FRANCHISE DISCLOSURE DOCUMENT

Reborn Coffee Franchise LLC
A California Limited Liability Company
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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.

The total initial investment necessary to begin operations of a single Reborn Coffee Store ranges from $140,500 to $410,000. This includes initial fees from $25,000 to $30,000 that must be paid to us or our affiliate.

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: July 23, 2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit J.
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 G 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 franchisee?	Item 20 or Exhibits J and K list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

<u>Business model can change</u>. The 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.

<u>Supplier restrictions</u>. 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.

<u>Operating restrictions</u>. 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.

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

<u>Renewal</u>. 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.

<u>When your franchise ends</u>. 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 H.

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. **Out-Of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with us by arbitration only in California. Out-of-state arbitration may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate with us in California than in your own state.

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

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

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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., a Delaware corporation, is the parent company of Reborn Global Holdings Inc., and also has the same principal place of business as ours. Reborn Global Holdings, Inc. and Reborn Coffee, Inc. do not offer franchises in this or any other line of business.

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.

Single Reborn Coffee Store Program

Under this program, you will sign a Franchise Agreement in substantially the form of Exhibit A 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 E 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. We do not believe that the retail beverages and food services market is seasonal.

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.

California passed AB 1228 which creates new standards for "national fast food chain" restaurants, defined as limited-service restaurants consisting of more than 60 establishments nationally that share a common brand or that are characterized by standardized options for décor, marketing, packaging, products and services. AB 1228 increases the minimum wage for national fast food chain employees to $20 per hour effective April 1, 2024 and establishes the Fast Food Council which will set wages for fast food workers, among others. The $20 per hour minimum wage will have a significant impact for California franchisees and may require adjustments to budgets and staffing levels for our franchisees in California. At this time, AB 1228 and the $20 per hour minimum wage do not apply to our franchise as there are less than 60 establishments nationally. However, our franchisees and all franchise owners operating a franchised business shall be prepared for this change. Some jurisdictions other than California are also considering proposals that would increase the minimum wage for national fast food or limited-service restaurant chains.

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.

<u>Vice President of Marketing and Sales: Hannah Goh</u>

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 and budgeting. Hannah has also served 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

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

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

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.

<u>Area Development Program</u>

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.
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.

Type of Fee [1]	Amount	Due Date	Remarks
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.
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.

Type of Fee [1]	Amount	Due Date	Remarks
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.
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

Type of Fee [1]	Amount	Due Date	Remarks
			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 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.
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.

Type of Fee [1]	Amount	Due Date	Remarks
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.
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.

Type of Fee [1]	Amount	Due Date	Remarks
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.
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.

Type of Fee [1]	Amount	Due Date	Remarks
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.
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.

Type of Fee [1]	Amount	Due Date	Remarks
New Product and Supplier Testing	Reasonable cost of inspection and actual cost of testing; $1,000 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.
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.

Type of Fee [1]	Amount	Due Date	Remarks
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
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

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
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
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.

Note 9: 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.

Note 10: 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.

Note 11 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.

Note 12: 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. Except for our affiliate Reborn Coffee Inc, our officers do not currently own an interest in any Approved Supplier.

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 and Considerations from Approved 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, incentive payments or allowances 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. No other purchasing arrangements exist at this time.

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	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	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	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 I. 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 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).

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-

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
			Owned Store
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. Our Initial Training Program will be offered at various times, as often as needed during the year, depending on the number of new franchisees entering the System, replacement managers, and other personnel needing training, the number of new Stores being opened and the timing of the scheduled openings of the Stores.

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. We may require additional training to prepare for changes in laws affecting your operations and the System (including AB 1228) and to correct, improve and enhance your operations and the System. 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 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. 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). 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
	6462118	August 24, 2021

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 certain high-level 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

This table lists important provisions of the franchise and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to this Franchise Disclosure Document.

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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 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

PROVISION	SECTION IN FRANCHISE AGREEMENT (EXHIBIT A)	SUMMARY
		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 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	Section 15.2	Transfers require our prior written consent.

PROVISION	SECTION IN FRANCHISE AGREEMENT (EXHIBIT A)	SUMMARY
Franchisee		
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 purchase Franchisee's business	Section 15.3	We can match any offer for your 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

PROVISION	SECTION IN FRANCHISE AGREEMENT (EXHIBIT A)	SUMMARY
		(subject to state law).
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 termination, transfer, or expiration of your Franchise Agreement, 5% of the gross revenue of any business which provides similar services or products (subject to state law).
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 (subject to state law).
t. Integration/ merger clause	Section 22.5	Only the terms of the Franchise Agreement and its attachments are binding (subject to 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 (subject to state law).
v. Choice of forum	Section 20.2	All proceedings will be held in Orange County, California (subject to state law). See the State Specific Addenda (Exhibit F) 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 (subject to state law). See the State Specific Addenda (Exhibit F) 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.
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.

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT (EXHIBIT B)	SUMMARY
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 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.

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT (EXHIBIT B)	SUMMARY
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.
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 (subject to state law).
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(subject to state law).
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 (subject to state law).
t. Integration/ merger clause	Section 18.5	Only the terms of the Area Development Agreement and its attachments are binding (subject to 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

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT (EXHIBIT B)	SUMMARY
		enforceable (subject to state law).
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 (subject to state law).
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 2021 to 2023

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised Stores	**2021**	0	0	0
	2022	0	0	0
	2023	0	0	0
Company-Owned	**2021**	4	8	+4
	2022	8	11	+3
	2023	11	14	+3
Total	**2021**	4	8	+4
	2022	8	11	+3
	2023	11	14	+3

TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
FOR YEARS 2021 to 2023

STATE	YEAR	NUMBER OF TRANSFERS
Total Outlets	**2021**	0
	2022	0
	2023	0

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS FOR
FOR YEARS 2021 TO 2023

STATE	YEAR	OUTLETS AT START OF THE YEAR	OUTLETS OPENED	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS	OUTLETS AT END OF YEAR
California	**2021**	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

Total	**2021**	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2021 TO 2023

STATE	YEAR	OUTLETS AT START OF THE YEAR	OUTLETS OPENED	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS	OUTLETS AT END OF YEAR
California	**2021**	4	4	0	0	0	8
	2022	8	3	0	0	0	11
	2023	11	3	0	0	0	14
Total	**2021**	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2023

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
California	0	0	0
Total	0	0	0

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.

