilities	21,555	18,842
Management fee	23,853	8,558
Parking	2,797	3,579
Automobile	1,420	3,055
License and permit	1,193	900
Bank charges and other	495	448
Total operating and administrative expenses	986,685	837,981
Income from operations	89,274	63,883
Other income:		
Gain on sale of vehicles	17,630	-
Gain on foreign exchange transactions	11,328	18,619
Miscellaneous income	1,762	-
Other income, net	30,720	18,619
Income before provision for income taxes	119,994	82,502
Provision for income taxes	30,000	13,377
Net income	$ 89,994	$ 69,125

See accompanying notes to financial statements and independent auditors' report.

Eight USA Inc.

(A Wholly-Owned Subsidiary of Eight, Inc.)

Statements of Changes in Stockholder's Equity

Years Ended December 31, 2024 and 2023

	Common Stock		Retained Earnings	
	Shares	Amount	(Accumulated Deficit)	Total
Balance as of January 1, 2023	700,000	$ 700,000	$ (68,853)	$ 631,147
Net income	-	-	69,125	69,125
Balance as of December 31, 2023	700,000	700,000	272	700,272
Net income	-	-	89,994	89,994
Balance as of December 31, 2024	700,000	$ 700,000	$ 90,266	$ 790,266

See accompanying notes to financial statements and independent auditors' report.

Eight USA Inc.

(A Wholly-Owned Subsidiary of Eight, Inc.)

Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Net income	$ 89,994	$ 69,125
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of operating lease right-of-use assets	52,148	51,393
Depreciation and amortization	78,755	73,185
Gain on sale of vehicles	(17,630)	-
Credit loss expense	-	30,000
Changes in operating assets and liabilities:		
Accounts receivable	17,402	(33,781)
Inventories	(1,910)	1,799
Prepaid rent	-	5,154
Prepaid insurance	(666)	(2,021)
Prepaid income taxes	-	6,800
Due to Parent and affiliate	(44,321)	28,319
Operating lease liability	(50,313)	(48,105)
Unearned revenue	95,370	12,974
Accrued expenses and other liabilities	6,386	(4,110)
Accounts payable	1,177	(1,129)
Income taxes payable	6,485	6,015
Penalties payable	-	(50,000)
Net cash provided by operating activities	232,877	195,618
Cash flows from investing activities:		
Proceeds from sale of vehicles	36,742	-
Purchases of vehicles	(102,878)	(9,873)
Net cash used in investing activities	(66,136)	(9,873)
Net increase in cash and cash equivalents	166,741	185,745
Cash and cash equivalents, at beginning of year	502,290	316,545
Cash and cash equivalents, at end of year	$ 669,031	$ 502,290
Supplemental disclosure of cash flow information:		
Income taxes paid	$ 17,500	$ -

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

Eight USA Inc.

(A Wholly-Owned Subsidiary of Eight, Inc.)

Notes to Financial Statements

December 31, 2024 and 2023

1. Organization and operations

Eight USA Inc. (the "Company") was established on June 10, 2019 in the State of Hawaii, and operates a café restaurant business specializing in Japanese green tea and other Japanese desserts under the tradename "Matcha Café Maiko" with one leased retail location in Honolulu, Hawaii, and license agreements to permit licensees across the United States of America, Canada, and China to use the Matcha Café Maiko tradename, recipes and other intellectual property necessary to operate a café restaurant. The Company acquired the restaurant and tradename from Exeo USA Inc. in July 2019. Exeo USA Inc. opened the Matcha Café Maiko restaurant in Waikiki in 2016 and began offering licenses in November 2016. The Company began offering licenses in August 2019, and currently has 35 licensed locations. The Company is wholly owned by Eight, Inc., a Japan Corporation (the "Parent").

Under the Company's franchise agreement, a franchisee is granted the right to operate a store under the "Premium Matcha Café Maiko" service mark and other marks. A store specializes in the sale of Japanese green tea and other Japanese dessert products authorized by the Company for retail sale to the public. Menu items are prepared according to specified recipes and procedures and use high-quality ingredients, including specially formulated lines of Japanese green tea and other Japanese dessert products. Each store operates under the name "Premium Matcha Café Maiko" and other marks designated by the Company. Each licensee/potential franchisee who received training and a territory is expected to provide service under the terms of the franchise agreement. A new franchisee will receive training and a territory in which to provide services and is responsible for paying the franchise fees according to the franchise agreement.

2. Summary of significant accounting policies

a. Basis of accounting

The Company prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

b. Use of estimates

The preparation of the financial statements in conformity with U.S. GAAP requires that management of the Company make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

2. **Summary of significant accounting policies (continued)**

c. Cash and cash equivalents

The Company considers all highly liquid investments with an original maturity of three months or less, to be cash equivalents. The Company maintains its cash and cash equivalents with high credit quality financial institutions and through PayPal accounts. The Federal Deposit Insurance Corporation ("FDIC") provides deposit insurance up to $250,000 per depositor per institution. PayPal accounts are not covered by the FDIC insurance. The Company's cash and cash equivalents in bank and paypal accounts not insured by the FDIC were approximately $331,000 and $213,000 at December 31, 2024 and 2023, respectively.

d. Accounts receivable and allowance for credit losses

Accounts receivable are recorded based on the invoice amount of license contracts with franchisees net of an allowance for credit losses to the extent considered necessary by the Company's management. Accounts receivable are non-interest bearing. Management reviews outstanding receivables for collectability periodically and provides an allowance for credit losses as required.

The opening and closing balances of the accounts receivable on the accompanying balance sheets were $106,956 and $89,554, respectively, as of December 31, 2024 and $73,175 and $106,956, respectively, as of December 31, 2023.

The allowance covers future credit losses resulting from franchisees' failure to make contractual payments and is measured using the Current Expected Credit Loss (the "CECL") model under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 326, "*Financial Instruments - Credit Losses*."

Under the CECL model, the Company estimates credit losses over the life of its accounts receivable using a combination of:

- Historical loss experience,
- Current economic conditions, and
- Reasonable and supportable forecasts that may impact a franchisee's ability to pay.

The Company monitors receivables for credit deterioration and evaluates them for potential write-offs. In most cases, accounts receivable are written off when deemed uncollectible. Collateral is not typically required. The Company's policy is generally not to charge interest on trade receivables after the invoice becomes past due.

There is no significant change in credit risk for the years ended December 31, 2024 and 2023. The allowance for credit losses as of December 31, 2024 and 2023 was $83,000.

