FRANCHISE DISCLOSURE DOCUMENT

Reborn Coffee Franchise LLC
A California Limited Liability Company
580 N. Berry St.
Brea, California 92821
Telephone (714) 784-6369
Email: jay@reborncoffee.com
www. reborncoffee.com

The franchises offered in this Franchise Disclosure Document (the "Disclosure Document") is for the operation of Reborn Coffee Stores ("Reborn Coffee Stores") serving coffees, teas, and other specialty beverages and pastries food items in a quick-service restaurant environment under the "Reborn Coffee" trade name and trademarks.

Under the Single Reborn Coffee Store Program, you will sign a Franchise Agreement to operate a single Reborn Coffee Store. We estimate your total initial investment to begin operations of a single Reborn Coffee Store will range from approximately $140,500 to $410,000. Included in the estimate is $25,000 to $30,000 that must be paid to us or our affiliate which is comprised of the Initial Franchise Fee of $20,000 and $5,000 to $15,000 in fees and expenditures.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of receiving this Disclosure Document in a different format, contact our Manager, **Jay Kim, 580 N. Berry St., Brea, California 92821, (714) 784-6369**.

The terms of your written contracts with us will govern your franchise relationship. Don't rely on this Disclosure Document alone to understand your contract. Read all of your contracts carefully. Show your contracts and this Disclosure Document to an advisor, like a lawyer or accountant. If there is any conflict or inconsistency between this Disclosure Document and your contracts, your contracts control and you should rely on your contracts.

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

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

THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS: ___________

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.
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 J 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 Reborn Coffee 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 Reborn Coffee	Item 20 or Exhibit N 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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

2. The franchise agreement and area development agreement state that California law governs the agreements, and this law may not provide the same protections and benefits as local law. You may want to compare these laws.

3. There may be other risks concerning this franchise.

4. Your spouse must also sign a personal guarantee making your spouse individually liable for your financial obligations under the agreement. The guarantee will place your spouse's marital and personal assets at risk if your franchise fails.

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

State Effective Dates

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

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

State	Effective Date
California	pending
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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

REBORN COFFEE FRANCHISE LLC
FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS

REBORN COFFEE FRANCHISE LLC
FRANCHISE DISCLOSURE DOCUMENT

EXHIBITS

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

The Franchisor

To simplify the language in this Disclosure Document, Reborn Coffee Franchise LLC is referred to as "Franchisor", "we", "us", or "our". The business entity, person or persons franchising a Reborn Coffee Store from us is referred to as “Franchisee”, “you” or “your” in this Disclosure Document. We are a California limited liability company formed on December 17, 2020. Our principal business address is 580 North Berry Street, Brea, California 92821. Other than the franchise types described in this Disclosure Document, we have never offered franchises in any other line of business. We do not do business under any other name.

Franchisor’s Parents, Predecessors and Affiliates

We have no predecessors. Our parent company, Reborn Global Holdings Inc., a California corporation has the same principal place of business as ours. Reborn Coffee, Inc. is the parent company of Reborn Global Holdings Inc., and also has the same principal place of busines as ours.

Our Business and Franchise Offered

We have developed the Reborn Coffee system (“Reborn Coffee System”) for the operation of Reborn Coffee Stores which all use the same trade name “Reborn Coffee” and other related trademarks, service marks, logos and commercial symbols (collectively, the “Reborn Coffee Marks”). We began offering Reborn Coffee franchises in 2021. We grant franchises for the operation of Reborn Coffee Stores whose primary gross sales are from the sale of espressos, lattes, hot and cold brew, drip, and pour over coffee, teas, whole coffee beans, and pastries. We offer two (2) separate franchises in this Disclosure Document, though we may not necessarily allow you the opportunity to invest or purchase under any of these programs.

<u>Single Reborn Coffee Store Program</u>

Under this program, you will sign a Franchise Agreement in substantially the form of <u>Exhibit A</u> to this Disclosure Document (the “Franchise Agreement”) to operate a single

Reborn Coffee Store at a location which you choose and which we accept (the "Franchised Location").

Area Development Program

Under this program, we assign a defined area (the "Development Area") within which you, as an area developer ("Area Developer"), must develop and operate a minimum of three (3) Reborn Coffee Stores within a specified period of time. The Development Area may be one city, one or more counties, or some other defined geographic area. You will sign an Area Development Agreement in substantially the form of Exhibit B to this Disclosure Document (the "Area Development Agreement"), which will describe your Development Area and your development schedule and obligations. For each Reborn Coffee Store you open under the Area Development Agreement, you must sign a separate Franchise Agreement on our then current form after we accept the site for the Reborn Coffee Store.

Under any of our franchise programs, franchisees, Area Developers, or Buyers may be individuals or entities who meet our then current requirements for franchisees, Area Developers or Buyers. These requirements may include the signing of personal guarantees in substantially the form of Exhibit C to the Franchise Agreement by some or all of the individuals holding an equity interest in the franchisee, Area Developer or Buyer. In addition, you, and each of your affiliates who has a currently effective Franchise Agreement with us, must sign a General Release in substantially the form of Exhibit G to this Disclosure Document, as a condition to entering into a new Franchise Agreement. The term "Reborn Coffee Store" in this Disclosure Document will include an Operating Reborn Coffee Store unless this Disclosure Document specifically states or the context requires otherwise.

If you are signing a new Franchise Agreement for the renewal of an existing franchise, some of the terms of the new Franchise Agreement may be modified or different from the terms of your existing Franchise Agreement.

Competition

The typical Reborn Coffee Store is on a major thoroughfare or in or adjacent to a retail shopping center. You will compete in the tea and coffee business with various established independent local tea and coffee shops and regional or national chain outlets specializing in tea, coffee and other beverages as well as with other tea or coffee shops and take-out facilities selling other kinds of beverages or specialty drinks. You may also compete with other Reborn Coffee Stores, both franchise and company-owned outlets. Many tea and coffee shops specialize in tea, coffee and other beverage products and there is competition in the tea and coffee business in general.

Special Industry Regulation

Federal, state and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your Reborn Coffee Store, including those which (i) establish general standards, specifications and requirements for the construction, design and maintenance of Reborn Coffee Store premises; (ii) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for tea, smoothie and coffee shops; employee practices concerning the storage, handling, cooking and preparation of food and beverages; restrictions on smoking; availability of and requirements for public accommodations, including restrooms; (iii) set standards pertaining to employee health and safety; (iv) set standards and requirements for fire safety and general emergency preparedness; (v) govern the use of vending machines; and (vi) regulate the proper use, storage and disposal of waste, insecticides, and other hazardous materials. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Reborn Coffee Store and should consider both their effect and cost of compliance.

In addition, you must comply with all local, state, and federal laws that apply to your Reborn Coffee Store, including health, sanitation, no smoking, Equal Employment Opportunity Commission (EEOC), Occupational Safety and Health Administration (OSHA), discrimination, employment, and sexual harassment laws. The Americans with Disability Act of 1990 requires readily accessible accommodation for disabled people and therefore may affect your building construction, site elements, entrance ramps, doors, seating, bathrooms, etc. You must obtain all required real estate permits, licenses and operational licenses. Federal and California law requires each food facility that meets specified criteria (which cover franchised outlets with 20 or more franchised outlets with the same name among certain other food facilities) to provide nutritional information that includes, per standard menu item, the total number of calories, grams of saturated fat, grams of trans fat, and milligrams of sodium and to have menu boards to include the total number of calories. Other states and cities may have laws similar to these California laws. You should consult with your attorney concerning these and other local laws and ordinances that may affect your Reborn Coffee Store.

ITEM 2
BUSINESS EXPERIENCE

Manager: Jay Kim

Jay has been the Manager of our organization since it formed in December 2020. His primary duties include overseeing our operations, technology implementation, and marketing. Jay also serves as Chief Executive Officer of our parent company Reborn Global Holdings Inc. since July 2015 and currently has the same primary duties.

Project Manager: Robin Woo

Robin has been the Project Manager of our organization since it formed in December 2020. His primary duties include managing franchise development, including store development and operations, overseeing on-site and headquarters training process, and supporting franchisees with communication to the corporate office. Robin also serves Project Manager of Reborn Coffee Inc. since September 2020 and currently has the same primary duties. Prior to joining us, Robin attended the New York University Stern School of Business.

Vice President of Marketing and Sales: Hannah Goh

Hannah has been the Vice President of Marketing and Sales for our organization since it formed in December 2020. Her primary duties include coordinating marketing efforts, assisting in developing and opening of marketing plans within corporate, regional, and individual franchises, and overseeing marketing royalting and budgeting. Hannah has also serves as a Vice President of Marketing and Sales of Reborn Coffee Inc. since July 2020 and has the same primary duties. Prior to joining Reborn Coffee Inc., Hannah attended the New York University Stern School of Business.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

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

ITEM 5
INITIAL FEES

Initial Franchise Fee and Prepaid Expenses

Single Reborn Coffee Store Program

At the time you sign the Franchise Agreement (Exhibit A) under the Single Reborn Coffee Store Program, you must pay us $20,000, which is the initial franchise fee (the "Initial Franchise Fee") (See Item 7).

If you are signing a new Franchise Agreement with the renewal of an existing franchise, you will pay us a renewal fee in place of an Initial Franchise Fee when you sign the new Franchise Agreement as provided in your existing Franchise Agreement.

Area Development Program

At the time you sign the Area Development Agreement (Exhibit B), you must also sign a Franchise Agreement (Exhibit A) for your first Reborn Coffee Store unit. You must sign a separate Franchise Agreement for each additional unit be developed under the Area Development Agreement. If you signed an earlier form of Area Development Agreement which differs from our current form, your Initial Franchise Fee will be determined by your Area Development Agreement. After we accept the proposed Franchised Location for the additional Reborn Coffee Store unit to be opened by you and after we deliver our current Disclosure Document to you, you must sign a Franchise Agreement for the additional unit.

Also at the time you sign the Area Development Agreement, you must pay us the development fee (the "Development Fee") of $20,000 for the first Reborn Coffee Store unit (the Initial Franchise Fee) and $10,000 for each additional Reborn Coffee Store unit for a minimum of three (3) Reborn Coffee Store units to be developed by you under the Area Development Agreement. In addition to the Development Fee, you must also pay us Store Opening Advertising Contribution of $2,000 for the first Reborn Coffee Store. For additional Reborn Coffee Store units to be developed under the Area Development

Agreement, the Store Opening Advertising Contribution will be paid by you at the time that you sign the Franchise Agreement for each additional unit.

Refunds, Different Fees and Financing

The Initial Franchise Fee, Development Fee and other prepaid expenses imposed by and payable to us are fully earned by us when paid and are not refundable under any circumstances. We may reduce, finance, defer or waive the Initial Franchise Fee or Development Fee if and when we determine it is warranted by a unique or compelling situation. We generally do not provide financing for the Initial Franchise Fee or Development Fee. We may do so if and when we determine it is warranted by a unique or compelling situation.

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ITEM 6
OTHER FEES[1]

Type of Fee [1]	Amount	Due Date	Remarks
Royalty Fee	3% of monthly Gross Sales	Wednesday of each week on the Gross Sales of your Reborn Coffee Store during the previous week	Gross Sales include all revenue from your Reborn Coffee Store operations. Gross Sales do not include the amount of bona fide refunds paid to customers and amount of any sales or use taxes actual paid to any governmental authority and the retail price of any coupons, gift certificates, and vouchers when they are redeemed.
Marketing Fee	2% of Gross Sales	Same as Royalty Fee	This fee is due and payable at the same time as the Royalty Fee and is used to conduct regional and national advertising, marketing, and promotional programs to maximize general public recognition and acceptance of the Reborn Marks for the benefit of the Reborn Coffee System and all Franchisees.

Type of Fee [1]	Amount	Due Date	Remarks
Local Advertising	0% at this time	Not Applicable	None at this time. In the future we may require you to spend a minimum amount on local advertising.
Point of Sale (POS) System License / Subscription Fee	$1,500 to $3,000 for hardware plus merchant processing fees	Payable to supplier at time of billing	Upfront payment for hardware and then ongoing merchant processing fees as determined by the vendor.
Loyalty Rewards Program Monthly Fee	$0 at this time	Not applicable	When we implement an in-house loyalty program, you will be required to participate and pay a set up and monthly fee. This monthly fee is to maintain and manage our Loyalty Rewards Program, which includes tracking and managing gift card redemptions and managing customer engagements connected with our customer loyalty and rewards programs.