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

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit G are the audited financial statements of our parent and guarantor Reborn Coffee, Inc. for the period ending December 31, 2023, 2022, and 2021 with a copy of the gurantee by Reborn Coffee, Inc. to assume our duties and obligations. Our fiscal year-end is December 31st.

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 C is a copy of our current form of Confidentiality Agreement for Frachisee Candidates.

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

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

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.

EXHIBIT A
FRANCHISE AGREEMENT

FRANCHISEE

____

DATE OF AGREEMENT

____

STORE ADDRESS

____

____

REBORN COFFEE FRANCHISE LLC
FRANCHISE AGREEMENT

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REBORN COFFEE FRANCHISE LLC
FRANCHISE AGREEMENT

EXHIBITS

REBORN COFFEE FRANCHISE LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the **"Agreement**") is made this _____ day of ____________________, 20_____ (the "**Effective Date**"), by and between REBORN COFFEE FRANCHISE LLC, a California limited liability company ("**Franchisor**"), on the one hand, and ____________________________, a ____________________________ ("**Franchisee**"), on the other hand, who are individually referred to in this Agreement as a "**Party**", and collectively referred to in this Agreement as "**Parties**".

RECITALS

A. Franchisor and Franchisor's Affiliates have developed and continue to develop the Reborn Coffee System for the establishment and operation of one or more Reborn Coffee Stores using of one or more Reborn Coffee Marks.

B. Franchisee desires to obtain a license and franchise to develop and operate a single Reborn Coffee Store, under the Reborn Coffee Marks and in strict compliance with (i) the Reborn Coffee System, (ii) the standards and specifications established by Franchisor from time to time, and (iii) the terms and conditions of this Agreement, and Franchisor is willing to grant Franchisee such license and franchise under the terms and conditions of this Agreement.

C. Franchisee understands and acknowledges the importance of Franshisor's high and uniform standards of quality, operations, and customer service and the necessity of operating a Reborn Coffee Store in conformity with Franshisor's standards and specifications.

D. Franchisee represents and warrants to Franchisor, as an inducement to Franchisor's execution of this Agreement, that the information set forth in the Entity Information Disclosure attached to this Agreement as Exhibit A is true, accurate and complete in all material respects on the Effective Date and that Franchisee shall provide Franchisor with all additional information Franchisor may request with respect to the Owners and the ownership of Franchisee. In addition, Franchisee shall notify Franchisor within ten (10) days of any change in any information set forth in the Entity Information Disclosure and shall provide Franchisor with a revised Entity Information Disclosure certified by Franchisee to be true, correct and complete in all material respects. Franchisee acknowledges and agrees that Franchisor's grant to Franchisee of the franchise and license under this Agreement is in reliance upon each and all of the terms of the Entity Information Disclosure.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES AND COVENANTS OF THE PARTIES STATED IN THIS AGREEMENT AND FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set forth under this Section 1. Terms not defined under this Section 1 shall have the meanings specified elsewhere in the text of this Agreement.

"**Abandon**" means (i) Franchisee's failure, at any time during the Term, to keep the Reborn Coffee Store open and operating for business for a period of five (5) consecutive days, except as provided in the Manuals, (ii) Franchisee's failure to keep the Reborn Coffee Store open and operating for any period after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the Reborn Coffee Store, unless the failure to operate is due to Force Majeure (subject to Franchisee's continuing compliance with this Agreement), (iii) Franchisee's failure to actively and continuously maintain and answer the telephone listed by Franchisee for the Reborn Coffee Store solely with the Reborn Coffee name, (iv) the withdrawal of permission from the Landlord that results in Franchisee's inability to continue operation of the Reborn Coffee Store at the Franchised Location, or (v) a closure of the Reborn Coffee Store required by Applicable Law.

"**Additional Training Programs**" shall have the meaning set forth in Section 6.3.

"**Affiliate**" or "**Affiliates**" mean any person or Entity that controls, is controlled by, or is under common control with, a Party to this Agreement. Control of such person or Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of such person or Entity whether by contract or otherwise.

"**Anti-Terrorism Laws**" shall have the meaning set forth in Section 16.10.

"**Applicable Law**" means and includes applicable common law and all statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority with jurisdiction over the operation of the Reborn Coffee Store that are in effect on or after the Effective Date, as they may be amended from time to time.

"**Approved Suppliers**" means suppliers of one or more Reborn Coffee Branded Products, Reborn Coffee Proprietary Products and Non-Proprietary Products, and ancillary services, food products, beverages, supplies, furniture, fixtures and equipment for one or more Reborn Coffee Stores, which suppliers have been accepted and approved by Franchisor because they have demonstrated to Franchisor their ability to supply products and services meeting Franchisor's specifications as to brand names, models, contents, manner of preparation, ingredients, quality, freshness, compliance with standards and regulations of Governmental Authority, reliability with respect to delivery and consistency in the quality of their products or services. Franchisor and its Affiliates may be Approved Suppliers.

"**Area Development Agreement**" means the Area Development Agreement entered into between Franchisor and Franchisee pursuant to which Franchisee is given the right, as an area developer, to develop and operate two or more Reborn Coffee Stores within a specified geographic area.

"**Assignment**" shall have the meaning set forth in Section 15.2.1.

"**Authorized Reborn Coffee Products**" means all Reborn Coffee Branded Products, Reborn Coffee Proprietary Products and Non-Proprietary Products offered for sale or use at one or more Reborn Coffee Stores, as specified by Franchisor from time to time.

"**Co-Branding**" means the operation of an independent business, product line, services, or operating system owned or licensed by another Entity (not Franchisor) that is featured or incorporated within the Reborn Coffee Store or is adjacent to the Reborn Coffee Store and operated in a manner likely to cause the public to perceive it is related to the Reborn Coffee Store. An example would be an independent ice cream store or counter installed within the Reborn Coffee Store.

"**Competitive Business**" means any shop, establishment or business that prepares, offers or sells teas, coffee, espressos, or latte beverages, or other specialty beverages as a primary menu item or any shop, establishment or business that looks like, copies, imitates, or operates with a similar trade dress or décor to the Reborn Coffee Store.