Beginning balance	$ 83,000
Credit loss expense	-
Ending balance	$ 83,000

2. Summary of significant accounting policies (continued)

e. Inventories

Inventories, consisting of raw materials and supplies of Japanese green tea and other Japanese desserts, are stated at the lower of cost or net realizable value, with cost being determined using the first-in first-out method.

f. Property and equipment

Property and equipment are carried at cost and include expenditures which substantially increase the useful life of existing assets. Depreciation and amortization are provided principally on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over their estimated useful lives or remaining lease term, whichever is shorter. The estimated useful lives are summarized as follows:

Leasehold improvements	15 years
Equipment	7 years
Vehicles	5-7 years

Expenditures incurred after the acquisition or completion of assets are capitalized only when it is probable that future economic benefits associated with the item will flow to the Company, which includes any increase in productivity, extension of the useful life of the related assets, significant reduction of cost or enhancement of the value of the related assets over their recently appraised value and the fair value for the related cost can be reliably measured. All other routine maintenance and repairs are charged to expense as incurred.

Depreciation and amortization expense on property and equipment was $43,755 and $38,185 for the years ended December 31, 2024 and 2023, respectively.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest charges) expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of assets. Assets to be disposed of by sale are reported at the lower of the carrying amount or estimated fair value less costs to sell. During the years ended December 31, 2024 and 2023, the Company determined that no event or changes in circumstances indicate that impairment of its long-lived assets has occurred.

2. Summary of significant accounting policies (continued)

g. Leases

Effective January 1, 2022, the Company adopted FASB ASC 842, "*Leases*." The standard requires lessees to recognize a right-of-use ("ROU") lease liability, which represents the discounted obligation to make future minimum lease payments, and a corresponding ROU operating lease asset on the balance sheets. See note 3 "Operating lease right-of-use assets and commitments".

h. Revenue recognition

The Company derives its revenues primarily from the sale of Japanese green tea and other Japanese desserts at the restaurant in Waikiki, wholesale of Matcha powder to its franchisees, and franchise contracts.

Revenues from the restaurant are recognized when products are sold and the control of these products or services is transferred to its customers, in the amount that reflects the consideration the Company receives in exchange for those products or services.

Revenues from the wholesale of Matcha powder are recognized when the Company transfers control upon delivery of products to customers, and the customers take ownership and assume the risk of loss.

Franchise revenue is generated from initial franchise fees and royalties. Initial franchise fees are due for payment at the time of signing the franchise agreement and recognized by the Company when substantially all of its initial obligations as a franchisor have been met by providing each franchisee with initial operating support and use of trade names and trademark. Royalties from franchise restaurants are charged to each franchisee and recognized as income on a monthly basis after a franchisee begins its operations.

For the years ended December 31, 2024 and 2023, the initial fees were $25,000 and $0, and royalty income were $124,602 and $153,629, respectively, and are included in franchise revenue.

2. Summary of significant accounting policies (continued)

i. Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Intangible assets are assets that are amortized as there is a foreseeable limit to cash flows generated from them. Goodwill of $350,000 resulted from the acquisition of the restaurant from Exeo USA Inc. in July 2019 and is amortized on a straight-line basis over 10 years.

When impairment indicators are identified, the Company compares the fair value of the reporting unit to its carrying amount, including goodwill. An impairment loss is recognized as the difference, if any, between the reporting unit's carrying amount and its fair value to the extent the difference does not exceed the total amount of goodwill allocated to the reporting unit. Management has determined that there is no impairment of the carrying amount of goodwill as of December 31, 2024 and 2023.

Goodwill amortization expense was $35,000 for each of the years ended December 31, 2024 and 2023.

j. Hawaii general excise taxes

The State of Hawaii imposes a general excise tax of 4.5% on the gross income or receipts, as defined. The Company collects general excise taxes from customers on certain transactions and are included in gross revenue. The amounts collected are paid and presented in the accompanying statements of operations.

k. Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards by using tax rates expected for the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income or expense in the period that includes the enactment date. A valuation allowance is provided to reduce the deferred tax assets to a level which, more likely than not, will be realized.

The Company recognizes tax positions in the financial statements only when it is more likely than not that the position will be sustained upon examination by the relevant taxing authority. The Company reports interest and penalties relating to income tax matters in the provision for income taxes in the statements of operations, if any. To the extent that accrued interest and penalties do not ultimately become payable, amounts accrued will be reduced and reflected as a reduction of the overall provision for income taxes in the period that such determination is made.

2. Summary of significant accounting policies (continued)

l. Recently adopted accounting pronouncement

On January 1, 2023, the Company adopted FASB ASC 326, "*Financial Instruments - Credit Losses*". This standard requires the Company to estimate an expected lifetime credit loss on financial assets ranging from short-term trade accounts receivable to long-term financings and report credit losses using an expected losses model rather than the incurred losses model that was previously used, and establishes additional disclosures related to credit risks. The guidance is effective for years beginning after December 15, 2022. The Company adopted this guidance using a cumulative-effect adjustment to the opening retained earnings without any material impact to the financial statements.

The Company has considered other accounting pronouncements and determining that the adoption of such pronouncement will not have a material impact on the financial condition, results of operations, cash flows or the presentation of the financial statements, based on current information.

m. Reclassification and revisions of prior year presentation

Certain prior year amounts have been reclassified for consistency with the current period presentation, and certain prior period footnote disclosures have been revised to conform with current year disclosures for consistency and comparability purposes. These reclassifications and revision had no effect on the reported results of operations, financial position, or cash flows.

3. Operating leases right-of-use assets and commitments

The Company has a non-cancelable operating lease for its store space at 2310 Kuhio Avenue, Suite 143, Honolulu, Hawaii. Rental payments include monthly fixed base rent and the lease term expires on December 31, 2028. Additional rent based on the store's monthly gross sales are paid to the lessor and excluded from the lease payments for ROU assets and lease liability calculation due to its variable nature.

Total rent expense under the non-cancelable lease agreement for the years ended December 31, 2024 and 2023 amounted to $70,394 and $67,547, respectively. The payments associated with the leases have been discounted using the risk-free rate of 1.55%. As of December 31, 2024, the remaining lease term is 48 months.