Type of Fee [1]	Amount	Due Date	Remarks
Online Ordering and Delivery Monthly Fee	$0 at this time	Not applicable	When implemented, this monthly fee is used to maintain our direct Online Ordering and Delivery Program to enable customers to order online and receive delivery of authorized products at a place of their convenience.
Online Training and Knowledge Database License / Subscription Fee	$0 at this time	Not applicable.	When implemented, This monthly fee is used to maintain our Online Training and Knowledge Database for your on-demand employee training, use and reference.
Late Charge	$200 plus 1and 1/2% on the amount outstanding per month, not to exceed the maximum interest rate allowed by law, from the date payment was due until paid in full [2]. The highest interest rate in California is 10% annually.	Continues to accrue until paid	Payable only if any check, draft, electronic or other payment is unpaid because of insufficient funds or if any sums due to us are not paid promptly when due.

Type of Fee [1]	Amount	Due Date	Remarks
Additional Initial Training Fee	Currently, $300 per trainee per day	On demand	We will provide an Initial Training Program at no cost for 2 people whom you designate as the Operating Partner and General Manager of your Reborn Coffee Store. If you send more than those 2 people to the Initial Training Program, or if we require your Operating Partner or General Manager to retake the Initial Training Program or any part of it, you must pay this Additional Initial Training Fee per day per trainee. You are responsible for paying for your, your management's, and employees' travel, lodging, meals and other expenses incurred in connection with the Initial Training Program.
Additional Training Program Fee	Currently, $300 per trainer per day plus their out of pocket expenses, including travel, lodging and meals	On demand	We have the right to charge for additional training we may provide or require you, your management or key employees to attend at a location to be designated by us. Required additional training may be applicable in cases of default, or if you fail to pass our inspections, or fail to perform to our operating standards. You are responsible for paying

Type of Fee [1]	Amount	Due Date	Remarks
			your, your management's, and employees' travel, lodging, meals and other expenses incurred in connection with the Additional Training Program. If we are providing this training at your Franchised Location, you must reimburse us within reason for travel, lodging, meals and other expenses incurred in connection with the Additional Training Program.
Additional Site Design Assistance Fee	Currently, $300 per person per day plus our out of pocket expenses, including travel, lodging and meals	On demand	Payable if we need to travel to your Franchised Location for us to provide you with the design layout for your Reborn Coffee Store.
Manual Replacement Fee	$500	On demand	Payable if you misplace the Manuals or fail to return them to us upon demand.

Type of Fee [1]	Amount	Due Date	Remarks
Re-Inspection Fee	$500 per re-inspection	On demand	Payable if we must revisit your Reborn Coffee Store for another inspection after you have already been notified of any deficiency or unsatisfactory condition at your Reborn Coffee Store, including quality, cleanliness, service, and health.
Insurance	Amount of unpaid premiums and our out of pocket costs	On demand	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Transfer Fee (Franchise Agreement and Area Development Agreement)	$5,000 or $10,000	On demand	Payable if you transfer or assign your Franchise Agreement or Area Development Agreement.
Liquidated Damages	An amount equal to twice the total Royalty Fees paid, or if unpaid, payable by you during the twelve (12)months immediately preceding the effective date of termination	Within thirty (30) days following the date of termination.	Payable only if you are in material default and we terminate your Franchise Agreement.

Type of Fee [1]	Amount	Due Date	Remarks
Default Reimbursement Fee	Our actual costs or expenses	As incurred	Payable only if you are in material default under the Franchise Agreement to reimburse us for costs and expenses from your default not relating to our attorneys' fees.
Attorneys' Fees	Our actual costs or expenses	As incurred	This fee is to reimburse us for our attorneys' fees in obtaining injunctive relief, enforcing, or terminating any agreements between us and you, including any Franchise Agreement.
Indemnification	Our actual costs or expenses	As incurred	You must reimburse us for all our losses, costs, and expenses, including attorneys' fees, incurred by us from claims arising or resulting from your operations of your Reborn Coffee Store.
Audit	Cost of audit plus interest rate allowed by law (not to exceed 18%)[2].	On demand	Payable only if audit shows an understatement of 2% or more of Gross Sales.

Type of Fee [1]	Amount	Due Date	Remarks
Interim Management Fee	$500 per day	On demand	Payable if you are in material default under the Franchise Agreement and we elect to assume interim management of your Reborn Coffee Store during the pendency of any cure period or in lieu of immediately terminating your Franchise Agreement.
Renewal Fee	$2,500	When you deliver a renewal notice to us for your Franchise Agreement.	This $2,500 renewal fee will be in lieu of the Initial Franchise Fee payable when you "renew" your Franchise Agreement.
Gross Up Fees	Varies with circumstances.	On demand	To insure that we receive a full 3% of Gross Sales as a Royalty Fee that is due, you must pay us, whether in arrears, in advance, in a lump sum or in the same manner that you pay us Royalty Fees, the amount of all taxes we must pay on revenue we earn or collect based upon your use of our intellectual property or other intangibles or based upon the existence of the Franchise Agreement.

Type of Fee [1]	Amount	Due Date	Remarks
Sanitation and Food Safety Audits	Cost of inspection	On demand	We may, in our sole discretion, contract with a third party to conduct sanitation and food safety audits of your Reborn Coffee Store from time to time during the term of your Franchise Agreement, but no less than once per calendar year.
New Product and Supplier Testing	Reasonable cost of inspection and actual cost of testing; $1000 must be paid as deposit	As incurred with the $1,000 fee paid as a deposit before facility inspection	If you propose to purchase any goods or materials from a supplier that we have not previously approved, you must submit a written request to us for approval or you must request the supplier itself to do so. We have the right to require, as a condition of our approval, that our representatives are permitted to inspect the supplier's facilities, and that you deliver to us and/or to an independent, certified laboratory designated by us, all information, specifications and samples that we designate for testing. You must pay us a fee which will not to exceed the reasonable cost of the inspection and the actual cost of the test.

Type of Fee [1]	Amount	Due Date	Remarks
Prohibited Products, Services, and Non-Compliance with Operating or System Standards	$300 per day for use of unauthorized products or services or non-compliance with operating or system standards	On demand	This fee is payable if you continue to sell or purchase an unauthorized product or service or continue to be in non-compliance with our operating or system standards after we have notified you to cease.
Annual Conference Fee	Currently, $500	On demand, at least thirty (30) days before the date of the Annual Franchise Conference, whether or not you attend the Annual Franchise Conference	In the event we hold an Annual Franchise Conference for all Reborn Coffee Franchisees, you must pay us a Franchise Conference Fee, currently $500, to reimburse us for a portion of the direct costs to provide the Annual Franchise Conference. You are also responsible for paying for your, your management's, and employees' travel, lodging, meals and other expenses incurred in connection with the Annual Franchisee Conference.
Relocation Fee	50% of Initial Franchise Fee	Before relocation	This fee is to compensate us for services related to assistance provided in reviewing, accepting, and relocating your Reborn Coffee Store to a new location.

NOTES:

1. Unless otherwise noted, fees imposed and payable directly to us or our affiliates are nonrefundable. Also, fees payable to us or our affiliates are required to be made to us or our affiliate by electronic funds transfer or other automatic payment mechanism we designate.

2. Interest begins from the date of the underpayment or non-payment.

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ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT UNDER SINGLE REBORN COFFEE STORE PROGRAM

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
Initial Franchise Fee [1]	$20,000	$20,000	Lump Sum	At Signing of Franchise Agreement	Us
Pre-Construction Expenses [2]	$4,000	$10,000	As Arranged	As Incurred	Approved Supplier
Construction Expenses / Leasehold Improvements [3]	$40,000	$200,000	As Arranged	As Incurred	Approved Contractors
Furniture, Fixtures and Equipment	$30,000	$70,000	As Arranged	As Incurred	Approved Suppliers/Affiliates
Signage	$2,000	$10,000	As Arranged	As Incurred	Affiliates
Point of Sale (POS) System & Software [4]	$1,500	$3,000	As Arranged	As Incurred	Approved Supplier
Computer and Related Equipment, TV, Audio, Video and Software [5]	$2,000	$4,000	As Arranged	As Incurred	Various Vendors

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
Initial Inventory [6]	$3,000	$5,000	As Arranged	As Incurred	Us and Approved Supplier
Store Opening Advertising Contribution [7]	$2,000	$2,000	Lump Sum	At Signing of Franchise Agreement	Various Vendors
Lease Deposit (1 Month's) [8]	$3,500	$10,000	As Arranged	As Incurred	Lessor / Landlord
Prepaid Rent (1st Month's) [8]	$3,500	$10,000	As Arranged	As Incurred	Lessor / Landlord
Insurance (Initial Premium)	$1,000	$2,000	As Arranged	Monthly Premium	Insurance Company
Professional Fees / Organization Expenses [9]	$2,000	$10,000	As Arranged	As Incurred	Professional Advisors
Travel, Lodging, and Meal Expenses During Initial Training Program[10]	$1,000	$4,000	As Arranged	As Incurred	Airlines, Hotels, & Restaurants
Additional Funds (1st 3 Months) [11]	$25,000	$50,000	As Arranged	As Incurred	Employees, Approved Suppliers, Utilities, Potential Deposits

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
TOTAL [12]	**$140,500**	**$410,000**			

Unless otherwise noted or stated, all fees and payments imposed by and payable to us or our affiliate will be made by electronic funds transfer or other automatic payment mechanisms we designate and are fully earned and non-refundable. You authorize us to debit from your designated primary business checking or savings operating account for each week any funds are due and payable to us for Royalty Fees and all other sums that you owe to us or our affiliate. We currently do not offer financing for any purpose, but reserve the right to do so in the future. We do not guarantee your note, lease or other obligation.

Note 1: The Initial Franchise Fee and the Development Fee are described in Item 5 of this Disclosure Document. The Initial Franchise Fee is payable to us upon signing of your Franchise Agreement. The Development Fee is payable to us upon signing of your Area Development Agreement if you franchise from us under the Area Development Program. The Development Fee is comprised of the Initial Franchise Fee of $20,000 for your first Reborn Coffee Store unit and $10,000 for each additional Reborn Coffee Store unit you develop and operate after your first Reborn Coffee Store under the Area Development Agreement. On the Area Development Agreement chart, the low estimate assumes you have committed to developing a minimum of three (3) units; the high estimate assumes you have committed to developing six (6) units. Both the Initial Franchise Fee and Development Fee are non-refundable. We do not provide financing for the Initial Franchise Fee or Development Fee but may do so if and when we determine it is warranted by a unique or compelling situation.

Note 2: This estimate range includes costs for space plan layout, architectural, kitchen, mechanical, electrical, plumbing and related drawings, engineering, testing, permit expediter, and city permits and fees. You must use our designated architect or obtain our prior written consent to use an architect other than our designated architect.

Note 3 This estimate range includes costs incurred from project and construction management, construction, and remodeling of a location to conform to our current standards. These costs include the general contractor's fee, contractor's insurance, construction materials and supplies, tools, labor, subcontractor fees, and other leasehold improvement costs. You must perform construction, remodeling or additions necessary to cause the premises to conform to applicable federal, state, county, city, local laws, ordinances, codes, rules and regulations and meet our requirements for the design layout, construction, fixturization, equipment and installation, and trade dress appearance of a Reborn Coffee Store. Construction and remodeling costs vary widely and are dependent on such factors as location, prior use of the premises, design, the condition and configuration of existing services and facilities such as air conditioning, electrical and plumbing, lease terms and the local real estate market. You must grant us a security interest in and to all leasehold improvements, fixtures, furnishings, equipment, inventory, and supplies located at or used in connection with your Reborn Coffee Store. The cost of constructing a building shell is not included.

Note 4: This estimate range is for the cost to purchase a computerized cash accounting and point of sale (POS) system including installation (see Item 11). Your costs may vary depending on the selected configuration. We require you to use the same hardware and software as our company-owned Reborn Coffee Stores and have the right to change and require you, at your expense, to change POS systems at any time upon ninety (90) days' notice.

Note 5: This estimate range is for the cost to purchase security cameras, a digital video recorder (DVR), televisions, a back-office computer, printer and related hardware and software, and an audio system for your Reborn Coffee Store.

Note 6: This estimate range is for your purchase of initial inventory which includes store, kitchen and customer supplies, beverage ingredients, and food products before your Reborn Coffee Store can open and serve customers. You must purchase branded products and proprietary food and beverage products from us or our affiliate. You may purchase non-branded products and non-proprietary food and beverage products from our approved vendors (See Item 8).

Note 7: We will use your Store Opening Advertising Contribution to pay for the advertising, marketing and promotional program that we develop for you approximately sixty (60) days before the opening of your Reborn Coffee Store.