"**Confidential Information**" shall have the meaning set forth in Section 12.1.

"**Constituents**" means past, present and future Affiliates, parents, subsidiaries, divisions, partners, members, trustees, receivers, executors, representatives, administrators, owners, shareholders, distributors, predecessors, officers, directors, agents, managers, principals, employees, insurers, successors, assigns, representatives, and advisors and the past, present and future officers, directors, agents, managers, principals, members, employees, insurers, successors, assigns, representatives and advisors of each of the foregoing.

"**Crisis Management Event**" means any event that occurs at or about the Reborn Coffee Store that has or may cause damage, harm or injury, including, without limitation, food contamination, food spoilage or poisoning, food tampering or sabotage, contagious diseases, natural disasters, terrorist acts, criminal acts, shootings or any other circumstance which may cause damage, harm or injury the Reborn Coffee System, the Reborn Coffee Marks, or the image or reputation of Franchisor or any of its Affiliates or to any customers, employees, or personnel of the Reborn Coffee Store.

"**Default**" means any breach of, or failure to comply with, any of the terms or conditions of an agreement.

"**Direct Claim**" shall have the meaning set forth in Section 19.4.1.

"**Entity**" means any limited liability company, partnership, trust, association, corporation, or other legal entity, which is not an individual.

"**Equity**" means all forms of ownership, whether legal or beneficial, voting or non-voting, including shares, partnership interests, limited liability company membership or ownership interests, joint tenancy interests, proprietorship interests, trust beneficiary interests, proxy interests, power-of-attorney interests, and all options, warrants and instruments convertible into such other interests, and any other right, title or interest not included in this definition that Franchisor determines to constitute a form of direct or indirect ownership in Franchisee.

"**Exercise Date**" shall have the meaning set forth in Section 18.6.

"**Expiration Date**" means the tenth anniversary of the Opening Date.

"**Fair Market Value**" shall have the meaning set forth in Section 18.6.

"**Force Majeure**" means any event that satisfies all of the following criteria: (i) that was reasonably unforeseeable as of the Effective Date, (ii) that is beyond the reasonable control, directly or indirectly, of a Party, (iii) that could not reasonably have been prevented or avoided by that Party with the exercise of reasonable efforts and due diligence, (iv) that does not result from the fault or negligence of that Party or any of its agents, employees or contractors, and (v) that causes performance by that Party to be delayed, in whole or in part, or that causes that Party to be unable to partially or wholly perform its obligations under this Agreement. Subject to the satisfaction of all of the foregoing criteria, "**Force Majeure**" includes (a) acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe), (b) strikes, lockouts or other industrial disturbances, (c) war, terrorist acts, riot, or other civil disturbance, (d) unilateral governmental action impacting tea or coffee shops generally, and (e) epidemics, transportation shortages, inadequate supply of labor, material or energy, or a party foregoing the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any Governmental Authority. Notwithstanding the foregoing, neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any lender, landlord, contractor, or other person, or Franchisee's financial inability to perform or Franchisee's insolvency, shall be an event of Force Majeure hereunder.

"**Franchisee Conference Fee**" means the fee Franchisee must pay Franchisor towards the cost of each Annual Franchisee Conference held by Franchisor.

"**Franchised Location**" means the site of the Reborn Coffee Store operated by Franchisee at

____.

"**Franchised Rights**" shall have the meaning set forth in Section 2.1.

"**General Manager**" means an individual, acceptable to Franchisor, who is responsible for overseeing the operation of the Reborn Coffee Store in the absence of the Operating Partner.

"**General Release**" means the form of general release prescribed by Franchisor that releases any and all obligations, liabilities, demands, costs, expenses, damages, claims, actions and causes of action, of whatever nature, character or description, whether known or unknown, against Franchisor and its Constituents. A General Release will cover future consequences of acts, omissions, events and circumstances predating the date of the

General Release, but will not release, in advance, future acts, omissions or events which have not yet occurred at the time the General Release is executed.

"**Good Standing**" means Franchisee is in compliance with the terms and conditions of this Agreement, the Manuals and all other agreements then in effect between Franchisor, or any of its Affiliates, and Franchisee, and Franchisee has cured each Default for which Franchisor has issued a Notice of Default to Franchisee within the applicable time periods set forth in Section 17.

"**Governmental Authority**" means any and all federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

"**Gross Sales**" means the total of all revenues and value derived from sales of any nature or kind whatsoever from the Reborn Coffee Store during the Term, whether evidenced by cash, services, property, barter, or other means of exchange or benefit, including orders taken in or from the Reborn Coffee Store although filled elsewhere. "**Gross Sales**" shall include the full value of beverages and foods that Franchisee provides to its employees or personnel as incident to or in connection with their employment or services (less the amount of any normal and ordinary course of business discounts against Gross Sales given during the month in which the beverages and foods were provided), plus the full value of beverages and foods that Franchisee provides for promotional or marketing purposes, plus all proceeds from the sale or provision of coupons, gift certificates, vouchers, or similar items. "**Gross Sales**" shall exclude the amount of bona fide refunds paid to customers, the amount of any sales or use taxes actually paid by Franchisee to any Governmental Authority, and the retail price of any coupons, gift certificates and vouchers sold in the ordinary course of business when they are redeemed by customers in the ordinary course of business.

"Improvements" means any ideas, concepts, information, know-how, inventions, original works of authorship, specifications, developments, techniques, processes, practices, methods, methodologies, improvements, derivative works, trade secrets, or other proprietary or intellectual property rights, whether or not patentable, protectable or registrable or reduced to practice, in any form or medium, in connection with the Reborn Coffee Store, the Reborn Coffee System or any part thereof.

"Incapacity" means any physical, emotional, or mental injury, illness, or incapacity that would prevent a person from performing the obligations set forth in this Agreement for at least four (4) consecutive months; and from which recovery within four (4) consecutive months from the date of determination of incapacity is unlikely. Incapacity shall be determined by a licensed practicing physician selected by Franchisor upon examination of such person or, if such person refuses to be examined, then such person shall automatically be deemed incapacitated as of the date of refusal. Franchisor shall pay the cost of the required examination.