3. Operating leases right-of-use assets and commitments (continued)

The following table summarizes the future undiscounted minimum rental payments which are discounted to calculate the lease liability for the operating lease:

Years Ending December 31,	
2025	$ 55,717
2026	57,250
2027	58,824
2028	60,442
Total undiscounted rental payments	232,233
Less: imputed interest	(7,312)
Total lease liability	$ 224,921

Supplemental cash flow information

Supplemental cash flow information for the years ended December 31, 2024 and 2023:

	2024	2023
Cash paid for amounts included in measurement of operating lease liabilities	$ 54,226	$ 52,775

4. Related party transactions

The Company purchases matcha powder and other raw materials for its café and franchisees from a Japanese vendor, and the Parent settle payment to the vendor on behalf of the Company. The Parent also pays some of the operating expenses such as legal fees and travel expenses and receive reimbursement from the Company. The Company's purchases from the Parent totaled $675,481 and $602,107 for the years ended December 31, 2024 and 2023, respectively. The Company had payable of $98,680 and $142,816 due to the Parent as of December 31, 2024 and 2023, respectively.

The Parent manages the Company's daily and overall business operations in accordance with the terms of a management agreement. The management fees were $23,853 and $8,558 for the years ended December 31, 2024 and 2023, respectively.

The Company's affiliate, Bridge Inc. provides website maintenance and conduct market research on new trends in the café and restaurant industry for the Company. The contract services were approximately $8,000 for each of the years ended December 31, 2024 and 2023. The Company had payable of $2,596 and $2,781 due to Bridge Inc. as of December 31, 2024 and 2023, respectively.

5. Income taxes

Provision for income taxes for the years ended December 31, 2024 and 2023 are as follows:

Current:	2024	2023
Federal	$ 22,000	$ 7,486
States	8,000	5,891
	$ 30,000	$ 13,377

The income tax provision differs from the income tax expense that would result from applying the federal statutory tax rate of 21% to income before provision for income taxes primarily due to the valuation allowance to reduce deferred tax assets to an amount that is more likely than not to be realized.

The provision for income taxes consists of the current income taxes due or refundable and deferred income taxes. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The Company had gross deferred tax assets of $13,000 and $8,000 as of December 31, 2024 and 2023, respectively. The balance mainly consists of book versus tax differences related to property and equipment, intangible assets, allowances for bad debts, and operating loss carry forwards.

The valuation allowance for deferred tax assets was $13,000 and $8,000 as of December 31, 2024 and 2023, respectively. The valuation allowances as of December 31, 2024 and 2023 were primarily related to deferred income taxes that, in the judgement of management, are not more likely than not to be realized. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will not realize the deferred tax assets as of December 31, 2024 and 2023.

The Company has not been subject to U.S. federal or state income tax examinations.

The Company concluded that it is not required to record any reserves for tax contingencies including interest and penalties arising from the years ended December 31, 2024 and 2023. The Company’s 2021 through 2024 tax years remain subject to examination by the Internal Revenue Service for federal tax purposes and 2020 through 2024 for state tax purposes.

6. Franchises in operations

The number of franchise locations in the United States, Canada, and China as of December 31, 2024 and 2023 is summarized as follows:

	2024	2023
Franchised outlets in operations at beginning of year	25	25
Franchise additions	2	3
Franchise terminations	-	(1)
Franchise ceased operations	-	(2)
Franchised outlets in operations at end of year	27	25
Franchise in pending operations	2	6
Total franchise locations	29	31

7. Foreign currency transactions

Foreign currency transactions are measured into U.S. dollars using the exchange rate at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the statements of operations. Gain on foreign exchange transactions was $11,328 and $18,619 for the years ended December 31, 2024 and 2023, respectively.

8. Significant risks including business and credit concentrations

The financial statements are prepared on a going concern basis, which assumes that the Company will continue its operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The ability of the Company to continue as a going concern is predicated upon, among other things, the ability of the Company to generate cash flow from operations, and where necessary, obtaining financing sources, including stockholder's commitment, to provide financial support sufficient to satisfy future obligations.

The Company purchases a substantial portion of its matcha powder and other raw materials from a Japanese vendor, and the Parent supports the related procurement process. The Company fully relies on the Parent for purchases of these raw materials and continuance of its operations.

9. Unearned revenue

The following table provides information about significant changes in unearned revenue for the years ended December 31, 2024 and 2023:

	2024	2023
Unearned revenue, beginning of year	$ 30,629	$ 17,655
Decrease in unearned revenue due to revenue recognized during the year	(346,711)	(266,225)
Increase in unearned revenue due to cash received during the year	442,081	279,199
Unearned revenue, end of year	$ 125,999	$ 30,629

10. Commitments and contingencies

On February 2, 2022, the Company received a letter from the California Department of Financial Protection and Innovation ("DFPI"), regarding its investigation into whether the Company engaged in activity that is in violation of California's Franchise Investment Law. The Company reached a tentative agreement with the DFPI to resolve the complaint by entering into a consent order under which the Company agreed to pay an administrative penalty of $50,000 and other provisions. A formal consent order was entered on September 18, 2023, and payment of the penalty was completed during the year ended December 31, 2023.

Management was not aware of any other matters as of December 31, 2024 and 2023.

11. Subsequent events

Management evaluated the subsequent events occurring after the balance sheet date through May 6, 2025, the date that the financial statements were available to be issued. Management has determined that there are no subsequent events required to be recorded or disclosed.

Financial Statements

Eight USA Inc.
(A Wholly-Owned Subsidiary of Eight Inc.)

Years Ended December 31, 2023 and 2022
with Independent Auditor's Report

EOS
ACCOUNTANTS LLP

Eight USA Inc.

(A Wholly-Owned Subsidiary of Eight Inc.)

Financial Statements

Years Ended December 31, 2023 and 2022

Contents

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Independent Auditor's Report

To the Stockholder of
Eight USA Inc.

Opinion

We have audited the financial statements of Eight USA Inc. (the "Company"), a wholly-owned subsidiary of Eight, Inc (the "Parent"), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

As discussed in Notes 4 and 8 to the financial statements, because of extensive transactions with the Parent, the accompanying financial statements may not be indicative of the financial position or the results of operations if the Company had operated without such affiliation. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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.

EOS
ACCOUNTANTS LLP

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. 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 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 U.S. GAAS, we:

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

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

EOS
ACCOUNTANTS LLP

EOS Accountants LLP

Honolulu, Hawaii
April 23, 2024

Eight USA Inc.

(A Wholly-Owned Subsidiary of Eight, Inc.)