Note 8: This estimate range assumes that your Franchised Location will be a leased unimproved or unfinished retail store type unit and that the landlord will require the first month's rent and a security deposit of one month's rent. Each landlord has its own requirements and some may require more than one month's rent as a security deposit. A typical Reborn Coffee Store will be located in a densely populated suburban or urban area, on a major thoroughfare, or adjacent to or part of a suburban or urban shopping center. A typical location will be 1,000 to 1,600 square feet. Monthly lease payments usually range from $3,500 to $10,000 per month and are dependent on a wide range of factors such as prevailing rental rates in the area, condition of the leased premises and shopping center, demographics, income level, and availability.

<u>Note 9</u>: This estimate range is for the cost of engaging an attorney, accountant, and other business advisors to assist you with (i) the review of this Disclosure Document, Franchise Agreement and other related franchise documents, lease and other agreements, and business plan, (ii) formation of a legal entity for your Reborn Coffee Store business, (iii) the setup of an accounting system, software and reports for your Reborn Coffee Store business and, (iv) the review of your compliance with federal, state, and local tax and payroll laws and tax-related matters relating to your Reborn Coffee Store business. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity.

<u>Note 10</u>: This estimate range is for the cost of sending your Operating Partner and General Manager to attend our one (1) week Initial Training Program at our corporate training facility in Brea, California or company-owned store in Southern California. We do not charge a tuition fee for the Initial Training Program. However, you will be responsible for any travel, lodging, meals, and other expenses incurred by you, your management, and your employees while attending the Initial Training Program. This estimate range does not include any pre-opening training salaries or wages for your management and employees.

<u>Note 11</u> You must at all times maintain sufficient reserves and working capital to fulfill all your obligations under the Franchise Agreement and cover the risks and contingencies of your Reborn Coffee Store for at least three (3) months during its start-up phase. This estimate range includes payroll, facility expenses, opening cash, utility deposits, fees, licenses, and other miscellaneous expenses incurred. This estimate range is the minimum recommended amounts to cover operating expenses for three (3) months. However, we cannot guarantee that these amounts will be sufficient. Additional working capital may be required if sales are low or fixed costs are high.

<u>Note 12</u>: This is the estimated range for your initial investment in a Reborn Coffee Store. We relied on our management's experiences in establishing company-own Reborn Coffee

Stores and other quick-serve restaurant businesses. We cannot guarantee that you will not have additional costs in starting a new Reborn Coffee Store or purchasing an Operating Reborn Coffee Store. Your costs may vary from our estimated range and will depend on a wide range of factors such as: how much you follow our methods and procedures; your management skills, experience, and business acumen; local economic conditions and market for your business; prevailing wage rates; amount of competition; whether you are leasing a restaurant or general retail space; whether you have to obtain additional permits and licenses; months of free rent; penalty provisions in the lease agreement for opening delays; construction costs; the time-frame you will take to do your tenant improvements; landlord's tenant improvement allowance amount; and sales level reached during the initial period. The estimated range for your initial investment does not include finance charges, payments, interest, or related costs you may incur if any portion of the initial investment is financed; broker's commissions you may incur from engaging a broker to assist you in the purchase of an Operating Reborn Coffee Store; employee wages and managerial salaries; or any payment to you.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as described below, you have no obligation to purchase or lease from us or from suppliers approved by us or according to specifications we issue:

Reborn Coffee Store Location

You are solely responsible for locating your Reborn Coffee Store site at the Franchised Location, subject to our acceptance. After you sign your Franchise Agreement, you must identify one or more sites that meet our then current standards and specifications. You must submit all demographic and other information regarding the proposed site and neighboring areas that we may require. If your Reborn Coffee Store has not yet been constructed, or does not meet our current standards for new Reborn Coffee Stores, you must cause the Reborn Coffee Store to be constructed, equipped and improved in compliance with our specifications in the Manuals. You may not relocate your Reborn Coffee Store without our prior written consent.

Approved Suppliers

You may only use suppliers that we have accepted and approved ("Approved Suppliers") because they have demonstrated to us their ability to supply products and services for Reborn Coffee Stores meeting our specifications as to brand names, models, contents, manner of preparation, ingredients, quality, freshness, compliance with governmental standards and regulations, reliability with respect to delivery and consistency in the quality of their products or services. Our affiliate Reborn Coffee Inc. is an Approved Supplier. We will provide you with our Manuals and various supplemental bulletins and notices that will contain the specifications, standards and restrictions on your purchase of products and services. Upon request, we will furnish to you a list of Approved Suppliers that we may update from time to time. You must operate your Reborn Coffee Store in strict compliance with the standards, procedures, policies, rules and regulations contained in the Manuals. We and our affiliates may be Approved Suppliers.

Goods, Supplies, Inventory and Services

You must serve all and only the products we authorize ("Authorized Reborn Products"). We may specify beverages, food products, packaging and other products, including branded products, which are created, conceived, produced, developed or manufactured according to or using our or our affiliates' trade secrets, confidential information, processes, methods, methodologies, recipes, specifications, formulas and/or proprietary or intellectual property rights (collectively, the "Reborn Coffee Proprietary Products"). You must buy Reborn Coffee Proprietary Products only from us, our affiliates or our Approved Suppliers. We will not be obligated to reveal our trade secrets, confidential information, processes, methods, methodologies, recipes, specifications, formulas and/or proprietary or intellectual property rights with respect to any Reborn Coffee Proprietary Products to you or any third party. You must purchase, use, and maintain in stock a sufficient amount of Authorized Reborn Coffee Products and Reborn Coffee Proprietary Products to operate your Reborn Coffee Store.

We may designate certain non-proprietary food products, condiments, liquid, raw materials, fixtures, furnishings, equipment, uniforms, supplies, paper goods, menus, packaging, forms, customer comment cards, POS Systems, computer hardware, off-the-shelf software, modems, printers and other peripheral computing equipment and other products, supplies, and equipment, but excluding any Reborn Coffee Proprietary Products and excluding Reborn Coffee branded products, which you may or must use or sell at your Reborn Coffee Store ("Non-Proprietary Products"). You may use, offer or sell only those Non-Proprietary Products that we expressly authorize. You will purchase Non-Proprietary Products from Approved Suppliers. Each supplier we approve must comply with our usual and customary requirements regarding insurance, indemnification, and non-disclosure, and satisfy us that it will supply products meeting our specifications (which may include particular brand names, model, contents, quality, freshness and compliance with governmental standards), reliably deliver consistent quality products or services, and meet any other requirements we determine is in the best interest of the Reborn Coffee System. We may limit items to a particular brand or brands set by us.

Equipment and Fixtures

You must purchase and install, at your expense, all fixtures, furnishings, equipment (including point-of-sale cash collection system), decor, and signs as we direct. You may not install on or about your Reborn Coffee Store any merchandise, furnishings, interior or exterior decor items, supplies, fixtures, equipment or utensils unless they have been approved by us in writing. You may purchase these items from an Approved Supplier.

Computer Equipment

You must purchase, lease or license, as applicable, all computer hardware and software designated by us for the Reborn Coffee Store at your expense. You must maintain and update all computer hardware and software as required by us. (See Item 11).

Approval of Suppliers

If you wish to procure any items from a supplier other than us or an Approved Supplier, you must obtain our approval. You must identify the proposed supplier, its name and address, and the item(s) you desire to purchase from that supplier. We may require you to deliver a sample of their product for our review and inspection. Our specifications and standards for supplier approval are generally available upon written request. If product specifications for the item are not in the Manuals, we will furnish the general, but not manufacturing, specifications for Non-Proprietary Products to you at your request. We may condition our approval on the supplier agreeing in writing not to disclose any of our confidential information, to comply faithfully with our specifications for the items it sells, to sell any materials bearing our marks only to our franchisees, and on the supplier demonstrating to our satisfaction that it is able to supply commodities meeting our specifications on a continuing basis, and that the supplier is, and will continue to be, of good standing in the business community with regard to its financial soundness and the reliability of its product and service. We also have the right to require, as a condition of approval, that our representatives are permitted to inspect the supplier's facilities and that you deliver to us and/or to an independent, certified laboratory designated by us, all information, specifications and samples that we designate for testing. You must pay us a fee not to exceed the cost of the inspection and the actual cost of the test. In addition to product testing, a facility audit may be required. You will be responsible for any additional costs and expenses associated with the inspection of the facility. We will use our good faith efforts to notify you of our decision within 60 days after we receive your request for approval and all requested back-up information.

You may not use a supplier unless we notify you of our approval in writing. We may revoke a supplier's approval for failure to comply with our requirements and specifications. We will disapprove or withdraw our approval of any supplier by written notice to you.

We may, from time to time, receive rebates from Approved Suppliers based on the aggregate volume of items ordered. You will not be entitled to receive any portion of these rebates. We do not currently receive rebates based on purchases by franchisees. In addition, we may negotiate certain arrangements (including price terms) for the purchase of certain items, such as logoed paper products and cups with suppliers. We do not provide material benefits to franchisees (for example, renewal or granting additional franchises) based upon their purchase of particular products or services or use of particular suppliers. There are currently no purchasing or distribution cooperatives for the System.

Approximately **65%** of your start-up expenses and **65%** of your ongoing expenses, other than fees disclosed in Items 5 and 6, will be for purchases from Approved Suppliers or purchases according to our specifications.

Insurance

You must obtain and maintain throughout the term of your Franchise Agreement the types and amounts of insurance required by us and you must provide us with proof of coverage and Certificates of Insurance upon demand. Workers Compensation insurance must be in compliance with all local laws and regulations. The required insurance must protect both you and us against any demand or claim with respect to personal and bodily injury, death, and property damage, and for any loss, liability, and expense whatsoever arising or occurring upon or in connection with the operation of your

Reborn Coffee Store. Each policy must: (i) be written by insurers licensed and admitted to write coverage in the jurisdiction in which your Reborn Coffee Store is located and with a rating of "A" or better as set forth in the most recent edition of Best's Key Rating Guide, (ii) name us as an additional insured, and (iii) comply with the requirements prescribed by us at the time the policies are obtained. You and your insurers must agree to waive their rights of subrogation against us, and you must provide evidence of the waiver.

Improvements

All ideas, concepts, information, know-how, inventions, original works of authorship, specifications, developments, techniques, processes, practices, methods, methodologies, improvements, derivative works, trade secrets, and other proprietary or intellectual property rights and related materials created, conceived or developed by you, whether or not protectable intellectual property, in connection with your Reborn Coffee Store or any part of the Reborn Coffee System must be promptly disclosed to us and will become our exclusive property and a part of Reborn Coffee franchise system without compensation to you.

There are no restrictions as to whom you may sell the Authorized Reborn Coffee Products, except as may be limited or prohibited by this Disclosure Document or the Franchise Agreement or other documents to which you may be bound or by law.

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ITEM 9
FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION(S) IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Section 5 of the Franchise Agreement; Sections 5.1-5.2 of the Area Development Agreement	Items 8, 11 and 16
b. Pre-opening purchases/leases	Section 5 of the Franchise Agreement; Section 5.2 of the Area Development Agreement	Item 5 and 16
c. Site development and other pre-opening requirements	Sections 5.3 and 5.4 of the Franchise Agreement; Sections 6.1-6.2 and Exhibit B of the Area Development Agreement	Items 7,11 and 16
d. Initial and other training	Sections 6.1, 6.2 and 6.3 of the Franchise Agreement	Items 6 and 11
e. Opening	Section 5.4 of the Franchise Agreement	Item 11
f. Fees	Section 4 of the Franchise Agreement; Sections 4, 9.4.7 and Exhibit B of the Area Development Agreement; Sections 3 and 14(i) of the Asset Purchase Agreement;	Items 5 and 6
g. Compliance with standards and policies/Manuals	Sections 6.4 and 8 of the Franchise Agreement; Sections 6 and 16 of the Area Development Agreement	Item 11
h. Trademarks and proprietary information	Section 10 of the Franchise Agreement; Section 7 of the Area Development Agreement	Items 11, 13, and 14
i. Restrictions on products/services offered	Section 9 of the Franchise Agreement; Section 6.2 of the Area Development Agreement	Items 8 and 16

j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Sections 2.1, 2.3, 2.5, 2.6 and 6.1 of the Area Development Agreement	Item 12
l. Ongoing product/service purchases	Sections 8 and 9 of the Franchise Agreement	Item 16
m. Maintenance, appearance and remodeling requirements	Sections 5.3 and 8.19 of the Franchise Agreement	Items 7 and 16
n. Insurance	Section 14 of the Franchise Agreement; Section 6.5 of the Area Development Agreement	Item 16
o. Advertising	Section 11 of the Franchise Agreement	Item 15
p. Indemnification	Section 19.4 of the Franchise Agreement; Section 14.4 of the Area Development Agreement	Items 6, 12 and 17
q. Owner's participation /management/ staffing	Exhibit A of the Franchise Agreement	Item 15
r. Records and reports	Section 13 of the Franchise Agreement; Section 8 of the Asset Purchase Agreement	Item 6
s. Inspections and audits	Section 13.3 of the Franchise Agreement	Item 6
t. Transfer	Section 15 of the Franchise Agreement; Sections 9 and 10 of the Area Development Agreement	Items 6 and 17
v. Post-termination obligations	Section 18 of the Franchise Agreement; Section 12 of the Area Development Agreement	Items 6 and 17
w. Non-competition covenants	Section 16 of the Franchise Agreement; Section 13 of the Area Development Agreement	Item 17

x. Dispute resolution	Section 20 of the Franchise Agreement; Section 15 of the Area Development Agreement; Section 13 of the Asset Purchase Agreement	Item 17
y. Taxes & Permits	Sections 4.6 and 5.3 of the Franchise Agreement.	Items 1 and 7
z. Computer hardware and software	Section 8.4 of the Franchise Agreement; Section 6.6 of the Area Development Agreement	Item 16
Other Security Interest	Section 4.8 of the Franchise Agreement	Item 10

ITEM 10
FINANCING

We do not offer direct or indirect financing. We will not guarantee your note, lease, or other obligation.