"Indemnifiable Claim" shall have the meaning set forth in Section 19.4.

"Indemnitees" shall have the meaning set forth in Section 19.4.

"Indemnitors" shall have the meaning set forth in Section 19.4.

"**Initial Franchise Fee**" means the initial fee that Franchisee must pay Franchisor as set forth in Section 4.1 for granting of the Franchised Rights by Franchisor to Franchisee to operate the Reborn Coffee Store under this Agreement.

"**Initial Term**" means the ten (10) year period commencing on the Opening Date and ending on the Expiration Date.

"**Initial Training Program**" shall have the meaning set forth in Section 6.1.

"**Landlord**" means the real property owner of the Franchised Location who enters into a Lease with Franchisee for the Franchised Location or such owner's property manager or other representative.

"**Lease**" shall mean any agreement, however denominated, between Franchisee and Landlord that allows Franchisee to occupy the Franchised Location owned by a Landlord, including any lease, sublease, concession agreement, license or similar arrangement between Franchisee and Landlord.

"Losses and Expenses" shall have the meaning set forth in Section 19.4.

"**Manuals**" means Franchisor's 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, in connection with and including but not limited to promotions, recipe instructions, and operational and employee training procedures related to the Reborn Coffee System or any part thereof, as they such manuals may be amended, supplemented, issued and revised from time to time by Franchisor.

"**Non-Proprietary Products**" means solely the 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 computing peripheral equipment that Franchisee may or must use, offer or sell at the Reborn Coffee Store and that, in all cases, are generally available to persons in the food and beverage industry. Notwithstanding anything to the contrary, "**Non-Proprietary Products**" shall not include any Reborn Coffee Branded Products or any Reborn Coffee Proprietary Products.

"**Notice of Default**" shall have the meaning set forth in Section 17.3.

"**Open,**" "**Open For Business,**" "**Opened**" and "**Opened For Business**" means that Franchisee actually has begun to offer Authorized Reborn Coffee Products for sale to the public from the Reborn Coffee Store.

"**Opening Date**" means the day that (i) Franchisee receives written authorization from Franchisor and all applicable Governmental Authorities to commence business operations at the Reborn Coffee Store, and (ii) Franchisee actually begins to offer Authorized Reborn Coffee Products for sale to the public from the Reborn Coffee Store, whichever occurs last.

"**Operating Partner**" means the individual designated by Franchisee on Exhibit A, and accepted by Franchisor, to serve as primary operator of the Reborn Coffee Store, to serve as the authorized representative of Franchisee, who shall act as Franchisee's representative in all matters with Franchisor, as Franchisee's liaison with Franchisor and the Owners, and shall have the authority to act on behalf of Franchisee during the Term without the participation of any other Owner.

"**Owner**" means the individual(s) listed on Exhibit A and each future direct or indirect shareholder, member, general or limited partner, trustee or other Equity owner of Franchisee. If Franchisee is an Entity, each Owner and each Owner's spouse shall jointly and severally guarantee Franchisee's performance of its obligations in this Agreement under a Guarantee in the form of Exhibit C.

"**Permits**" means and include all applicable franchises, licenses, permits, registrations, certificates and other operating authority required by Applicable Law.

"**POS System**" shall have the meaning set forth in Section 8.4.

"**Post Termination Gross Sales**" shall have the meaning set forth in Section 16.4.1.

"**Proposed Buyer**" shall have the meaning set forth in Section 15.3.1.

"**Purchase Notice**" shall have the meaning set forth in Section 15.3.3.

"**Purchase Price**" shall have the meaning set forth in Section 18.6.

"**Qualified Assignment**" shall have the meaning set forth in Section 15.2.5.

"**Recommended Suppliers**" means suppliers of Non-Proprietary Products who are recommended by Franchisee to become Approved Suppliers.

"**Relocation Fee**" means the fee that Franchisee must pay Franchisor as compensation for Franchisor's services in connection to assistance provided in reviewing, accepting, and relocating Franchisee's Reborn Coffee Store to a new location.

"**Reporting Information**" shall have the meaning set forth in Section 13.1.

"**Renewal Franchise Agreement**" shall have the meaning set forth in Section 3.2.

"**Renewal Right**" shall have the meaning set forth in Section 3.2.

"**Renewal Term**" means two (2) renewal terms of five (5) year periods each commencing on the Expiration Date and ending on the Renewal Term Expiration Date.

"**Renewal Term Expiration Date**" means the fifth anniversary of the commencement date of each applicable Renewal Term.

"**Restricted Persons**" means Franchisee, and each of its Owners and Affiliates, and the respective officers, directors, managers and Affiliates of each of them, and the spouse of each of the foregoing who are individuals.

"**Royalty Fee**" shall have the meaning set forth in Section 4.2.

"**Reborn Coffee Branded Products**" means any product now existing or developed in the future that bears any of the Reborn Coffee Marks, including products that are prepared, sold and/or manufactured in accordance with Franchisor's recipes, formulations, ingredients, compositions, methods, methodologies, processes, standards, specifications, and/or information, including pre-packaged food and beverage products, clothing, souvenirs, and novelty items.

"**Reborn Coffee Franchise Agreements"** means franchise agreements in existence from time to time between Franchisor and other Reborn Coffee Franchisees for Reborn Coffee Stores.

"**Reborn Coffee Franchisees**" means the parties who enter into Reborn Coffee Franchise Agreements with Franchisor to operate one or more Reborn Coffee Stores. "**Reborn Coffee Franchisees**" includes Franchisee under this Agreement.

"**Reborn Coffee Marks**" means one or more trademarks, tradenames, service marks, logos and commercial symbols, now existing or created in the future, used or that may be used in connection with a Reborn Coffee Store and/or as part of the Reborn Coffee System.

"**Reborn Coffee Proprietary Products**" means those food products, beverages, packaging and other products which are created, conceived, produced, developed, or manufactured from time to time in accordance with or using any Trade Secrets, Confidential Information, or other confidential or proprietary information, processes, methods, methodologies, recipes, specifications, formulas, and/or intellectual property rights of Franchisor or any of its Affiliates, or that Franchisor otherwise designates as proprietary or confidential. "**Reborn Coffee Proprietary Products**" includes Non-Proprietary Products that may from time to time be created, conceived, produced, developed, manufactured, or derived through the use of any Trade Secrets, Confidential Information, or other confidential or proprietary information, process, method, methodology, recipe, specification, formula or intellectual property right of Franchisor or any of its Affiliates.