Balance Sheets

December 31, 2023 and 2022

Assets

	2023	2022
Current assets:		
Cash and cash equivalents	$ 502,290	366,545
Accounts receivable, less allowance for credit losses of $83,000 and $53,000 as of December 31, 2023 and 2022, respectively	23,956	20,175
Inventories	6,295	8,094
Prepaid rent	-	5,154
Prepaid insurance	5,357	3,336
Prepaid income taxes	-	6,800
Total current assets	537,898	410,104
Property and equipment:		
Leasehold improvements	89,994	89,994
Equipment	115,323	110,450
Vehicles	85,806	80,806
	291,123	281,250
Less accumulated depreciation and amortization	(134,071)	(95,886)
Net property and equipment	157,052	185,364
Operating lease right-of-use asset	267,183	318,576
Security deposit	27,351	27,351
Goodwill, net	195,416	230,417
Total assets	$ 1,184,900	$ 1,171,812

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

Eight USA Inc.

(A Wholly-Owned Subsidiary of Eight, Inc.)

Balance Sheets (continued)

December 31, 2023 and 2022

Liabilities and Stockholder's Equity

	2023	2022
Current liabilities:		
Due to Parent	$ 142,816	$ 114,497
Operating lease liability, current	50,316	48,104
Unearned revenue	30,629	17,655
Accrued expenses and other liabilities	29,099	33,209
Accounts payable	834	1,963
Income taxes payable	6,015	-
Penalties payable	-	50,000
Total current liabilities	259,709	265,428
Operating lease liability, noncurrent	224,919	275,237
Total liabilities	484,628	540,665
Commitments and contingencies		
Stockholder's equity		
Common stock, $1 par value; 1,000,000 shares authorized, 700,000 shares issued and outstanding	700,000	700,000
Retained earnings (accumulated deficit)	272	(68,853)
Total stockholder's equity	700,272	631,147
Total liabilities and stockholder's equity	$ 1,184,900	$ 1,171,812

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

Eight USA Inc.
(A Wholly-Owned Subsidiary of Eight, Inc.)

Statements of Operations

Years Ended December 31, 2023 and 2022

	2023	2022
Revenue:		
Matcha powder sales	$ 878,702	$ 612,745
Store sales	579,028	622,286
Franchise revenue	153,629	143,309
Total revenue	1,611,359	1,378,340
Cost of sales	709,495	615,179
Gross profit	901,864	763,161
Operating and administrative expenses:		
Payroll	275,987	233,850
Professional fees and outside contract services	97,930	96,302
Depreciation and amortization	73,185	71,250
Office	67,638	48,765
Rent	67,547	72,682
Insurance	55,146	40,190
Commission	35,185	25,548
Bad debts	30,000	6,000
General excise tax	26,083	27,763
Meals and entertainment	25,359	18,938
Repairs and maintenance	24,788	12,247
Travel	23,751	39,306
Utilities	18,842	21,815
Management fee	8,558	9,187
Parking	3,579	4,585
Automobile	3,055	2,317
License and permit	900	1,222
Bank charges and other	448	503
Penalties	-	50,000
Total operating and administrative expenses	837,981	782,470
Income (Loss) from operations	63,883	(19,309)
Other income (expenses):		
Loss on sale of equipment	-	(6,736)
Gain on foreign exchange transactions	18,619	32,052
Other income, net	18,619	25,316
Income before provision for income taxes	82,502	6,007
Provision for income taxes	13,377	806
Net income	$ 69,125	$ 5,201

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

Eight USA Inc.

(A Wholly-Owned Subsidiary of Eight, Inc.)

Statements of Changes in Stockholder's Equity

Years Ended December 31, 2023 and 2022

	Common Stock		Retained Earnings	
	Shares	Amount	(Accumulated Deficit)	Total
Balance as of December 31, 2021	700,000	$ 700,000	$ (74,054)	$ 625,946
Net income	-	-	5,201	5,201
Balance as of December 31, 2022	700,000	700,000	(68,853)	631,147
Net income	-	-	69,125	69,125
Balance as of December 31, 2023	700,000	$ 700,000	$ 272	$ 700,272

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

Eight USA Inc.
(A Wholly-Owned Subsidiary of Eight, Inc.)

Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Net income	$ 69,125	$ 5,201
Adjustments to reconcile net income to net cash provided by operating activities:		
Non-cash lease expense	51,393	50,647
Depreciation and amortization	73,185	71,250
Loss on sale of equipment	-	6,736
Credit loss expense	30,000	6,000
(Increase) decrease in assets:		
Accounts receivable	(33,781)	(5,026)
Inventories	1,799	9,513
Prepaid rent	5,154	35
Prepaid insurance	(2,021)	1,605
Prepaid income taxes	6,800	(6,694)
Increase (decrease) in liabilities:		
Due to Parent	28,319	(131,880)
Operating lease liability	(48,105)	(47,780)
Unearned revenue	12,974	8,383
Accrued expenses and other liabilities	(4,110)	7,416
Accounts payable	(1,129)	(387)
Income taxes payable	6,015	-
Penalties payable	(50,000)	50,000
Net cash provided by operating activities	195,618	(24,981)
Cash flows from investing activities:		
Proceeds from sale of equipment	-	500
Purchases of equipment	(9,873)	(31,923)
Net cash used in investing activities	(9,873)	(31,423)
Net increase (decrease) in cash and cash equivalents	185,745	(56,404)
Cash and cash equivalents, at beginning of year	316,545	372,949
Cash and cash equivalents, at end of year	$ 502,290	$ 316,545
Supplemental disclosure of cash flow information:		
Income taxes paid	$ -	$ 7,500

Supplemental disclosure of non-cash financing activity:
Upon adoption of Accounting Standards Codification ("ASC") 842 as of January 1, 2022, the Company recorded an operating lease right-of-use asset and corresponding lease liability of approximately $369,000 and $371,000, respectively.

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

Eight USA Inc.

(A Wholly-Owned Subsidiary of Eight, Inc.)

Notes to Financial Statements

December 31, 2023 and 2022

1. Organization and operations

Eight USA Inc. (the "Company") was established on June 10, 2019 in the State of Hawaii, and operates a café restaurant business specializing in Japanese green tea and other Japanese desserts under the tradename "Matcha Café Maiko" with one leased retail location in Honolulu, Hawaii, and license agreements to permit licensees across the United States of America, Canada, Thailand, and China to use the Matcha Café Maiko tradename, recipes and other intellectual property necessary to operate a café restaurant. The Company acquired the restaurant and tradename from Exeo USA Inc. in July 2019. Exeo USA Inc. opened the Matcha Café Maiko restaurant in Waikiki in 2016 and began offering licenses in November 2016. The Company began offering licenses in August 2019, and currently has 35 licensed locations. The Company is wholly owned by Eight, Inc., a Japan Corporation (the "Parent").