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

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

Before Opening

We will provide you with the following assistance before you open your Reborn Coffee Store for business:

1. We will review site proposals you submit to us and approve, reject or provide comments to you regarding each proposal. We may, without obligation, assist you in locating a proposed site, only after you sign the Franchise Agreement and pay the Initial Franchise Fee. However, you are solely responsible for the selection of all proposed sites for your Reborn Coffee Store. We will provide you with our site criteria that include the factors we consider in accepting Reborn Coffee Store locations, such

as general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings and lease terms. You may not construe any assistance we may provide, or our acceptance, as a guarantee or other assurance that the proposed site will be successful. You must open your Reborn Coffee Store within 180 days after signing your Franchise Agreement. We will not unreasonably withhold our consent to your request for additional time to open your Reborn Coffee Store. (Franchise Agreement, Sections 5.1 and 5.4).

2. If you have signed an Area Development Agreement, upon our acceptance of a site, we will give you a copy of our then-current Disclosure Document, if required by applicable law, together with a copy of our then-current Franchise Agreement for the Reborn Coffee Store. (Area Development Agreement, Section 5.3).

3. We will provide you with our specifications for the décor and layout of a Reborn Coffee Store along with a list of required fixtures, equipment, furnishings, décor, trade dress, and signs. We will review your site and floor plans and provide you with the design layout for your Reborn Coffee. If necessary, we will travel to your Franchised Location to provide additional site design assistance which will subject to the Additional Site Design Assistance Fee. Usually, we can provide a design layout without needing to travel to a Franchised Location, however, certain characteristics associated with your Franchise Location may necessitate that we be on-site for us to provide you with a design layout. These characteristics include older or outdated construction, restrictive local zoning laws or regulations, and unique site and floor plans. You must construct your Reborn Coffee Store following our specifications and design and must obtain our prior written approval before deviating from our specifications and design. You are responsible for the costs of preparing architectural, engineering, and construction drawings and exterior signage plans. You must use our designated architect or obtain our prior written consent to use an architect other than our designated architect. You are responsible for the cost of construction and remodeling of your Reborn Coffee Store. (Franchise Agreement, Section 5.3).

4. If it is your first Reborn Coffee Store, we will provide an Initial Training Program for up to one (1) week at no cost for two (2) people whom you designate as the Operating Partner and General Manager of your Reborn Coffee Store. In addition to the Initial Training Program, we will provide you with up to a total of one (1) week of Pre-Opening Training at your Franchised Location. (Franchise Agreement, Section 6.1)

5. After you sign your Franchise Agreement, we will loan you a hard copy or electronic copy of our Operations Manual. The Table of Contents of the Operations Manual is

attached to this Disclosure Document as Exhibit L. There are currently a total of **181** pages in our Operations Manual. Our operations standards may consist of our Operations Manual, one or more separate manuals, as well as audiotapes, videotapes, compact discs, computer software, information available on an internet or intranet site, other electronic media, bulletins and/or other written materials (collectively, the "Manuals") to use during the term of the Franchise Agreement. The Manuals contain our standard operational procedures, policies, rules and regulations with which you must comply in order to avoid a re-inspection your Reborn Coffee Store or a breach of your Franchise Agreement. We may, from time to time, update or change the Manuals in our sole discretion. (Franchise Agreement, Section 6.4).

6. We will provide you with a customized advertising, marketing and promotional program for your Reborn Coffee Store's Grand Opening to be paid for with your Store Opening Advertising Contribution and confer with you on any additional amounts that you wish to spend on advertising, marketing or promotions. All expenditure amounts related to your Grand Opening must be approved by us in advance. (Franchise Agreement, Section 11.2).

After Opening and During Operation

After your Reborn Coffee Store opens for business and during its operation, we will provide you with the following assistance:

1. We will continue to provide consultation, advice, or instructions that we consider appropriate or necessary in our sole discretion to assist you in connection with new services and products, operation and management of your Reborn Coffee Store, and advertising and marketing. (Franchise Agreement, Section 6.5).

2. We may provide additional training programs from time to time if we decide necessary in our sole discretion or upon your request which will be subject to the Additional Training Program Fee. (Franchise Agreement, Section 6.3).

3. We will designate Reborn Coffee Proprietary Products and Non-Proprietary Products which you may or must stock and promote. (Franchise Agreement, Sections 9.3).

4. We may examine your Reborn Coffee Store to confer with your employees, inspect and check operations, food, beverages, furnishings, interior and exterior decor,

supplies, fixtures and equipment, and determine whether your Reborn Coffee Store is being operated in accordance with the Franchise Agreement, Reborn Coffee System and the Manuals. (Franchise Agreement, Sections 6.6).

5. We will conduct advertising, marketing, public relations, and promotional programs to maximize general public recognition and acceptance of the Reborn Marks for the benefit of the Reborn Coffee System and all our Franchisees (Franchise Agreement, Section 11.4).

Length of Time to Open Your Reborn Coffee Store

You must deliver a fully executed copy of the Lease to us within ninety (90) days following its execution, in the form and on the terms previously accepted by us, and you must open your Reborn Coffee Store for business within one hundred eighty (180) days after signing your Franchise Agreement, unless we agree otherwise. (Franchise Agreement, Sections 5.2 and 5.4).

A Reborn Coffee Store usually opens for business six (6) months after the Franchise Agreement is signed or the location is accepted. Factors which may affect the length of time between signing of the Franchise Agreement and opening for business include the time necessary to: identify a location which we will accept; obtain any financing you need; obtain required permits and governmental agency approvals; fulfill local ordinance requirements; complete construction, remodeling, alteration, and improvement of the Franchised Location, including the installation of fixtures, equipment, and signs; and complete the hiring and training of personnel. Delay in construction may be caused by inclement weather, material or labor shortages, labor actions, slow deliveries, equipment shortages and similar factors.

You may open a Reborn Coffee Store under the Area Development Agreement only by signing a Franchise Agreement for that location. As noted above, we estimate the length of time between signing a Franchise Agreement and the opening of your Reborn Coffee Store is 6 months.

Site Selection/Lease/Purchase of Real Estate

If you do not already have a location when you sign your Franchise Agreement, you must purchase or lease a site for your Reborn Coffee Store promptly after you sign the Franchise Agreement. You must submit your proposed lease to us for approval before you sign it, and provide a fully signed copy within ninety (90) days of signing your Franchise Agreement. Our acceptance of your lease is based solely on our own interests and does not represent any guarantee or endorsement by us of the Franchised Location or confirmation that the lease complies with applicable law or that the terms of the lease are favorable to you. If we accept the proposed site, we will notify you of our preliminary acceptance of the site. Your lease must not (i) obligate us in any manner, or (ii) contain any provision inconsistent with your Franchise Agreement. In addition, your Lease must provide for the following: (i) the Lease may not be amended, assigned or sublet without our prior written consent, (ii) we have the right (but not the obligation) to succeed to your rights under the Lease if you fail to exercise any option to renew, and/or extend the term of the Lease, (iii) if you default under the Lease, the Landlord must notify us in writing at least fifteen (15) days prior to the termination or non-renewal of the Lease, (iv) we have an option to assume the Lease upon the termination or expiration of the Lease for any reason by giving written notice of the election to you and the Landlord, (v) you have the unrestricted right, without the Landlord's consent, to assign or sublet the Franchised Location to us, or any franchisee or licensee approved by us, and (vi) we have the right to enter the Franchised Location to remove all of the Reborn Marks from the Franchised Location and modify the decor of the Franchised Location so that it no longer resembles, in whole or in part, a Reborn Coffee Store if you fail to do so. (Franchise Agreement, Section 5.2). You and we must agree on a site and you must obtain all permits required to construct, remodel, renovate, and equip the Reborn Coffee Store and complete construction of the Reborn Coffee Store within one hundred eighty (180) days after signing the Franchise Agreement. (Franchise Agreement, Section 5.3). If you are purchasing the Franchised Location, you must submit the contract for purchase and sale to us for approval before you sign it, and provide a fully signed copy of the contract following signing.

If you are signing the Franchise Agreement under an Area Development Agreement, after you have located a site, you must submit to us for our review, all demographic and other information regarding the proposed site and neighboring areas that we require, in the form we require, and request us to consider and approve the site ("Site Review Request"). (Area Development Agreement, Section 5.1). If we accept the proposed site, we will notify you of our preliminary acceptance of the site, subject to our further analysis, your successful negotiation of a final lease or purchase agreement acceptable to us, and other reasonable conditions we may impose. Promptly following receipt of our preliminary acceptance of the site, you must negotiate a lease or purchase agreement for the site and submit a copy to us for final acceptance. (Area Development Agreement, Section 5.1). After our preliminary acceptance of the site and the proposed lease or purchase agreement, we will give you execution copies of the Franchise Agreement for the proposed location, together with our current Disclosure Document if required under applicable law. You must return the signed Franchise Agreement to us within thirty (30) days after you receive the Disclosure Document and execution copies of the Franchise Agreement (but no sooner than immediately after any applicable waiting periods required by applicable law has passed). (Area Development Agreement, Section 5.3). You must also provide a fully signed copy of the lease or purchase agreement promptly after signing. Following our receipt of a final lease or purchase agreement acceptable to us, we will notify you of our final acceptance of the site. You may not sign the lease (or purchase agreement) until we deliver a Franchise Agreement signed by both you and us, and our final acceptance of the lease (or purchase agreement) and site. (Area Development Agreement, Section 5.3).

You may not open your Reborn Coffee Store at the Franchised Location for business until you have received our written authorization, which may be subject to our satisfactory inspection of the Reborn Coffee Store at the Franchised Location. (Franchise Agreement, Section 5.4).

Computer and Point of Sale Systems

You must purchase, use and maintain a computerized point of sale cash collection system (including a POS System network router and software) (the "POS System"), and a back office computer and printer, including all related hardware and software, , each as specified in the Manuals or otherwise by us in writing for your Reborn Coffee Store. Your POS System must be capable of accessing the Internet for the purpose of implementing software, transmitting and receiving data, and for ordering and maintaining the POS System. The POS System must be electronically linked to us, and you must allow us to poll the POS System on a daily or other basis at the times and in the manner established by us, with or without notice, and to retrieve transaction information including sales, sales mix, usage, and other operations data that we determine appropriate. We may require that you update, upgrade or replace the POS System, including hardware and/or software, upon written notice, provided that you will not be required to replace the POS System any more frequently than once every three (3) years. The POS System must include the required technology to permit you to accept online orders of Reborn Coffee products and services at your Reborn Coffee Store and to accept and process Reborn Coffee gift cards sold in other Reborn Coffee Stores. In addition, you must purchase, lease or license all computer hardware and software designated by us for your Reborn Coffee Store at your expense. During the term of your Franchise Agreement, you must maintain and update all computer hardware and software as required by us. (Franchise Agreement, Section 8.4).

It will cost you approximately $1,500 to $3,000 to buy the POS System and software listed in the foregoing paragraph for your Reborn Coffee Store. You must purchase the POS System designated by us. Currently there is no monthly maintenance costs for the POS System. You must upgrade the POS System if we instruct you to do so upon ninety (90) days' notice at your expense. You will also be responsible paying for any increases in upfront or monthly maintenance costs of the POS System.