"**Reborn Coffee Proprietary Products**" includes any and all Confidential Information contained or embodied therein.

"**Reborn Coffee System**" means the unique system developed by Franchisor and Franchisor's Affiliates that includes the operations, operating methods, methodologies, processes and practices related to one or more Reborn Coffee Stores, Authorized Reborn Coffee Products and/or Reborn Coffee Marks, including (i) the business practices between Franchisor and one or more of Reborn Coffee Franchisees, (ii) interior and exterior Reborn Coffee Store designs and decor, (iii) items or elements of trade dress, (iv) specifications for products, equipment, fixtures and uniforms, (v) defined product offerings and menu items, (vi) recipes, formulations, and ingredients, (vii) preparation methods, methodologies, processes, and practices, (viii) specified pricing and promotions, (ix) operating and administrative procedures, (x) management and technical training programs, (xi) marketing and public relations programs, (xii) Franchisor's website, Intranet and related content; and (xiii) other items that may from time to time be created, conceived, produced, and/or developed in connection with one or more Reborn Coffee Stores, Authorized Reborn Coffee Products and/or Reborn Coffee Marks; all and in each case as Franchisor may add to, delete from, modify, supplement, or otherwise change from time to time. "**Reborn Coffee System**" includes Reborn Coffee Marks, Authorized Reborn Coffee Products and Improvements. "**Reborn Coffee System**" also includes any and all Confidential Information contained or embodied therein.

"**Reborn Coffee Store**" means quick service restaurants offering tea drinks, iced and cold brew coffee, espresso, lattes, and a limited menu of pastries under one or more Reborn Coffee Marks. Use of the term "**Reborn Coffee Store**" with respect to Franchisee means the Reborn Coffee Store located at the Franchised Location to be operated by Franchisee under this Agreement.

"**Reborn Coffee Store Assets**" shall have the meaning set forth in Section 18.6.

"**Term**" means the Initial Term and, as applicable, the Renewal Term.

"**Then-Current**" means, as the context of this Agreement indicates: (i) the Reborn Coffee Franchise Agreement and/or other documentation then-currently provided to or required by Franchisor for similarly situated prospective Reborn Coffee Franchisees, or if not then being so provided or required, then the Reborn Coffee Franchise Agreement and/or other documentation selected by Franchisor in its discretion which previously have been delivered to and executed by a Reborn Coffee Franchisee, (ii) the fees and royalties then-currently charged by Franchisor for services provided by Franchisor and/or in connection with the Reborn Coffee System or any part thereof, and (iii) other conditions, qualifications, or requirements as Franchisor may require in connection with Reborn Coffee Franchisees, prospective Reborn Coffee Franchisees and/or the Reborn Coffee System (or any part thereof).

"**Third Party Claim**" shall have the meaning set forth in Section 19.4.1.

"**Third Party Offer**" shall have the meaning set forth in Section 15.3.1.

"**Trade Secrets**" means proprietary and Confidential Information of Franchisor or any of its Affiliates, including recipes, formulations, ingredients, compositions, specifications, procedures, policies, concepts, systems, know-how, plans, software, strategies, methods, methodologies, processes, and techniques in connection with the Reborn Coffee System or any part thereof, including in connection with the design, creation, implementation, operation and/or maintenance of a Reborn Coffee Store or any aspect thereof and/or in connection with producing one or more Authorized Reborn Coffee Products. "**Trade Secrets**" includes the use or implementation of one or more Non-Proprietary Products in a proprietary and confidential manner as part of the Reborn Coffee System, and the specifications, procedures, know-how, methods, methodologies, processes, techniques and other information related thereto. "**Trade Secrets**" excludes information that is or becomes a part of the public domain through publication or communication by Franchisor or its Affiliates.

2. GRANT

2.1. Grant. Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, a limited, non-exclusive right and license, during the Initial Term, to use and display certain Reborn Coffee Marks and certain aspects of the Reborn Coffee System, in each case as determined by Franchisor from time to time, solely for Franchisee's purpose to continuously develop and operate one (1) Reborn Coffee Store at, and only at, the Franchised Location, upon the terms and subject to the provisions and obligations of this Agreement and all ancillary documents between Franchisor and Franchisee or binding on Franchisee in connection therewith (the "**Franchised Rights**"). Franchisee shall not, and is not entitled to, sublicense, sublease, subcontract, award, transfer, or enter into any management or other agreement in connection with any Franchised Rights or otherwise providing for the right to possess, occupy or operate the Reborn Coffee Store or to use or the Reborn Coffee System or any part thereof. Franchisee shall have no territorial or protective rights with respect to the Reborn Coffee Store or any Franchised Rights, and Franchisor shall have the right to place other Reborn Coffee Stores anywhere it desires. Franchisee shall not receive an exclusive territory.

2.2. Except for the Franchised Rights specifically granted to Franchisee in Section 2.2, Franchisor and its Affiliates expressly reserve all other rights with respect to the Reborn Coffee System, the Reborn Coffee Marks and other Reborn Coffee Stores, including the exclusive right, in their discretion, directly or indirectly, without granting Franchisee any rights in the same:

2.2.1. To develop, own and/or operate, and to grant franchises to third parties to develop, own and/or operate, as applicable, Reborn Coffee Stores at any location, without restriction, regardless of their proximity to the Reborn Coffee Store.

2.2.2. To develop, own and/or operate, and to grant franchises to third parties to develop, own and/or operate, as applicable, any other businesses, including beverage and snack or food business, other than a Competitive Business, under marks and systems different from the Reborn Coffee Marks and the Reborn Coffee System at any location regardless of their proximity to the Reborn Coffee Store.

2.2.3. To sell or distribute, at retail or wholesale, directly or indirectly, or license or sublicense 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.

2.2.4. To market on the Internet and use the Reborn Coffee Marks on the Internet, including all uses of websites, domain names, URLs, directory addresses, email addresses, metatags, linking, advertising, co-branding and other arrangements, and in all other forms of electronic media.