Under the Company's franchise agreement, a franchisee is granted the right to operate a store under the "Premium Matcha Café Maiko" service mark and other marks. A store specializes in the sale of Japanese green tea and other Japanese dessert products authorized by the Company for retail sale to the public. Menu items are prepared according to specified recipes and procedures and use high-quality ingredients, including specially formulated lines of Japanese green tea and other Japanese dessert products. Each store operates under the name "Premium Matcha Café Maiko" and other marks designated by the Company. Each licensee/potential franchisee who received training and a territory is expected to provide service under the terms of the franchise agreement. A new franchisee will receive training and a territory in which to provide services and is responsible for paying the franchise fees according to the franchise agreement.

2. Summary of significant accounting policies

a. Recently adopted accounting pronouncement

On January 1, 2023, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 326, "Financial Instruments - Credit Losses". This standard requires the Company to estimate an expected lifetime credit loss on financial assets ranging from short-term trade accounts receivable to long-term financings and report credit losses using an expected losses model rather than the incurred losses model that was previously used, and establishes additional disclosures related to credit risks. The guidance is effective for years beginning after December 15, 2022. The Company adopted this guidance as of January 1, 2023, using a cumulative-effect adjustment to the opening retained earnings without any material impact to the financial statements.

b. Basis of accounting

The Company prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

c. Use of estimates

The preparation of the financial statements in conformity with U.S. GAAP requires that management of the Company make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

d. Cash and cash equivalents

The Company considers all highly liquid investments with an original maturity of three months or less, to be cash equivalents. The Company's cash and cash equivalents balances are primarily maintained in bank deposit accounts, which were fully insured by the Federal Deposit Insurance Corporation limits of $250,000 as of December 31, 2023 and 2022. Management believes that the Company is not exposed to any significant credit risks related to the cash and cash equivalents.

e. Accounts receivable

Accounts receivable are recorded based on the invoice amount of license contracts with franchisees net of an allowance for doubtful accounts to the extent considered necessary by the Company's management. Accounts receivable are non-interest bearing. Management reviews outstanding receivables for collectability periodically and provides an allowance for doubtful accounts as required.

The opening and closing balances of the accounts receivable on the accompanying balance sheets were $73,175 and $106,956, respectively, as of December 31, 2023 and $68,149 and $73,175, respectively, as of December 31, 2022.

f. Allowance for doubtful accounts or current expected credit losses

Until January 1, 2023, an allowance for doubtful accounts was recorded when it was probable that amount would not be collected based on historical collection trends, age of outstanding receivables, specific customer circumstances, and existing economic conditions. Accounts receivable was written off when it became apparent that such amounts would not be collected. Credit was extended based on an evaluation of the customer's financial condition and collateral was not typically required. The Company's policy was generally not to charge interest on accounts receivable after the invoice became past due. Unless specific arrangements had been made, accounts receivable over 30 days was considered past due.

As of January 1, 2023 and hereafter, the Company maintains an allowance to cover its current expected credit loss ("CECL") arising from the failure of customers to make contractual payments. The Company estimates credit losses expected over the life of its accounts receivable based on historical information combined with current conditions that may affect a customer's ability to pay and reasonable and supportable forecasts. In most instances, the Company's policy is to write-off accounts receivable when they are deemed uncollectible. Collateral is not typically required. The Company's policy is generally not to charge interest on accounts receivable after the invoice becomes past due.

The Company is exposed to credit losses primarily through the product and service sales to the customers. The Company assesses each customer's ability to pay for the products by conducting a credit review. The credit review considers the expected billing exposure and timing for payment and the customer's creditworthiness. The Company also considers contract terms and conditions, country and political risks, and business strategy. A credit limit is established for each customer based on the outcome of this review.

The Company monitors ongoing credit exposure through active review of customer balances against contract terms and due dates. The activities include timely account reconciliation, dispute resolution and payment confirmation. There is no significant change in credit risk for the years ended December 31, 2023 and 2022. The Company provided $83,000 and $53,000 of allowance for credit losses and bad debt as of December 31, 2023 and 2022, respectively.

Beginning balance	$ 53,000
Credit loss expense	30,000
Ending balance	$ 83,000

g. *Inventories*

Inventories, consisting of raw materials and supplies of Japanese green tea and other Japanese desserts, are stated at the lower of cost or net realizable value, with cost being determined using the first-in first-out method.

h. Property and equipment

Property and equipment are carried at cost and include expenditures which substantially increase the useful life of existing assets. Depreciation and amortization are provided principally on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over their estimated useful lives or remaining lease term, whichever is shorter. Gains and losses from disposals of property and equipment are included in other income (expenses) in the accompanying statements of operations. The estimated useful lives are summarized as follows:

Leasehold improvements	15 years
Equipment	7 years
Vehicles	5-7 years

Expenditures incurred after the acquisition or completion of assets are capitalized only when it is probable that future economic benefits associated with the item will flow to the Company, which includes any increase in productivity, extension of the useful life of the related assets, significant reduction of cost or enhancement of the value of the related assets over their recently appraised value and the fair value for the related cost can be reliably measured. All other routine maintenance and repairs are charged to expense as incurred.

Depreciation and amortization expense on property and equipment was $38,185 and $36,250 for the years ended December 31, 2023 and 2022, respectively.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest charges) expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of assets. Assets to be disposed of by sale are reported at the lower of the carrying amount or estimated fair value less costs to sell.

i. Leases

Prior to January 1, 2022, the Company accounted for leases in accordance with FASB ASC 840, “Leases.” At lease inception, the Company determined if an arrangement was an operating or capital lease. For operating leases, the Company recognized rent expenses, inclusive of rent escalation, on a straight-line basis over the lease term.

In February 2016, the FASB issued Accounting Standards Update (“ASU”) No. 2016-02, “Leases (Topic 842)” to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under the new guidance, lessees are required to recognize a right-of-use ("ROU") operating lease liability, which represents the discounted obligation to make future minimum lease payments, and a corresponding ROU operating lease asset on the balance sheet.