Loyalty Rewards Program

You must fully participate in all our customer loyalty and rewards programs now and in the future adopted or approved by us ("Loyalty Rewards Program") and pay the the then-current fees to set up and maintain such programs. We currently administer our gift card system through the POS System and at this time there is no fee to establish your Loyalty Rewards Program account. The Loyalty Rewards Program is also used to track and manage gift card redemptions and manage customer engagements connected with our customer loyalty and rewards programs. If the costs to us for the Loyalty Rewards Program increase, you must also pay your proportionate share of the increase. You may not create or issue any gift certificates or gift cards and may only sell gift certificates or gift cards that we have issued or approved. You must participate in all gift certificate and/or gift card administration programs we have designated from time to time. You must honor all coupons, gift certificates, gift cards, and other programs or promotions as we direct. You may not issue coupons or discounts of any type for use at your Reborn Coffee Store, except for those approved by us in writing, which approval we may withhold in our discretion. (Franchise Agreement Sections 8.24). In the future, there may be an initial fee and monthly fees to establish and maintain a loyalty rewards program to replace any programs in place, and you must pay these fees.

Online Ordering and Delivery Program

At this time we do not provide a direct online ordering and delivery program. However, when established, you must participate fully in our online ordering and delivery program ("Online Ordering and Delivery Program") and you must pay us the then-current non-refundable online ordering and delivery setup fee ("Online Ordering and Delivery Setup Fee") to establish your Online Ordering and Delivery Program account. Throughout the Term of your Franchise Agreement, you must also pay us our then-current online ordering and delivery monthly fee ("Online Ordering and Delivery Monthly Fee") which will enable customers to order online and have delivery of Authorized Reborn Products to a place of their convenience. If the costs to us for the Online Ordering and Delivery Program increase, you must also pay your proportionate share of the increase. (Franchise Agreement Sections 8.25).

Internet, Intranet and Social Media

We have registered the Internet domain name www.reborncoffee.com and have established a site using this domain name. You acknowledge that the domain name is our sole property. You may not use in any manner, any computer medium or electronic medium (for example, any Internet home page, e-mail address, website, domain name, URL, social media, bulletin board, newsgroup or other Internet related medium or activity) that contains any Reborn Marks, or any other words, symbols or terms confusingly similar to any Reborn Marks without our express prior written consent. We may include on our Internet web site interior pages that identify all Reborn Coffee Stores, including your Reborn Coffee Store. (Franchise Agreement Sections 11.9 and 11.10).

We have the sole right to market on the Internet and use the Reborn Marks on the Internet, including all use of websites, domain names, URLs, directory addresses, email addresses, metatags, linking, advertising, cobranding and other arrangements, and in all other forms of electronic media. You may not separately register any domain name or any portion of a domain name containing any Reborn Marks or participate or market on any website or other form of electronic media (including social technology, social media and social networking platforms) using any Reborn Marks unless you first obtain written approval from us. Your general conduct on the Internet or other forms of electronic media, including your use of the Reborn Marks or any advertising, is subject to the terms and conditions of the Franchise Agreement and any other rules, requirements or policies that we may identify. (Franchise Agreement Sections 2.2.4 and 11.9).

We may, at our option, establish an Intranet through which our franchisees may communicate with each other, and through which we may communicate with you and may disseminate the Manuals, updates and other confidential information to you. If we establish an Intranet, you must establish and maintain an electronic connection with the Intranet that allows us to send messages to and receive messages from you. We will have sole discretion and control over all aspects of the Intranet, including the content and functionality of the Intranet. You will have the privilege, but not the right, to use the Intranet, subject to your compliance with our policies. (Franchise Agreement Section 8.18).

Advertising

You must conduct all advertising, marketing and promotions for your Reborn Coffee Store in a dignified manner and by following our policies and provisions concerning format, content, media, geographic coverage and other criteria as are from time to time contained in the Manuals, or as otherwise directed by us. You may not use or publish any advertising material or in any way use or display any of the Reborn Marks except by following our policies and provisions and with our prior written approval. You must submit samples of all advertising and promotional plans and materials to us for approval and may only commence use of the materials after you have been approved, in writing, by us. We will have the right at any time after you commence the use of any materials to prohibit further use, effective upon written notice to you. (Franchise Agreement, Section 11.1).

Grand Opening Advertising

Your Store Opening Advertising Contribution of $2,000 that you paid to us at the time you signed the Franchise Agreement will be used to pay for a customized advertising, marketing and promotional program that we will develop for you approximately sixty (60) days before your Reborn Coffee Store's scheduled Grand Opening ("Grand Opening Advertising"). The program will be implemented thirty (30) days before your Reborn Coffee Store's scheduled Grand Opening. If you elect to spend more than your Store Opening Advertising Contribution amount, we will confer with you on the additional monies that you intend to spend and your proposed plan for this spending will require our approval at least forty-five (45) days before your Reborn Coffee Store's scheduled Grand Opening. (Franchise Agreement, Section 11.2).

Local Advertising

If we determine it necessary in our sole discretion, we can require you, upon sixty (60) days' notice, to conduct local advertising in the trade area where your Reborn Coffee Store is located and draws most of its business. We will have the right to direct you to spend at minimum one percent (1%) of the Gross Sales of your Reborn Coffee Store for local advertising. (Franchise Agreement, Section 11.3).

Marketing Fee

You must pay us a Marketing Fee equal to 2% of the Gross Sales of your Reborn Coffee Store (the "Marketing Fee") over the term of your Franchise Agreement. The Marketing Fee monies will be used to conduct regional and national advertising, marketing and promotional programs to maximize general public recognition and acceptance of the Reborn Marks for the benefit of the Reborn Coffee System and all Franchisees. You must participate in all regional and national programs we specify from time to time in the manner we specify. (Franchise Agreement, Section 11.4.1).

We or our designee will maintain and administrator the Marketing Fee monies as we determine appropriate, in our sole discretion, to pay for the costs of preparing and producing video, audio, and written marketing materials; contract with or hire third-party advertising, public relations, promotional agencies or professionals; sponsor sporting, charitable or similar events; administer regional or national marketing programs including the purchase of direct mail, marketing flyers, radio and newspaper ads, television commercials and other media marketing at our sole discretion, determine appropriate; cover expenses related to our social media marketing efforts, including the purchase social media ads on various social media platforms; support public relations campaigns and other public relations activities; conduct test marketing for new products and customer surveys; cover the costs of website development and maintenance, operations of our portal, internet, intranet sites, URL services, and for 800 or similar numbers; cover administrative costs and overhead we may incur from marketing and promotional activities, including salaries of employees who are creating and implementing advertising, marketing and promotional programs for us; and pay for incidental expenses relating to our advertising, marketing and promotional activities. We will oversee all advertising, marketing and promotional programs with sole discretion over that materials, media and creative concepts whether the programs are implemented through us or outsourced to a third party. (Franchise Agreement, Section 11.4.2).

Although we have no contractual obligation to account for Marketing Fee monies separately, the Marketing Fee monies will be held separately from our other funds and since the account is not a trust, we will not have any fiduciary obligations to you regarding the Marketing Fee. Since Marketing Fee payments are not contributions to a fund and we do not maintain or administer any such fund, we have no fund to audit nor do we disclose how the funds were used in the most recently concluded fiscal year, including the percentages spent on production, media placement, administrative expenses, and a description of any other use. Also, as we have no fund, our affiliated company-owned stores are not required to contribute to a fund, however, our company-owned stores currently contribute to advertising, marketing, and promotions expenditures. (Franchise Agreement, Section 11.4.3).

Although we will try to use the Marketing Fee monies to develop advertising, marketing and promotional programs that will benefit all our Franchisees, we will not be obligated in maintaining and administering the Marketing Fee monies to (i) make expenditures for you that are equivalent or proportionate to your Marketing Fee payments; or (ii) be required to spend any specific amount on advertising, marketing, or promotions in your Reborn Coffee Store's trade area, or (iii) guarantee in any way that you will derive a benefit directly or pro-rata from the advertising, marketing, or promotions conducted with the Marketing Fee monies. (Franchise Agreement, Section 11.4.4).

The Marketing Fee will not be used to defray any of our general operating expenses. Any unused Marketing Fee monies at the end of any year will be used in the next fiscal year. We will not use Marketing Fee monies for advertising that is principally a solicitation for the sale of franchises. (Franchise Agreement, Section 11.4.5).

Marketing Fund

As of the date of this Disclosure Document, we have not yet established a fund for regional and national advertising, marketing, and promotional activities (the "Marketing Fund") but reserve the right to do so in the future on ninety (90) days written notice to you. When and if the Marketing Fund is established, your Marketing Fee will be your contribution to the Marketing Fund. The Marketing Fund will be used in the same manner as the Marketing Fee monies to conduct regional and national advertising, marketing, and promotional programs to maximize general public recognition and acceptance of the Reborn Marks for the benefit of the Reborn Coffee System and all Franchisees. You must also participate in all regional and national programs we specify from time to time in the manner we specify. (Franchise Agreement, Section 11.5.1).

We or our designee will maintain and administrator Marketing Fund with the same intended use as the Marketing Fee as we determine appropriate in our sole discretion, to pay for the costs of preparing and producing video, audio, and written marketing materials; contract with or hire third-party advertising, public relations, promotional agencies or professionals; sponsor sporting, charitable or similar events; administer regional and national marketing programs including the purchase of direct mail, marketing flyers, radio and newspaper ads, television commercials and other media marketing at our sole discretion, determine appropriate; cover expenses related to our social media marketing efforts, including the purchase social media ads on various social media platforms; support public relations campaigns and other public relations activities; conduct test marketing for new products and customer surveys; cover the costs of website development and maintenance, operations of our portal, internet, intranet sites, URL services, and for 800 or similar numbers; cover administrative costs and overhead we may incur from marketing and promotional activities, including salaries of employees who are creating and implementing advertising, marketing and promotional programs for us; and pay for incidental expenses relating to our advertising, marketing and promotional activities. We will oversee all advertising, marketing, and promotional programs with sole discretion over that materials, media and creative concepts whether the programs are implemented through us or outsourced to a third party. (Franchise Agreement, Section 11.5.2).

We reserve the right, in our sole discretion to (i) establish a new entity to operate the Marketing Fund and the successor entity will have all of the rights and duties described in the Franchise Agreement; (ii) hold contributions to the Marketing Fund in a separate account in the same manner as the Marketing Fee or establish a trust to hold the contributions; (iii) solely maintain and administer all regional and national advertising, marketing, public relations, and promotional programs or designate a third party or advisory board to maintain and administer part or all of the programs to be paid by the Marketing Fund; and (iv) terminate, or reinstate after termination, the Marketing Fund at any time upon thirty (30) days' prior notice to you. If we elect to terminate the Marketing Fund, it will not terminate until all contributions to it have been spent for its intended purpose or returned to Franchisees on a pro-rata basis. We may spend in any fiscal year an amount greater or less than the aggregate contribution of all Franchisees to the Marketing Fund in that year. The Marketing Fund shall not be considered our asset. The Marketing Fund may borrow from us or others to cover deficits or invest any surplus for future use. If we lend money to the Marketing Fund, we may charge the same interest rates as we pay our lenders. We will prepare an unaudited annual statement of monies collected and costs incurred by the Marketing Fund and provide a copy of the statement to you upon your written request. (Franchise Agreement, Section 11.5.3).

Although we will try to use the Marketing Fund to develop advertising, marketing and promotional programs that will benefit all our Franchisees, we will not be obligated in maintaining and administering the Marketing Fund to (i) make expenditures for you that are equivalent or proportionate to your contributions to the Marketing Fund; or (ii) be required to spend any specific amount on advertising, marketing, or promotions in your

Reborn Coffee Store's trade area, or (iii) guarantee in any way that you will benefit directly or pro-rata from advertising, marketing, or promotions paid for by the Marketing Fund; or (iv) require our affiliated company-owned Reborn Coffee Stores to contribute to the Marketing Fund on the same basis as Franchisee-owned Reborn Coffee Stores. If the Marketing Fund is not a trust, we will have no fiduciary obligation to you relating to the collection, maintenance, and administration of the Marketing Fund. (Franchise Agreement, Section 11.5.4).

Aside from the costs and expenses detailed above, Marketing Fund contributions will not be used to defray any of our general operating expenses. Any unused contributions to the Marketing Fund at the end of any year will be used in the next fiscal year. We will not use the Marketing Fund for advertising that is principally a solicitation for the sale of franchises. (Franchise Agreement, Section 11.5.5).