2.2.5. The right to operate and grant others the right to operate Reborn Coffee Stores at "non-traditional sites" within and outside your territory on any terms and conditions we deem appropriate."Non-traditional sites" are sites that generate customer traffic flow which is independent from the general customer traffic flow of the surrounding area, including military bases, shopping malls, airports, stadiums, major industrial or office complexes, hotels, school campuses, train stations, travel plazas, toll roads, casinos, hospitals, and sports or entertainment venues.

2.2.6. The right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Reborn Coffee Stores and/or Reborn Coffee Branded Products, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) regardless of their proximity to the Reborn Coffee Store.

2.2.7. The right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Reborn Coffee Stores or Reborn Coffee Branded Products, or by another business, regardless of their proximity to the Reborn Coffee Store.

3. INITIAL TERM AND RENEWAL RIGHTS

3.1. Initial Term. Unless earlier terminated as provided under Section 17 of this Agreement, the Initial Term of this Agreement shall begin on the Effective Date and shall expire on the Expiration Date.

3.2. Renewal Right. Subject to the terms and conditions of this Section 3, upon the expiration of the Initial Term, Franchisee shall have the right (the "**Renewal Right**") to enter into a new Then-Current written franchise agreement in the form then generally being offered by Franchisor to prospective Reborn Coffee Tea Franchisees (the "**Renewal Franchise Agreement**") for the Renewal Term. The Initial Franchise Fee and the Royalty Fees payable by Franchisee during the Renewal Term shall be identical to the Initial Franchise Fee and the Royalty Fees payable by new Reborn Coffee Franchisees under their Reborn Coffee Franchise Agreements. If Franchisee desires to exercise the Renewal Right, Franchisee shall, no less than eighteen (18) months prior to the Expiration Date, notify Franchisor in writing (the "**Renewal Notice**") that Franchisee desires to exercise the Renewal Right. Except with respect to the Renewal Right, the Franchised Rights are not otherwise renewable or extendable by Franchisee.

3.3. Conditions to Renewal. Franchisee may exercise the Renewal Right only if all of the following conditions precedent are satisfied prior to the Expiration Date: (i) Franchisee shall have fully performed all of its obligations under this Agreement, any Area Development Agreement and all other agreements between Franchisor and Franchisee or binding on Franchisee in connection therewith, and Franchisee shall be in Good Standing on the date of the Renewal Notice, on the date of Franchisor's execution of the Renewal Franchise Agreement and on the Expiration Date; (ii) Franchisee shall, prior to the commencement date of the Renewal Term, undertake and complete at its expense, the remodeling, renovation, modernization, or refurbishing of the Franchised Location and the Reborn Coffee Store to comply with Franchisor's Then-Current specifications and standards for new Reborn Coffee Stores, (iii) Franchisee shall not have committed three (3) or more Defaults during any twelve (12) month period during the Initial Term which were subject to notices of Default issued by Franchisor, whether or not the Defaults were cured; (iv) Franchisee continues to comply with the terms and conditions of this Agreement; (v) Franchisee shall have satisfied Franchisor's Then-Current qualifications and training requirements; (vi) Franchisee shall have executed and delivered to Franchisor a General Release; (vii) Franchisee shall have paid Franchisor a renewal fee of two thousand five hundred dollars ($2,500) in lieu of an Initial Franchise Fee when Franchisee issues the Renewal Notice to Franchisor; and (viii) Franchisee has executed the Renewal Franchise Agreement and delivered it to Franchisor.

3.4. Renewal Procedures. Following the expiration of any waiting periods required by Applicable Law and no more than thirty (30) days after Franchisee receives the Then-Current franchise disclosure document, if applicable, and the execution copies of the Renewal Franchise Agreement, Franchisee shall execute the copies of the Renewal Franchise Agreement and return them to Franchisor. If Franchisee has exercised the Renewal Right in accordance with Section 3.2 and satisfied all of the conditions in Section 3.3 and this Section 3.4, Franchisor shall execute the Renewal Franchise Agreement. If Franchisee fails to perform any of the acts, or deliver any of the notices required under this Section 3 in a timely fashion, the failure to do so shall be deemed an election by Franchisee not to exercise the Renewal Right and shall automatically cause the Renewal Right to lapse and expire.

3.5. Notice Required by Law. If Applicable Law requires Franchisor to give notice to Franchisee prior to the expiration of the Initial Term, this Agreement shall remain in effect on a week-to-week basis until Franchisor has given the notice required by Applicable Law. If Franchisor is not offering new franchises, is in the process of revising, amending, modifying, or renewing its form of franchise agreement or franchise disclosure document, or is not lawfully able to offer Franchisee its Then-Current form of franchise agreement, at the time Franchisee delivers its Renewal Notice, Franchisor may, in its discretion, (i) offer to renew this Agreement upon the same terms set forth in this Agreement for a renewal term determined in accordance with Section 3.2, or (ii) offer to extend the Initial Term on a week-to-week basis following the expiration of the Initial Term for as long as Franchisor deems necessary or appropriate so that it may lawfully offer its Then-Current form of franchise agreement.

4. FEES

4.1. Initial Franchise Fee. On the Effective Date of this Agreement, Franchisee shall pay Franchisor a nonrefundable, Initial Franchise Fee of twenty-thousand dollars ($20,000) in the manner provided in Section 4.6. If this Agreement is executed in connection with an Area Development Agreement, Franchisee shall pay

Franchisor the development fee (the "**Development Fee**") instead of the Initial Franchise Fee.

4.2. Royalty Fees. Franchisee shall pay Franchisor, in accordance with Section 4.6, a weekly royalty fee equal to six percent (3%) of the Gross Sales of Franchisee's Reborn Coffee Store (the "**Royalty Fee**"). The Royalty Fee shall be paid on Wednesday of each week on the Gross Sales of the Reborn Coffee Store during the previous week. Each payment shall be accompanied by a statement of Gross Sales for the previous calendar week, certified as complete and accurate by the Operating Partner. Franchisee shall also promptly pay Franchisor and its Affiliates, as applicable, when due (i) all amounts advanced by Franchisor or which Franchisor has paid, or for which Franchisor has become obligated to pay on behalf of Franchisee for any reason whatsoever, and (ii) all amounts due to Franchisor or its Affiliates for purchases of Reborn Coffee Branded Products and Reborn Coffee Proprietary Products by Franchisee.