Effective January 1, 2022, the Company adopted FASB ASC 842, "Leases." The Company has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Company accounted for its existing operating lease as an operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments (as of December 31, 2021) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. As a result of the adoption of the new lease accounting guidance, the Company recognized on January 1, 2022 (a) a lease liability of $371,000, which represents the present value of the remaining lease payments of $392,000, discounted using the risk-free rate of 1.55%, and (b) a ROU asset of $369,000, which represents the lease liability of $371,000 adjusted for accrued rent of $2,000. Based on the results of the Company's evaluation, the adoption of FASB ASC 842 did not have a material impact on its lease expense recognition policies.

j. ***Revenue recognition***

The Company derives its revenues primarily from the sale of Japanese green tea and other Japanese desserts at the restaurant in Waikiki, wholesale of Matcha powder to its franchisees, and franchise contracts.

Revenues from the restaurant are recognized when products are sold and the control of these products or services is transferred to its customers, in the amount that reflects the consideration the Company receives in exchange for those products or services.

Revenues from the wholesale of Matcha powder are recognized when the Company transfers control upon delivery of products to customers and the customers take ownership and assumes the risk of loss.

Franchise revenue is generated from initial franchise fees and royalties. Initial franchise fees are due for payment at the time of signing the franchise agreement and recognized by the Company when substantially all of its initial obligations as a franchisor have been met by providing each franchisee with initial operating support and use of trade names and trademark. Royalties from franchise restaurants are charged to each franchisee and recognized as income on a monthly basis after a franchisee begins its operations.

The initial fees were $0 and $15,419 and royalty income were $153,629 and $127,890 for the years ended December 31, 2023 and 2022, respectively, and are included in franchise revenue.

k. *Goodwill*

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Intangible assets are assets that are amortized as there is a foreseeable limit to cash flows generated from them. Goodwill of $350,000 resulted from the acquisition of the restaurant from Exeo USA Inc. in July 2019 and is amortized on a straight-line basis over 10 years.

When impairment indicators are identified, the Company compares the fair value of the reporting unit to its carrying amount, including goodwill. An impairment loss is recognized as the difference, if any, between the reporting unit's carrying amount and its fair value to the extent the difference does not exceed the total amount of goodwill allocated to the reporting unit. Management has determined that there is no impairment of the carrying amount of goodwill as of December 31, 2023 and 2022.

Goodwill amortization expense was $35,000 for each of the years ended December 31, 2023 and 2022.

l. *Hawaii general excise taxes*

The State of Hawaii imposes a general excise tax of 4.5% on the gross income or receipts, as defined. The Company collects general excise taxes from customers on certain transactions and are included in gross revenue. The amounts collected are paid and presented separately in the statements of operations.

m. *Income taxes*

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards by using tax rates expected for the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income or expense in the period that includes the enactment date. A valuation allowance is provided for to reduce the deferred tax assets to a level which, more likely than not, will be realized.

The Company recognizes tax positions in the financial statements only when it is more likely than not that the position will be sustained upon examination by the relevant taxing authority. The Company reports interest and penalties relating to income tax matters in the provision for income taxes in the statements of operations, if any. To the extent that accrued interest and penalties do not ultimately become payable, amounts accrued will be reduced and reflected as a reduction of the overall provision for income taxes in the period that such determination is made.

n. Subsequent events

Management has reviewed all subsequent events that have occurred from January 1, 2024 through the issuance date of this financial report for proper accounting and disclosure in the financial statements. Management has determined that there are no subsequent events required to be recorded or disclosed.

3. Operating leases, right-of-use assets and commitments

The Company has a non-cancelable operating lease for its store space at 2310 Kuhio Avenue, Suite 143, Honolulu, Hawaii. Rental payments include monthly fixed base rent and the lease term expires on December 31, 2028. Additional percentage rent based on the store's monthly gross sales are also paid to the lessor and excluded from the lease payments for ROU assets and lease liabilities calculation due to its variable nature.

Below is a summary of the Company's ROU assets and lease liabilities as of December 31, 2023.

Operating lease right-of-use assets	$	267,183
Operating lease liabilities - current		50,316
Operating lease liabilities - noncurrent	$	224,919

Total rent expense under the non-cancellable lease agreement for the years ended December 31, 2023 and 2022 amounted to $67,547 and $72,682, respectively. The payments associated with the leases have been discounted using the risk-free rate of 1.55%.

The following table summarizes the future undiscounted minimum rental payments which are discounted to calculate the lease liability for the operating lease:

Year Ending December 31,		
2024	$	54,226
2025		55,717
2026		57,250
2027		58,824
2028		60,442
Total undiscounted rental payments		286,459
Less: imputed interest		(11,224)
Total lease liabilities	$	275,235

4. Related party transactions

The Company purchases matcha powder and other raw materials for its café and franchisees from a Japanese vendor and the Parent settles payment to the vendor on behalf of the Company. The Parent also pays some of the operating expenses such as legal fees and travel expenses and receives reimbursement from the Company. The Company's purchases from the Parent totaled $602,107 and $514,746 for the years ended December 31, 2023 and 2022, respectively. The Company had a payable of $142,816 and $114,497 due to the Parent Company as of December 31, 2023 and 2022, respectively.

The Parent manages the Company's daily and overall business operations in accordance with the terms of a management agreement. The management agreement requires the monthly payment of fixed management fees of 100,000 Japanese yen. The management fees were $8,558 and $9,187 for the years ended December 31, 2023 and 2022, respectively.

5. Income taxes

Provision for income taxes for the years ended December 31, 2023 and 2022 are as follows:

Current:	2023	2022
Federal	$ 7,486	$ -
States	5,891	806
	$ 13,377	$ 806

The income tax provision differs from the income tax expense that would result from applying the federal statutory tax rate of 21% to income before provision for income taxes primarily due to the valuation allowance to reduce deferred tax assets to an amount that is more likely than not to be realized.
The provision for income taxes consists of the current income taxes due or refundable and deferred income taxes. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The Company had gross deferred tax assets of $14,000 and $8,000 as of December 31, 2023 and 2022, respectively. The balance mainly consists of book versus tax differences related to property and equipment, intangible assets, allowances for bad debts, and operating loss carry forwards.

The valuation allowance for deferred tax assets was $14,000 and $8,000 as of December 31, 2023 and 2022, respectively. The valuation allowances as of December 31, 2023 and 2022 were primarily related to deferred income taxes that, in the judgement of management, are not more likely than not to be realized. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will not realize the deferred tax assets as of December 31, 2023 and 2022.

The Company has not been subject to U.S. federal or state income tax examinations.

The Company concluded that it is not required to record any reserves for tax contingencies including interest and penalties arising from the years ended December 31, 2023 and 2022. The Company's 2020 through 2023 tax years remain subject to examination by the Internal Revenue Service for federal tax purposes and 2019 through 2023 for state tax purposes.