Cooperative Advertising Programs

We may from time to time establish programs for co-operative advertising to coordinate advertising, marketing efforts, and programs to serve as a conduit for the collection and expenditure of the contributed funds and to maximize the efficient use of local and/or regional advertising media ("Cooperative Program(s)"). As of the date of this Disclosure Document, we have not established any Cooperative Programs but reserve the right to do so in the future on ninety (90) days written notice to you. If and when we create a Cooperative Program for an advertising coverage area in which your Reborn Coffee Store is located, you and either our affiliate or us, if we or our affiliate owns a Reborn Coffee Store in the advertising coverage area, will become a subscriber and member of the Cooperative Program and will participate in the Cooperative Program in the manner prescribed by us. The size and content of an advertising coverage area will be binding upon Franchisees, all other similarly situated Franchisees and our affiliate. Each participating Franchisee as well as us or our affiliate, if applicable, will be entitled to one vote for each Reborn Coffee Store located within the advertising coverage area as may reasonably be determined by us. (Franchise Agreement, Section 11.6).

You and all other members of the Advertising Coverage Area whose Reborn Coffee Franchise Agreements require their participation in the Cooperative Program will contribute to the Cooperative Program the amounts that are determined by fifty percent (50%) or more of the participating Reborn Coffee Stores in the Cooperative Program (not to exceed one percent (1%) of the Gross Sales of each participating Reborn Coffee Store located in the Advertising Coverage Area, subject to our written approval. Your contribution to the Cooperative Program will be credited towards the satisfaction of the local advertising expenditure. (Franchise Agreement, Section 11.6.1).

We will administer the Cooperative Program and determine the policies of the Cooperative Program and the usage of the available funds for media time, production of media materials, radio, television, newspapers or local level materials for the applicable Reborn Coffee Store(s) such as flyers, or posters, or for any other type of advertising or marketing use. We reserve the right to establish general standards concerning the operation of the Cooperative Program, advertising agencies retained by the Cooperative Program, and advertising conducted by the Cooperative Program. Any disputes, other than pricing, arising among or between you, other Franchisees, and/or the Cooperative Program will be resolved by us, whose decision shall be final and binding on all parties. (Franchise Agreement, Section 11.6.2).

Promotional Campaigns

From time to time during the Term, we reserve the right in our discretion to establish and conduct promotional campaigns on a national or regional basis, which may by way of illustration and not limitation promote particular products or marketing themes. Upon written notice from us, you must participate in the promotional campaigns upon the terms and conditions that we may establish. Your participation may require you to purchase point of sale advertising material, posters, flyers, product displays, and other promotional materials. (Franchise Agreement, Section 11.7).

Advertising Council

We may from time to time establish an Advertising Council for Reborn Coffee Franchisees and reserve the right to do so in our discretion. (Franchise Agreement, Section 11.8).

Training

Initial Training Program

Before you open your Reborn Coffee Store, we will provide you with an Initial Training Program in the Reborn Coffee System and methods of operation (the "Initial Training Program". Before attending our Initial Training Program, you are required to designate an Operating Partner and General Manager for your Reborn Coffee Store. If other than you, the Operating Partner must be an equity owner or have voting rights in your Reborn Coffee Store (See Item 15). Your General Manager is the person who will manage your Reborn Coffee Store's day-to-day operations on a full-time basis. Both the Operating Partner and General Manager are required to attend the Initial Training Program.

If the Reborn Coffee Store is the first one to be operated by you, we will provide the Initial Training Program, instructors, training manual, and other training materials to you at no charge. Aside from the Operating Partner and General Manager, if you send more people to the Initial Training Program, you must pay our then-current Additional Initial Training Fee for each additional trainee as outlined in Item 6.

The Initial Training Program will consist of up to one (1) week of training that must be completed at our corporate training facility in Brea, California or one of our company-owned Reborn Coffee Stores in Southern California. We will schedule the Initial Training Program with you within approximately two (2) months of your Reborn Coffee Store's Grand Opening. (Franchise Agreement, Section 6.1).

The Operating Partner and General Manager must attend all phases of the Initial Training Program and complete it to our satisfaction as certified by us in writing. Failure to complete any aspect of the Initial Training Program, as we determine in our sole discretion, constitutes grounds for termination of your Franchise Agreement. (Franchise Agreement, Section 8.2). If we require in our sole discretion, the Operating Partner (if not you) or General Manager, or both, to retake the entire or any part of the Initial Training Program, it will be subject to our then-current daily Additional Initial Training Fee. (See Item 6).

If you are purchasing an Operating Reborn Coffee Store under an Asset Purchase Agreement, the Initial Training Program must be completed before you are eligible to sign a Franchise Agreement.

We will not provide the Initial Training Program if you or your affiliate currently owns or operates a Reborn Coffee Store or if the Franchise Agreement is executed as a renewal Franchise Agreement. (Franchise Agreement, Section 6.1).

You must pay for all travel, lodging, meals, and any other expenses incurred by you, your management, and any employees who attend the Initial Training Program. You are responsible for your management's and employees' salaries and wages during the Initial Training Program.

INITIAL TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Employee Training			
Customer Service	1	1	Corporate Training Facility or Company-Owned Store
Station Deployment & Food Safety	1	1	Corporate Training Facility or Company-Owned Store
Drink preparation	1	20	Corporate Training Facility or Company-Owned Store
Food preparation	0.5	0.5	Corporate Training Facility or Company-Owned Store
Cash Handling	0.5	0.5	Corporate Training Facility or Company-Owned Store
Total Basic Hours:	**4**	**23**	
Supervisor/Shift Training Hours			
Customer Service	1.0	0	Corporate Training Facility or Company-Owned Store
Communication	0.5	0	Corporate Training Facility or Company-Owned Store
Cash Drops + Register	0.5	1	Corporate Training Facility or Company-Owned Store
Opening + Closing	0	2	Corporate Training Facility or Company-Owned Store

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Supervisory/Shift Leads Skills	1	10	Corporate Training Facility or Company-Owned Store
Total Supervisor Hours:	**3**	**13**	
Manager Training			
Deposits	1	1	Corporate Training Facility or Company-Owned Store
Write-ups	0.5	0	Corporate Training Facility or Company-Owned Store
Hiring/Job Applications	0.5	1	Corporate Training Facility or Company-Owned Store
Inventory	1	1	Corporate Training Facility or Company-Owned Store
Training	1	2	Corporate Training Facility or Company-Owned Store
Communication	1	0	Corporate Training Facility or Company-
Schedule	1	1	Corporate Training Facility or Company-Owned Store
Total Manager Hours:	**6**	**4**	
Total Hours of Training:	**13**	**40**	

Pre-Opening Training Program

After the Initial Training Program and before your Reborn Coffee Store's scheduled Grand Opening, we will provide you with up to a total of one (1) week of training at your Franchised Location ("Pre-Opening Training Program"). Our pre-opening training expenses are partially offset with your Initial Franchise Fee of $20,000 which you paid to us at the time you signed the Franchise Agreement and we will not require you to pay additional monies for the Pre-Opening Training Program.

After final inspections of your Reborn Coffee Store by the city, fire and health departments and before your Reborn Coffee Store's scheduled Grand Opening, we will send our training staff to your Franchised Location to provide up to one (1) week of additional pre-opening training to you, your management, and employees. During that time, we will also evaluate your opening readiness which includes testing all equipment, reviewing your Reborn Coffee Store's setup, and making sure Reborn Coffee's quality control and operations standards are met (See Franchise Agreement, Section 6.2). After which, if we determine in our sole discretion that additional training is necessary, you must pay us our then-current daily Additional Training Program Fee (See Item 6). You are responsible for your management's and employees' salaries and wages during the Pre-Opening Training Program. (Franchise Agreement, Section 8.2).

Additional Training Program

If we determine it beneficial or necessary in our discretion, we may require you, your management, or key employees to attend additional training programs (the "Additional Training Program") at a location to be designated by us. Required additional training may be applicable in cases of default, or if you fail to pass our inspections, or fail to perform to our operating standards. You may also request the Additional Training Program as needed. You must pay us our then-current daily Additional Training Program Fee for each of our training staff who provides you, your management and employees with additional training. If we are providing this training at your Franchised Location, you must reimburse us within reason for travel, lodging, meals and other expenses incurred in connection with the Additional Training Program. If the location of the Additional Training Program is other than your Franchised Location, you are also responsible for paying for your, your management's, and employees' salaries, wages, travel, lodging, meals and other expenses incurred in connection with the Additional Training Program. (Franchise Agreement, Section 8.3).

Annual Franchisee Conference

We may hold an Annual Franchisee Conference for all Reborn Coffee franchisees each year. The Operating Partner and each General Manager must attend the Annual Franchisee Conference. You must pay us a Franchisee Conference Fee to reimburse us for a portion of the direct costs to provide the Annual Franchisee Conference. You must pay the Franchisee Conference Fee upon demand at thirty (30) days before the date of the Annual Franchisee Conference, whether or not you attend the Annual Franchisee Conference. You are also responsible for paying for your, your management's, and employees' salaries, wages, travel, lodging, meals and other expenses incurred in connection with the Annual Franchisee Conference. (Franchise Agreement, Section 8.23).

ITEM 12
TERRITORY

Franchise Agreement

You will be permitted to operate your Reborn Coffee Store at a specific location which we accept, as described in the Franchise Agreement (Exhibit A). 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. Our acceptance of your Franchised Location will be based upon a variety of factors which may include the viability of the then-current location and demographics including, number of households, household income, vehicular traffic, and number of Reborn Coffee Stores near the proposed new location. You may face competition from other Reborn Coffee Stores that we or our affiliate franchise or own and that operate at traditional sites.

You are not granted a minimum territory, and there are no radius restrictions or minimum population requirements that limit where we can franchise or operate another Reborn Coffee Store. You may not relocate your Reborn Coffee Store to any other location without our prior written consent. If you request a relocation of your Reborn Coffee Store, you must pay us for reasonable out-of-pocket expenses to inspect and approve your new location, including for travel, lodging, and food, and de-identify the former location. If you fail to de-identify your former Reborn Coffee Store, you must reimburse and indemnify and hold us harmless from all costs and expenses, including attorney's fees, arising out of your failure to de-identify.

We expressly reserve the exclusive, unrestricted right, in our sole and absolute discretion, directly and indirectly to: (i) develop, own and operate, and to grant franchises to third parties to develop, own and operate, as applicable, Reborn Coffee Stores at any location regardless of their proximity to your Reborn Coffee Store; (ii) develop, own and operate, and to grant franchises to third parties to develop, own and operate, as applicable, any other business, including a beverage and snack or food business, other than a competitive business, under marks and systems different from the Reborn Marks and the Reborn Coffee System at any location regardless of their proximity to your Reborn Coffee Store; (iii) sell or distribute, at retail or wholesale, directly or indirectly, or license others to sell or distribute, Reborn Coffee branded products at any location, through the Internet, mail order catalogs, direct mail advertising and through other distribution methods; and (iv) market on the Internet and use the Reborn Marks on the Internet, including all use of web sites, domain names, URLs, directory addresses, email addresses, metatags, linking, advertising, co-branding and other arrangements, and in all other forms of electronic media. We are not required to pay you any compensation if we exercise any of the rights specified above.

No restrictions exist on us or any of our franchisees as to the areas from which they may solicit or accept business and we and all of our franchisees are free to advertise or solicit business from any area desired.

Under the Franchise Agreement, continuation of your location rights does not depend upon the volume of sales generated or on your penetration of the market potential. You do not have the right to acquire additional franchises, options, rights of first refusal or similar rights to acquire additional franchises, although you may apply for the right to operate additional Reborn Coffee Stores under separate Franchise Agreements.

Area Development Agreement

Under the Area Development Agreement, we grant you the right to develop and operate a specified number of Reborn Coffee Stores at venues in a specified Development Area, subject to our approval. The Development Area may be one or more cities, counties, states, or some other defined area. During the term of the Area Development Agreement, we will not operate or grant a license or franchise to any other person to operate a Reborn Coffee Store in your Development Area.