4.3. Marketing Fee. Franchisee shall pay Franchisor, in accordance with Section 4.6 a weekly marketing fee (the "Marketing Fee") equal to two percent (2%) of the Gross Sales of Franchisee's Reborn Coffee Store. The Marketing Fee collected from Franchisee shall be used by Franchisor to conduct regional and national advertising, marketing, and promotional programs as specified in Section 11.4 to maximize general public recognition and acceptance of the Reborn Coffee Marks for the benefit of the Reborn Coffee System and all Franchisees. The Marketing Fee is due and payable at the same time as the Royalty Fee.

4.4. Store Opening Advertising Contribution. On the Effective Date of this Agreement, Franchisee shall pay Franchisor a nonrefundable, store opening advertising fee ("**Store Opening Advertising Contribution**") of two thousand dollars ($2,000) which shall be used to pay for a customized advertising, marketing and promotional program that Franchisor shall develop for Franchisee Reborn Coffee Store Grand Opening.

4.5. Interest and Charges for Late Payments. If Franchisee fails to pay any amount due to Franchisor under this Agreement by the date payment is due, or if any electronic payment is unpaid because of insufficient funds or otherwise, Franchisee shall additionally be obligated to pay, as a late charge, the sum of two hundred dollars ($200). Additionally, Franchisee shall pay interest on the amount outstanding at the rate of one and one-half percent (1 1/2%) per month (but not to exceed the maximum legal rate of interest) imposed from the date payment was due until the entire sum and late charge are paid in full. This Section 4.9 does not constitute an agreement by Franchisor to accept any payment after the date payment is due or a commitment by Franchisor to extend credit to, or otherwise finance, Franchisee, and Franchisee's failure to pay all amounts when due shall constitute grounds for termination of this Agreement notwithstanding this Section 4.9.

4.6. Manner of Payment. Franchisee shall pay the Initial Franchise Fee and Royalty Fees to Franchisor from Franchisee's bank account by electronic funds transfer ("EFT") or other automatic payment mechanism that Franchisor may designate. Promptly upon Franchisor's request, Franchisee shall execute and deliver to Franchisor the EFT payment form attached to this Agreement as Exhibit D and all pre-authorized check forms and other instruments or drafts required by Franchisor's bank, payable against Franchisee's bank account, to enable Franchisor to draw the Royalty Fees and other sums payable by Franchisee under the terms of this Agreement. Franchisee shall maintain a single bank account for all EFT payments and shall maintain such minimum balance in this account in the amount that Franchisor may reasonably specify from time to time in the Manuals. Franchisee shall not alter or close this account except with Franchisor's prior written approval. Any failure by Franchisee to implement an EFT system in strict accordance with Franchisor's instructions shall constitute a material default of this Agreement.

4.6.1. All payments by Franchisee shall be made in US Dollars free and clear of any tax, deduction, offset or withholding of any kind. Franchisee shall register for and collect and report sales tax in compliance with all Applicable Laws. All taxes and penalties thereon, presently or in the future levied in the area in which the Reborn Coffee Store is located on the payments due to Franchisor under this Agreement shall be fully borne by Franchisee.

4.6.2. If Franchisee or any other person is required by Applicable Law to make any deduction or withholding on account of tax or other amount from the payments paid or payable to Franchisor under this Agreement, Franchisee shall pay any such tax or other amount before the date on which a penalty for nonpayment or late payment attaches. Payment of such tax, levy, duty or assessment is to be made (if the liability to pay is imposed on Franchisee) for Franchisee's own account or (if the liability to pay is imposed on Franchisor or Franchisor's Affiliate) on behalf of and in the name of Franchisor or Franchisor's Affiliate, as the case may be. The payments made by Franchisee that are the subject of the relevant deduction, withholding or payment (including any penalties) will be increased to the extent necessary or appropriate to ensure that, after the making of the deduction, withholding or payment of such tax, levy, duty or assessment, Franchisor or Franchisor's Affiliate receives on the due date and retains (free from any liability in respect of the deduction, withholding or payment) a sum equal to the amount Franchisor or Franchisor's Affiliate, as the case may be, would have received and retained had no such deduction, withholding or payment been required or made.

4.6.3. Franchisee shall immediately furnish to Franchisor or Franchisor's Affiliate, as the case may be, certified receipts of the payment of any deduction, withholding or payment made, on its account or Franchisor's account. Franchisee shall indemnify Franchisor and its Affiliates, and hold Franchisor and its Affiliates harmless from any claims for any taxes described in this Section 4.6, including any claims occasioned by Franchisee's failure to withhold any taxes imposed by any Governmental Authority on amounts payable by Franchisee pursuant to Sections 4.2 and 4.3 and this Section 4.6.3, and for any liability (including penalties, interest and expenses) arising from or concerning the payment of such taxes.

4.7. Application of Funds. If Franchisee becomes delinquent in the payment of any obligation to Franchisor hereunder, or under any other agreement with Franchisor, Franchisor shall have the absolute right to apply any payments received from Franchisee to any obligations owed, whether under this Agreement or otherwise, notwithstanding any contrary designation by Franchisee as to application.

4.8. Security Interest.

4.8.1. Franchisee hereby grants Franchisor a security interest in and to all leasehold improvements, fixtures, furnishings and equipment, inventory, supplies and vehicles owned by Franchisee and located at or used in connection with the Reborn Coffee Store, now or hereafter acquired by Franchisee, together will all accounts, payment intangibles, attachments, accessories, additions, substitutions and replacements, all cash and non-cash proceeds derived from insurance or the disposition of any assets, all intellectual and proprietary rights of Franchisee, including patents, copyrights and their applications and registrations, to the extent any, to secure payment and performance of all debts, liabilities and obligations of any kind, whenever and however incurred, from Franchisee to Franchisor. Franchisee hereby authorizes Franchisor to, prepare and file all Uniform Commercial Code (and comparable) financing statements and other documents determined necessary or desirable by Franchisor to evidence, perfect and continue the priority of this security interest under the Uniform Commercial Code wherever applicable. If Franchisee is in Default of any of the terms and conditions of this Agreement, Franchisor may, in its discretion, exercise its rights with respect to its security interest. In that event, Franchisee shall remain liable for any deficiency remaining due to Franchisor and shall be entitled to recover any surplus which results after the application of the proceeds derived from the enforcement of the security interest.