6. Franchises in operations

The number of franchise locations in the United States, Canada, and China as of December 31, 2023 and 2022 is summarized as follows:

	2023	2022
Franchised outlets in operations at beginning of year	25	25
Franchise additions	3	2
Franchise terminations	(1)	(2)
Franchise ceased operations	(2)	-
Franchised outlets in operations at end of year	25	25
Franchise in pending operations	6	9
Total franchise locations	31	34

7. Foreign currency transactions

Foreign currency transactions are measured into U.S. dollars using the exchange rate at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the statements of operations. Gain on foreign exchange transactions was $18,619 and $32,052 for the years ended December 31, 2023 and 2022, respectively.

8. Significant risks including business and credit concentrations

The financial statements are prepared on a going concern basis, which assumes that the Company will continue its operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The ability of the Company to continue as a going concern is predicated upon, among other things, the ability of the Company to generate cash flow from operations, and where necessary, obtaining financing sources, including stockholder's commitment, to provide financial support sufficient to satisfy future obligations.

The Company purchases a substantial portion of its matcha powder and other raw materials from a Japanese vendor and the Parent supports the related procurement process. The Company fully relies on its Parent for purchases of these raw materials and continuance of its operations.

9. Unearned revenue

The following table provides information about significant changes in unearned revenue for the years ended December 31, 2023 and 2022:

	2023	2022
Unearned revenue, beginning of year	$ 17,655	$ 9,272
Decrease in unearned revenue due to revenue recognized during the year	(266,225)	(125,144)
Increase in unearned revenue due to cash received during the year	279,199	133,527
Unearned revenue, end of year	$ 30,629	$ 17,655

10. Commitments and contingencies

On February 2, 2022, the Company received a letter from the California Department of Financial Protection and Innovation ("DFPI"), regarding its investigation into whether the Company engaged in activity that is in violation of California's Franchise Investment Law. The Company reached a tentative agreement with the DFPI to resolve the complaint by entering into a consent order under which the Company agreed to pay an administrative penalty of $50,000 and other provisions. The Company recorded an expense of $50,000 in 2022 related to this matter in the accompanying financial statements. A formal consent order was entered on September 18, 2023, and payment of the penalty was completed.

Management was not aware of any other matters as of December 31, 2023 and 2022.

EXHIBIT D

FRANCHISOR'S OPERATING MANUAL (TABLE OF CONTENTS)

Premium Matcha Café Maiko

Operation Manual Contents

EXHIBIT E

LIST OF
STATE AGENCIES

STATE FRANCHISE ADMINISTRATORS
AND AGENTS FOR SERVICE OF PROCESS

State	State Franchise Administrator	Agent for Service of Process
California	Commissioner Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 866-275-2677	Commissioner Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 866-275-2677
Hawaii	Commissioner of Securities Dept. of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Commissioner of Securities Dept. of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722
Illinois	Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, IL 62701 217-782-4465	Attorney General 500 South Second Street Springfield, IL 62701 217-782-4465
Indiana	Secretary of State Securities Division, Franchise Section 302 West Washington, Room E-111 Indianapolis, IN 46204 317-232-6681	Secretary of State Securities Division, Franchise Section 302 West Washington, Room E-111 Indianapolis, IN 46204 317-232-6681
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 410-576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 410-576-6360
Michigan	Michigan Office of Attorney General Consumer Protection Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, MI 48933 517-373-7117	Michigan Office of Attorney General Consumer Protection Division Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, MI 48933 517-373-7117
Minnesota	Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 651-539-1500	Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 651-539-1500

STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

State	State Franchise Administrator	Agent for Service of Process
New York	Office of the New York State Attorney General, Department of Law Investor Protection Bureau New York State Department of Law 28 Liberty Street, 21st Floor New York, NY 10005 212-416-8285	Attention: New York Secretary of State Department of State Division of Corporations One Commerce Plaza, 6th Floor 99 Washington Avenue Albany, NY 12231 518-473-2492
North Dakota	North Dakota Securities Department 600 E. Boulevard Avenue, State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 701-328-4712	North Dakota Securities Commissioner 600 E. Boulevard Avenue, State Capitol, Fifth Floor Bismarck, ND 58505-0510 701-328-4712
Rhode Island	Department of Business Regulation Securities Division Bldg. 69, 1st Floor, John O. Pastore Center 1511 Pontiac Avenue Cranston, RI 02920 401-462-9527	Director of Dept. of Business Regulation Securities Division Bldg. 69, 1st Floor, John O. Pastore Center 1511 Pontiac Avenue Cranston, RI 02920 401-462-9527
South Dakota	Department of Labor and Regulation Division of Securities 124 S. Euclid, Suite 104 Pierre, SD 57501 605-773-4823	Department of Labor and Regulation Director of the Division of Securities 124 S. Euclid, Suite 104 Pierre, SD 57501 605-773-4823
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 804-371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 804-371-9733
Washington	Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, S.W. Tumwater, WA 98501 360-902-8760	Director of Dept. of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, S.W. Tumwater, WA 98501 360-902-8760
Wisconsin	Office of the Commissioner of Securities Wisconsin Department of Financial Institutions 201 West Washington Avenue, Suite 300 Madison, WI 53703 608-261-9555	Commissioner of Securities Wisconsin Department of Financial Institutions201 West Washington Avenue, Suite 300 Madison, WI 53703 608-261-9555

If a state is not listed, we are not required to appoint an agent for service of process in that state in order to comply with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

<u>EXHIBIT F</u>

SAMPLE
GENERAL RELEASE
AGREEMENT

GENERAL RELEASE AGREEMENT

This General Release Agreement ("**Agreement**") is entered as of ________ ("**Execution Date**"), by and between Eight USA Inc., a corporation organized and existing under the laws of the State of Hawaii ("**Franchisor**"), and ___________________, a _________ organized and existing under the laws of ___________ ("**Franchisee**"), residing at __________________ (collectively referred to as the "**Parties**").

WHEREAS Franchisor and Franchisee entered into a Franchise Agreement, effective _______ ("**Franchise Agreement**"), hereby incorporated herein.

WHEREAS, now Franchisee desires to transfer its ownership interests in the Restaurant that is further described in the Franchise Agreement.

WHEREAS pursuant to Section 16.2(a)(1)(ii) of the Franchise Agreement, as a condition to its transfer, Franchisee shall execute this general release of any and all claims against Franchisor and its Affiliates, and their respective officers, directors, agents and employees.