You will not receive an exclusive territory. We expressly reserve the exclusive, unrestricted right, in our sole and absolute discretion, directly and indirectly to: (i) develop, own and operate, and to grant franchises to third parties to develop, own and operate, as applicable, Reborn Coffee Stores outside the Development Area, regardless of their proximity to the Development Area; (ii) develop, own and operate, and to grant franchises to third parties to develop, own and operate, as applicable, any other business, including a beverage and snack or food business, other than a competitive business, under marks and systems different from the Reborn Marks and the Reborn Coffee System within and outside the Development Area; (iii) sell or distribute, at retail or wholesale, directly or indirectly, or license others to sell or distribute, Reborn Coffee branded products within and outside the Development Area, through the Internet, mail order catalogs, direct mail advertising and through other distribution methods; (iv) market on the Internet and use the Reborn Marks on the Internet, including all use of web sites, domain names, URLs, directory addresses, email addresses, metatags, linking, advertising, co-branding and other arrangements, and in all other forms of electronic media; and (v) own or operate and to franchise or license others to own or operate Reborn Coffee Stores at any Non-Traditional Venue within and outside of the Development Area regardless of their proximity to any Reborn Coffee Stores developed or under development by you. Until the termination or expiration of the Area Development Agreement, you retain your right of exclusivity in your Development Area if you comply with your development and other obligations under the Area Development Agreement. "Non-Traditional Venues" mean a broad variety of atypical sites, including a site or location within a captive market site, another primary business or in conjunction with other businesses or at institutional settings including office buildings and business complexes, arenas, stadiums and entertainment venues, health clubs and recreational facilities, airports, train stations, toll road facilities and other transportation terminals and related facilities, educational, medical, governmental and other types of institutional facilities, shop-in retail locations or shop-in-store (for example, a cafe within a grocery store), food courts operated by a master concessionaire and any site for which the lessor, owner or operator limits the operation of its beverages and/or food service facilities to a master concessionaire or contract food service provider.

If you fail to meet any of your obligations under the Area Development Agreement, including the development obligations, or commit a breach of any Franchise Agreement signed by you under the Area Development Agreement, or a breach of any other agreement between you and us, we may terminate your right to develop, open and operate new Reborn Coffee Stores in the Development Area. The termination of your right to develop Reborn Coffee Stores in your Development Area, however, will not terminate any rights granted under the Franchise Agreements then in effect between you and us, absent a breach of the Franchise Agreement itself. After the expiration of the term of your Area Development Agreement, we may own, operate, franchise or license others to operate additional Reborn Coffee Stores anywhere, without restriction, including in your Development Area, subject only to the territorial rights reserved to you in the individual Franchise Agreements.

If you wish to further develop Reborn Coffee Stores in the Development Area, you must notify us in writing within one hundred eighty (180) days before the expiration of your Area Development Agreement. If we believe that the renewal development obligation proposed by you is acceptable, we will deliver our then-current Area Development Agreement to you. If the proposed additional development obligation is not acceptable to us, we will agree to negotiate with you in good faith for sixty (60) days to try to agree upon a mutually acceptable development schedule. If you do not exercise your right to sign a new Area Development Agreement, we may own, operate, franchise or license others to operate additional Reborn Coffee Stores in your Development Area subject only to the territorial rights reserved to you in the individual Franchise Agreements.

ITEM 13
TRADEMARKS

As a Franchisee, you are licensed to use and display the trade name "Reborn Coffee", and the marks using it, during the term of your Franchise Agreement and only for the operation of your Reborn Coffee Store and the sale of products described on the Reborn Coffee standard menu. You may not license or sublicense any trademarks, service marks, trade names, logotypes or commercial symbols owned by us or our affiliate. Reborn Global Holdings, Inc. is the owner of all rights, titles and interests in the Reborn Coffee Marks and has received registration of the following mark in the U.S. Patent and Trademark Office ("USPTO"):

[Remainder of Page Intentionally Left Blank]

MARK	REGISTRATION NUMBER	REGISTRATION DATE
REBORN COFFEE	4910180	March 1, 2016
REBORN COFFEE	5386952	January 23, 2018
	Serial No: 90330585	Application Date: November 19, 2020

Reborn Global Holdings, Inc. has issued a perpetual license to us to use and sublicense the Reborn Marks for the sale and administration of Reborn Coffee Stores in the United States. Under the perpetual license, Reborn Global Holdings, Inc. has the right to commence lawsuits against third parties arising from infringement of the Marks. If Reborn Global Holdings, Inc. does not commence a lawsuit against an alleged infringer within sixty (60) calendar days' of our notification of any infringement, we may commence a lawsuit against the alleged infringer upon obtaining Reborn Global Holding's written consent, which will not be unreasonably withheld. In addition, Reborn Global Holdings, Inc. may terminate the perpetual license with thirty (30) days' written notice to us or the occurrence of a "Termination Event", as defined in the perpetual license, but any subsequent termination will not affect any agreements entered into prior to the revocation of the perpetual license. Other than these limitations, neither the license, nor any agreements currently in effect or contemplated, significantly limit our right to use or license the use of any of the Reborn Marks in any manner material to the franchise.

Reborn Global Holdings, Inc. plans to file all required affidavits to keep the registrations in effect. There are no currently effective material determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any opposition or cancellation proceeding, or any pending litigation involving the trade name Reborn Coffee or the licensed marks.

We are not a party to any other agreements currently in effect that significantly limit our rights to use or license the use of the principal trademarks that are material to the franchise, nor are there any prior superior rights or infringing uses actually known to us that could materially affect your use of the licensed trade name, trademarks, or service marks. We have not, however, conducted an exhaustive search of users of names which may be the same or similar to the Reborn Marks. We are not aware of anyone other than Tamales Imperial and Reborn Global Holdings, Inc. who are using "Reborn Coffee" as a trademark or service mark. There may be similar uses to the Reborn Marks of which we are unaware, which could arise from prior users.

You must use the trade name Reborn Coffee without any suffix or prefix attached to it to identify your Reborn Coffee Store. You are prohibited from using our trade name, trademarks, or service marks as part of any corporate name or using the Reborn Coffee trade name with any prefix, suffix, or other modifying words, terms, designs, or symbols. You are obligated to file a fictitious business name statement required by us and do all other things necessary to prevent the use of the Reborn Coffee trade name, trademarks, or service marks by you from diminishing or destroying the legal protection to which they are entitled.

You must notify us of any infringement of, challenge to, or unauthorized use of the licensed name or any Reborn Marks which comes to your attention, including any claim, suit or demand against you. We may take actions we determine appropriate to protect our name or the Reborn Marks but we are not obligated by this Disclosure Document or the Franchise Agreement to do so.

We and our affiliate have the sole right to control any litigation involving our trade name or the Reborn Marks and to compromise or settle any claim, in our discretion, at our sole cost and expense, using lawyers of our own choosing, and you must cooperate fully in defending any claim, and you may participate at your own expense in the defense or settlement. You may not make any demand against any alleged infringer, prosecute any claim or settle or compromise any claim by a third party without our prior written consent. You agree not to contest, directly or indirectly, our ownership, right, title, or interest in the Reborn Marks, or contest our sole right to register, use, or license others to use those names and the Reborn Marks

We may add to, delete, or modify any or all of the Reborn Marks or use of the Reborn Marks, at your expense, if we modify or discontinue it.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any rights in or to any patents. There are no pending patent or copyright applications that are material to the franchise. We have no registered copyrights, but we claim copyright protection for the Manuals and all advertising material that may be distributed by us. We will loan you one copy of the Manuals for confidential use in the Reborn Coffee Store. You may not disclose, publish, sell, show, or reproduce the Manuals and you must return the Manuals to us intact upon termination or expiration of the Franchise Agreement or Area Development Agreement.

We regard our recipes, our particular method of producing our drink items and food products and operating a coffee store, and all the information contained in the Manuals, as confidential and proprietary information owned by us. You agree not to contest our exclusive ownership of the copyrights, trade secrets, recipes, ingredients, processes, methods, methodologies, procedures, formulae, techniques, and other proprietary or confidential information to which we or any of our affiliates claim exclusive rights or ownership rights. You are not given any rights in any other trade secrets or proprietary or confidential information that may be conceived, created or developed by us or any of our affiliates in the future. You must implement any reasonable procedures we may adopt to protect our trade secrets and confidential information, including restrictions on disclosures to your employees and requiring employees who will have access to our trade secrets or confidential information to sign agreements containing non-disclosure, non-use and non-competition provisions.

There are no prior superior rights or infringing uses actually known to us that could materially affect your use of the copyrights described above. We are not a party to any agreements currently in effect that limit our rights to use or license the above- mentioned copyrights in any manner.

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

You must designate an Operating Partner acceptable to us who will be responsible for the operational decisions of your Reborn Coffee Store. Your Operating Partner must devote his or her full time to the Reborn Coffee Store and must own at least 10% interest in your equity and voting rights (unless you are a publicly held entity or a wholly-owned subsidiary of a publicly-held entity) when you sign the Franchise Agreement. Under certain circumstances, we may waive the requirement that your manager must have a 10% interest in your equity and voting rights. You must provide comprehensive initial training programs, additional training programs and remedial training programs for your General Managers and other employees and ensure that the Reborn Coffee Store is at all times under the direct control of the Operating Partner or a General Manager and other employees fully trained by you. You, your Operating Partner and each General Manager must successfully complete the ServSafe Food Safety Certification Program. We may require each of your owners and employees who have access to any confidential information to sign a Confidentiality and Non-Disclosure Agreement in a form acceptable to us.

All present and future owners of the equity or your voting rights, including spouses (and family members who live in the same household) must execute a written guarantee in a form we prescribe, personally, irrevocably and unconditionally guaranteeing, jointly and severally, with all other guarantors, the full payment and performance of your obligations to us and to our affiliate. Upon each transfer or assignment of your interest in the Franchise Agreement, or other change in your ownership interests, and at any other time we request, these holders must re-execute a written guarantee in a form we prescribe.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Except as described below, you must offer and sell all, and only, those goods and services that we approve (See Item 8). We may add, delete, and change menu items that you may or must offer, in our unrestricted discretion, and this may require you to purchase additional equipment. There are no limits on our right to make changes. The Reborn Coffee Store must, at all times, be directly supervised by the Operating Partner or a General Manager who has successfully completed our training program. We have the right to approve the General Manager. The General Manager does not need to have an ownership interest in an entity franchisee. We may require your General Manager and others who will have access to our trade secrets and other confidential information to sign a Confidentiality and Non-Disclosure Agreement in a form acceptable to us.

You may not operate any co-branding system without our prior written consent, which may be withheld unless we recognize the co-branding chain as an approved co-brand for operation within Reborn Coffee Stores. “Co-branding” includes the operation of an independent business, product line or operating system owned or licensed by another franchisor that is featured or incorporated within the Franchised Location or is adjacent to the Franchised Location and is operated in a manner likely to cause the public to perceive that it is related to your Reborn Coffee Store.

We may, on occasion, require you to test market products and/or services at your Reborn Coffee Store. You must cooperate with us in conducting these test marketing programs and must comply with all rules and regulations established by us.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

The following table lists certain important provisions of the Franchise Agreement, Area Development Agreement and Asset Purchase Agreement. You should read these provisions in the agreements attached to this Disclosure Document. As described in Item 1, if you are signing your Franchise Agreement under an existing Area Development Agreement or with the renewal of an existing Franchise, some of these provisions may be modified to conform to the terms specified in your Area Development Agreement or your existing Franchise Agreement, as applicable.

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FRANCHISE AGREEMENT

PROVISION	SECTION IN FRANCHISE AGREEMENT (EXHIBIT A)	SUMMARY
a. Length of the term of the franchise	Section 3.1	Ten (10) years
b. Renewal or extension of the term	Section 3.2	Two (2) five-year terms
c. Requirements for Franchisee to renew or extend	Section 3.3	You must have complied with your obligations during the term of your Franchise Agreement; at our request, renovate or modernize your Reborn Coffee Store to comply with our then-current standards for a new Reborn Coffee Store; sign our then-current form of Franchise Agreement that may contain terms and conditions materially different from those in your original Franchise Agreement; satisfy our then-current training requirements; pay a renewal fee and sign a general release. The royalty and other payments under your renewal Franchise Agreement will be at the rates then applicable to new franchisees.
d. Termination by Franchisee	17.9	You can terminate your Franchise Agreement if we materially default and we do not cure the default within 60 days.
e. Termination by Franchisor without cause	Not Applicable	Not Applicable
f. Termination by Franchisor with cause	Sections 17.1-17.3 and 17.5	We can terminate the Franchise Agreement if you default under your Franchise Agreement, any other individual Franchise Agreement, any Area Development Agreement (other than solely for your failure to meet your

PROVISION	SECTION IN FRANCHISE AGREEMENT (EXHIBIT A)	SUMMARY
		development obligation), or any other agreement between you and us.
g. "Cause" defined curable defaults	Section 17.3	You have five (5) days to cure non-payment of fees and ten (10) days to cure non-compliance with laws and defaults not listed in Section 16.2.
h. "Cause" defined non-curable defaults	Sections 17.1-17.3 and 17.5	Non curable defaults include: bankruptcy, foreclosure, and insolvency; abandonment; unapproved transfers; repeated defaults, even if cured; misrepresentations in acquiring your license; health or safety violations; trademark misuse; conviction of a felony; failure, for a period of ten (10) days after notification of noncompliance, to comply with any state or local law or regulation applicable to the operation of the Reborn Coffee Store; knowingly maintaining false books or records or submitting false reports or knowingly underreporting gross sales; materially misusing any Reborn Marks; making an unauthorized use of any trade secrets or confidential information; failing to purchase appropriate inventory; purchasing products from non-approved suppliers; and a breach of your obligations under the Franchise Agreement or any other agreement between you and us that is not capable of being cured by you.
i. Franchisee's obligations on termination/no renewal	Sections 18.1 - 18.5, 18.8 and 18.9	You must cease use of our trademarks, de-identify the Reborn Coffee Store, pay all amounts due to us, and return the Manuals. You must pay us the sum of 2 multiplied by the total Royalty Fees paid (or if unpaid, payable) by you during the twelve (12) months immediately preceding the effective date of termination to account for the actual damages that we will suffer as a result of

PROVISION	SECTION IN FRANCHISE AGREEMENT (EXHIBIT A)	SUMMARY
		the termination of the Franchise Agreement during the period that we estimate will expire while we search for a replacement franchise. We may, at our option, assume all telephone numbers for the Reborn Coffee Store. You must, at our option, cancel or assign to us your rights to any Internet websites or webpages or e-mail addresses or assumed, fictitious or corporate names which contain the Reborn Marks. See also "r" below.
j. Assignment of contract by Franchisor	Section 15.1	No restriction on our right to assign.
k. "Transfer" by Franchisee - definition	Section 15.2	Includes transfer of the agreement or change in ownership of the business entity which owns it.
l. Franchisor's approval of transfer by Franchisee	Section 15.2	Transfers require our prior written consent.
m. Conditions for Franchisor's approval of transfer	Sections 15.2-15.4	The proposed transferee must qualify, successfully complete our initial training program, sign our then- current Franchise Agreement (provided, that the term of the new Franchise Agreement will be the remaining term of the existing Franchise Agreement) and you must be in good standing, sign a general release and pay the transfer fee. See also "r" below. If the Franchise Agreement has been signed under an Area Development Agreement, except as described below, you must concurrently assign all other existing Franchise Agreements to the same assignee.
n. Franchisor's option to	Section 15.3	We can match any offer for your business.

PROVISION	SECTION IN FRANCHISE AGREEMENT (EXHIBIT A)	SUMMARY
purchase Franchisee's business		
o. Franchisor's option to purchase Franchisee's business	Section 18.6	When your Franchise Agreement expires or is terminated, we have the option to purchase the assets of the Reborn Coffee Store and all of your assets related to the Reborn Coffee Store.
p. Death or disability of Franchisee	Section 15.5	Your spouse, heirs or personal representative has one hundred eighty (180) days to purchase your interest or complete an assignment of your interest to a qualified, approved third party, subject to the transfer provisions.
q. Non-competition covenants during the term of the franchise	Section 16.2	You are prohibited from: (i) diverting any present or prospective Reborn Coffee customer to any competitor, or performing any other act injurious or prejudicial to the goodwill associated with any Reborn Marks or the Reborn Coffee System, (ii) employing or seeking to employ any person who is or has been within the previous thirty (30) days employed by us or our affiliate as a salaried managerial employee, or otherwise inducing the person to leave his or her employment, or (iii) owning or having any interest in a competitive business to the Reborn Coffee Store business.
r. Non-competition covenants after the franchise is terminated or expires	Section 16.3	For two (2) years following the expiration or termination of your Franchise Agreement, you cannot own or have any interest in a competitive business within 20 miles of any Reborn Coffee Store. If you violate the post-term covenant not to compete, you must pay us, throughout the two (2) year period following the

PROVISION	SECTION IN FRANCHISE AGREEMENT (EXHIBIT A)	SUMMARY
		termination, transfer, or expiration of your Franchise Agreement, 5% of the gross revenue of any business which provides similar services or products.
s. Modification of the agreement	Section 6.4	The Manuals are subject to change. You must comply with any changes set forth in the Manuals.
t. Integration/ merger clause	Section 22.5	Only the terms of the Franchise Agreement and its attachments are binding (subject to applicable state law). No other representations or promises will be binding. Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by mediation	Section 20.1	We must first attempt to resolve all disputes by mediation in Orange County, California, except for certain matters which may be brought in court.
v. Choice of forum	Section 20.2	All proceedings will be held in Orange County, California, subject to applicable state law. See the State Specific Addenda (Exhibit H) attached to this Disclosure Document.
w. Choice of law	Section 20.2	California, subject to the exception provided in Section 20.2 of the Franchise Agreement and applicable state law. See the State Specific Addenda (Exhibit G)attached to this Disclosure Document.

AREA DEVELOPMENT AGREEMENT

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT (EXHIBIT B)	SUMMARY
a. Length of the term of the Area Development	Section 3.1	Five (5) years or when you sign a Franchise Agreement for your last Reborn Coffee Store necessary to fully satisfy your Development Obligation, whichever is earlier
b. Renewal or extension of the term	Section 3.2	You have no right to extend or renew the Area Development Agreement
c. Requirements for Area Developer to renew or extend	Not Applicable	Not Applicable
d. Termination by Area Developer	Not Applicable	Not Applicable
e. Termination by Franchisor without cause	Not Applicable	Not Applicable
f. Termination by Franchisor with "cause"	Sections 11.2 and 11.5	We can terminate the Area Development Agreement if you default under your Area Development Agreement, an individual Franchise Agreement, or any other agreement between you or your affiliate and us.
g. "Cause" defined – curable defaults	Section 11.3	You have thirty (30) days to cure defaults under your Area Development Agreement, and in the case of a breach or default in the performance of your obligations under any Franchise Agreement or other agreement between you and us, the notice and cure provisions of the Franchise Agreement or other agreement will control.

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT (EXHIBIT B)	SUMMARY
h. “**Cause**” defined – non-curable defaults	Sections 11.1 and 11.2	Non-curable defaults include: bankruptcy, insolvency; unapproved transfers; failure to meet your development obligations; any breach of the covenants not to compete set forth in Section 13; repeated defaults, even if cured; unapproved transfers; termination of any or your Franchise Agreements; conviction of a felony; disclosure of confidential information; and a breach of your obligations under the Area Development Agreement or any other agreement between you and us that is not capable of being cured by you.
i. Area Developer’s obligation on termination/non-renewal	Section 12.1	You will have no further right to develop or operate additional Reborn Coffee Stores which are not, at the time of termination, the subject of a then validly existing Franchise Agreement between you and us. You may continue to own and operate all Reborn Coffee Stores under then validly existing Franchise Agreements.
j. Assignment of contract by Franchisor	Section 9.1	No restrictions on our right to assign.
l. Franchisor’s approval of transfer by Area Developer	Section 9.2	Transfers require our prior written consent, which will not be unreasonably withheld.
m. Conditions for Franchisor’s approval of transfer	Sections 9.2.1 and 9.4	Except as described below, you may not transfer any Franchise Agreement signed under the Area Development Agreement except with our written consent and a simultaneous assignment of the Area

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT (EXHIBIT B)	SUMMARY
		Development Agreement and all of the Franchise Agreements signed under the Area Development Agreement to the same assignee. The proposed buyer must sign our then-current form of Franchise Agreement for each of your Reborn Coffee Stores then developed or under development. The proposed transferee must qualify as a franchisee and sign our then- current Area Development Agreement and you must be in good standing, sign a general release and pay the transfer fee. See also "r" below.
n. Franchisor's right of first refusal to acquire Area Developer's business	Section 9.3	We may match any offer to purchase your business.
o. Franchisor's option to purchase Area Developer's business	Not Applicable	Not Applicable
p. Death or disability of Area Developer	Section 9.5	Your spouse, heirs or personal representative has one hundred eighty (180) days to purchase your interest or complete an assignment of your interest to a qualified, approved third party, subject to the transfer provisions.

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT (EXHIBIT B)	SUMMARY
q. Non-competition covenants during the term of the franchise	Section 13.2	You are prohibited from: (i) diverting any present or prospective Reborn Coffee customer to any competitor, or performing any other act injurious or prejudicial to the goodwill associated with the Reborn Marks and the Reborn Coffee System, (ii) employing or seeking to employ any person who is or has been within the previous thirty (30) days employed by us or our affiliate as a salaried managerial employee, or otherwise inducing the person to leave his or her employment, or (iii) owning or having any interest in a competitive business to the Reborn Coffee Store business.
r. Non-competition covenants after the franchise is terminated or expires	Section 13.3	For two (2) years following the expiration or termination of your Area Development Agreement, you cannot own or have any interest in a competitive business within 20 miles of any Reborn Coffee Store.
s. Modification of the Area Development Agreement	Section 18.5	The Area Development Agreement can be modified or amended only by written agreement of all of the parties.
t. Integration/merger clause	Section 18.5	Only the terms of the Area Development Agreement and its attachments are binding (subject to applicable state law). No other representations or promises will be binding. Any representations or promises outside of the Disclosure Document and Area Development Agreement may not be enforceable.

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT (EXHIBIT B)	SUMMARY
u. Dispute resolution by mediation	Section 15.1	We must first attempt to resolve all disputes by mediation in Orange County, California, except for certain matters which may be brought in court.
v. Choice of forum	Section 15.1	Orange County, California, subject to state law.
w. Choice of law	Section 15.2	California, subject to state law.

ITEM 18
PUBLIC FIGURES

No compensation or other benefit is given or promised to a public figure for the use of a public figure in the name or symbol of the Reborn Coffee Store or the endorsement or recommendation of the Reborn Coffee Store by a public figure in advertisements. You do not have the right to use the name of any public figure in promotional efforts or advertising without prior written approval from us.

No public figures are involved in the actual management or control of Reborn Coffee Franchise LLC.

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 you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting **Jay Kim, 580 N. Berry St., Brea, California 92821, (714) 784-6369**, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEM-WIDE SUMMARY
FOR YEARS 2018 to 2020

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised Stores	2018	0	0	0
	2019	0	0	0
	2020	0	0	0
Company-Owned	2016	0	0	0
	2017	0	1	+1
	2018	1	2	+1
	2019	2	3	+1
	2020	3	4	+1
Total	**2016**	**0**	**0**	**0**
	2017	**0**	**1**	**+1**
	2018	**2**	**3**	**+1**
	2019	**3**	**4**	**+1**
	2020	**4**	**5**	**+1**

TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
FOR YEARS 2018 to 2020

STATE	YEAR	NUMBER OF TRANSFERS
Total Outlets	**2018**	**0**
	2019	**0**
	2020	**0**

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS FOR
FOR YEARS 2018 TO 2020

STATE	YEAR	OUTLETS AT START OF THE YEAR	OUTLETS OPENED	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS	OUTLETS AT END OF YEAR
California	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
Arizona	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
Texas	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
Total	**2018**	**0**	**0**	**0**	**0**	**0**	**0**
	2019	**0**	**0**	**0**	**0**	**0**	**0**
	2020	**0**	**0**	**0**	**0**	**0**	**0**

TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2018 TO 2020

STATE	YEAR	OUTLETS AT START OF THE YEAR	OUTLETS OPENED	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS	OUTLETS AT END OF YEAR
California	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
Total	**2018**	**0**	**0**	**0**	**0**	**0**	**0**
	2019	**0**	**0**	**0**	**0**	**0**	**0**
	2020	**0**	**0**	**0**	**0**	**0**	**0**

TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2020[1]

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLETS NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY OWNED OUTLET IN THE NEXT FISCAL YEAR	PROJECTED AREA DEVELOPERS IN THE NEXT FISCAL YEAR
California	0	1	2	0
Total	**0**	**1**	**2**	**0**

NOTES:

NONE.

There are no independent franchisee organizations that have asked to be included in this Disclosure Document.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Reborn Coffee Franchise LLC. 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.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit I are our current audited Financial Statements, for the date ending December 31, 2020.

ITEM 22
CONTRACTS

Attached as Exhibit A is a copy of our current form of Franchise Agreement.

Attached as Exhibit B is a copy of our current form of Area Development Agreement.

Attached as Exhibit D is a copy of our current form of Confidentiality Agreement for Frachisee Candidates.

Attached as Exhibit E is a copy of our current form of Confidentiality Agreement for Employees of Franchisee.

Attached as Exhibit F is a copy of our current form of General Release Agreement.

Attached as Exhibit H is a copy of our current form of Closing Questionnaire.

ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear as Exhibit L. Please return one copy to us and retain the other for your records.