NOW, THEREFORE, in consideration of the promises and obligations set forth in this Agreement, the Parties agree as follows:

1. General Release and Waiver of Claims. In exchange for the consideration as provided in the Franchise Agreement, to the fullest extent permitted by law, Franchisee and Franchisee's heirs, executors, representatives, administrators, agents, insurers, and assigns (collectively the "**Releasors**") irrevocably and unconditionally fully and forever waive, release, and discharge Franchisor, including Franchisor's parents, subsidiaries, affiliates, predecessors, successors, and assigns, and each of its and their respective agents, officers, directors, and employees (collectively, the "**Released Parties**"), from any and all claims, causes of action, demands, or damages, whether known or unknown, that Releasors may have or have ever had against the Released Parties, or any of them, arising out of, or in any way related to Franchisee's license or Franchise Agreement with Franchisor, including, without limitation, claims for breach of contract, breach of the covenant of good faith and fair dealing, discrimination, negligence, harassment, retaliation, failure to accommodate, defamation, invasion of privacy, fraud, damages, and attorneys' fees ("**General Release**"). This General Release includes, but is also not limited to all applicable state and local laws that legally may be waived, all as amended and including their respective implementing regulations, and all other federal, state, and local laws and regulations relating to franchise agreements that may be legally waived or released.

Notwithstanding the above, this General Release does not waive or release: (i) any claims arising after Franchisee signs this Agreement, including any claim for breach of this Agreement.

2. Release and Effective Date. By signing this Agreement, Franchisee acknowledges and confirms that Franchisee: (i) has read and understood this Agreement; (ii) by this Agreement, has been advised in writing to consult with an attorney of Franchisee's choice before signing this Agreement; (iii) knowingly, freely, and voluntarily agrees to all of the terms and conditions in this Agreement, including, without limitation, the General Release; (iv) has received good and valuable consideration for signing this Agreement; (v) was given at least twenty-one (21) days to consider the terms of this Agreement and consult with counsel, but may sign it before the 21 days expire.

4. Effective Date. Franchisee has up to 21 days after receiving this Agreement to review and sign it, but may sign it before the 21 days expire. This Agreement becomes effective the day Franchisee signs it (the "**Effective Date**") and shall survive the transfer or any expiration or sooner termination of the Franchise Agreement.

5. Confidentiality of Agreement. Franchisee agrees not to disclose to others the existence or terms of this Agreement, except that Franchisee may disclose this Agreement to Government Agencies or to Franchisee's assigns, successors, directors, officers, shareholders, attorney, and tax advisor, if these individuals agree not to disclose to others the existence or terms of this Agreement, to the extent allowed under the law.

5. No Admission of Liability. Nothing contained in this Agreement constitutes or shall be treated as an admission by Franchisor of liability, any wrongdoing, or any violation of law.

6. Miscellaneous Provisions. This Agreement contains the entire agreement of the parties regarding this General Release Agreement and supersedes all prior and contemporaneous written and oral understandings, negotiations, and representations; however, this Agreement does not modify or supersede the Parties' FRANCHISE AGREEMENT AND ANY OTHER AGREEMENTS, which remain in full force and effect unless otherwise modified or terminated. If any term of this Agreement is held to be invalid, void, or unenforceable, the remainder of this Agreement shall remain in full force and effect. This Agreement shall be construed and interpreted in accordance with the laws of the State of Hawaii, without giving effect to any conflict of law provisions that would require the application of any other state's law. This Agreement inures to the benefit of Franchisor and its successors and assigns. Franchisee shall not assign this Agreement in whole or in part. This Agreement may be signed and transmitted electronically. A signed pdf version shall have the same force and effect as an original signed document.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISEE HAS FULLY READ, UNDERSTANDS, AND VOLUNTARILY ENTERS INTO THIS AGREEMENT.

[Signatures on following page]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Execution Date above.

FRANCHISOR

[NAME]

By______________________

Name: [NAME OF AUTHORIZED OFFICER]

Title: [TITLE OF AUTHORIZED OFFICER]

FRANCHISEE

[NAME]

By______________________

Name: [NAME OF AUTHORIZED OFFICER]

Title: [TITLE OF AUTHORIZED OFFICER]

<u>EXHIBIT G</u>

STATE EFFECTIVE DATES

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	November 20, 2023
Hawaii	
Maryland	
Michigan	July 19, 2021
New York	April 2, 2023
Virginia	January 27, 2023
Washington	

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

Virginia State Addendum

VIRGINIA STATE ADDENDUM

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Eight USA Inc. for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 17.h.

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

Any Questionnaire or Acknowledgment contained in the Franchise Disclosure Document for Eight USA Inc. for use in the Commonwealth of Virginia shall be amended as follows:

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

EXHIBIT I

RECEIPTS

RECEIPT (Your copy)
Eight USA Inc.

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 Eight USA Inc. offers you a franchise, it must provide this disclosure document to the Franchisee 14 calendar-days before the Franchisee signs a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Eight USA Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Also, call your state agency at 1300 East Main Street, 9th Floor, Richmond, Virginia 23219 or 804-371-9051, or visit your public library for other sources of information on franchising.

The franchise seller for this offering is Makoto Honoki, located at 1441 Kapiolani Blvd., Suite 910, Honolulu, Hawaii 96814. Its telephone number is (808) 679-2049.

Issuance date: May 6, 2025

Eight USA authorizes the following state agency to receive service of process for Virginia:

Clerk of State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219

I received a disclosure document dated May 6, 2025 that included the following Exhibits:

A: Franchise Agreement
B: List of the Franchisees
C: Financial Information/Statements
D: Franchisor's Operating Manual
E: List of State Agencies
F: Sample General Release Agreement
G: State Effective Dates
H: Receipts
I: Virginia State Addendum

Date	Signature	Printed Name

You may return the signed receipt either by signing, dating, and mailing it to Eight USA, Inc., at 1441 Kapiolani Blvd., Suite 910, Honolulu, Hawaii 96814, by faxing a copy of the signed and dated receipt to Eight USA at (808) 679-2049 or by emailing a copy of the signed and dated receipt to info@matchacafe-maiko.com.

RECEIPT (Franchisor Copy)
Eight USA Inc.

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 Eight USA Inc. offers you a franchise, it must provide this disclosure document to the Franchisee 14 calendar-days before the Franchisee signs a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Eight USA Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Also, call your state agency at 1300 East Main Street, 9th Floor, Richmond, Virginia 23219 or 804-371-9051, or visit your public library for other sources of information on franchising.

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