4.8.2. Notwithstanding anything to the contrary, Franchisee shall not, and is not entitled to, pledge, encumber, hypothecate, or otherwise grant any lien or security interest in or against any Franchised Rights or any other rights granted to or received by Franchisee or any Owner or any of their respective Affiliates under or pursuant to this Agreement.

4.9. Gross-Up Fees. To insure that Franchisor receives the full Royalty Fee to which Franchisor may be entitled, as the amount thereof may vary from time to time, Franchisee shall pay Franchisor, upon demand, whether in arrears, in advance, in a lump sum or in the same manner as Royalty Fees are paid to Franchisor, the amount of all taxes paid by Franchisor to any Governmental Authority on revenue earned or collected by Franchisor based upon Franchisee's use of Franchisor's intellectual property or other intangibles or based upon the existence of this Agreement, within the Governmental Authority's domain during each of Franchisor's fiscal years throughout the entire Term of this Agreement.

5. FRANCHISED LOCATION, CONSTRUCTION AND OPENING FOR BUSINESS

5.1. Franchised Location. The Reborn Coffee Store shall be located at the Franchised Location. If the address of the Franchised Location has not been inserted in the blank space in Section 1, "**Definitions**", on the Effective Date, Franchisee shall, within sixty (60) days after the Effective Date, locate one or more proposed sites that meet Franchisor's Then-Current standards and specifications. Franchisee shall submit to Franchisor all demographic and other information regarding a proposed site and neighboring areas that Franchisor shall require. Franchisor shall accept or reject a proposed site for the Reborn Coffee Store within thirty (30) days after Franchisor receives all of the information that Franchisor requires to evaluate the site. Following Franchisor's approval of a site, Franchisee shall promptly negotiate a Lease for the site and shall submit a copy of the proposed Lease to Franchisor for approval. Franchisee shall not enter into any Lease for a site unless and until Franchisor has approved the site and the Lease in writing. Following Franchisee's execution of the Lease for the Franchised Location, Franchisor and Franchisee shall complete and execute Exhibit B to identify the Franchised Location. Franchisee shall identify the site for the Franchised Location and obtain a fully executed Lease for the site no later than ninety (90) days after the Effective Date. Franchisor may voluntarily, and without obligation, assist Franchisee in selecting an acceptable site for the Franchised Location. Neither Franchisor's assistance, if any, its acceptance of a proposed site, nor its approval of a proposed Lease shall be construed to insure or guarantee the profitable or successful operation of the Reborn Coffee Store at the site selected by Franchisee or the appropriateness of the Lease, and Franchisor hereby expressly disclaims any responsibility or liability therefor. Franchisee acknowledges its sole responsibility for finding the Franchised Location and compliance with the Lease. Franchisee must deliver to Franchisor a signed copy of the Lease within (ninety) 90 days after its execution.

5.2. Lease for Franchised Location. Franchisee shall not create any obligations on behalf of Franchisor or any of its Affiliates or grant the Landlord any rights against Franchisor or any of its Affiliates, or agree to any term, condition or covenant in the Lease which is inconsistent with any provision of this Agreement. Franchisee shall deliver a fully executed copy of the Lease to Franchisor promptly following its execution, in the form and on the terms previously approved by Franchisor, without further request by Franchisor. The Lease shall provide, unless Franchisor otherwise consents in writing prior to the execution of the Lease, that (i) the Lease may not be amended, assigned or sublet without Franchisor's prior written consent, (ii) Franchisor shall have the right (but not the obligation) to succeed to Franchisee's rights under the Lease if Franchisee fails to exercise any option to renew and/or extend the term of the Lease, (iii) upon Franchisee's Default under the Lease, the Landlord shall notify Franchisor in writing at least fifteen (15) days prior to the termination or non-renewal of the Lease, (iii) Franchisor shall 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 Franchisee and the Landlord, (iv) Franchisee shall have the unrestricted right, without the Landlord's consent, to assign or sublet the Franchised Location to Franchisor, or any franchisee or licensee approved by Franchisor, (v) Landlord shall give Franchisor all sales and other information requested relating to the Reborn Coffee Store, (vi) Franchisee's right to display the Reborn Coffee Marks according to the specifications in the Operations Manual (subject only to applicable law), (vii) the premises may be used only for the opration of a Reborn Coffee Store, and (viii) Franchisor shall have the right to enter the Franchised Location to remove all of the Reborn Coffee Marks and other indications of the Reborn Coffee System 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 Franchisee fails to promptly do so. If Franchisor elects to succeed to Franchisee's rights under the Lease, Franchisee shall assign to Franchisor all of Franchisee's right, title and interest in and to the Lease and take all further action that Franchisor, in its sole and absolute discretion, may deem necessary, appropriate or advisable to effect the assignment within ten (10) days after written demand by Franchisor to do so.

5.3. Design and Construction. Franchisor shall make available, at no charge to Franchisee, Franchisor's specifications for the décor and layout of a Reborn Coffee Store and the required fixtures, equipment, furnishings, décor, trade dress and signs. Franchisor shall review Franchisee's site and floor plans and provide Franchisee with the design layout for Franchisee's Reborn Coffee Store. If necessary, Franchisor shall travel to the Franchised Location to provide additional site design assistance, in which case Franchisee shall pay Franchisor an additional site design assistance fee ("**Additional Site Design Assistance Fee**") of three hundred dollars ($300) per person per day or Franchisor's Then-Current Additional Site Design Assistance Fee to reimburse Franchisor for travel, lodging, meals and other expenses incurred by its staff in connection with the additional site design assistance. Franchisee shall be responsible for the costs of preparing architectural, engineering and construction drawings and exterior signage plans for the Reborn Coffee Store. Franchisee shall, at its own expense, adapt the specifications for a prototype Reborn Coffee Store to conform to the characteristics of the Franchised Location and shall submit the final plans to Franchisor within forty-five (45) days after Franchisee obtains possession of the Franchised Location. Franchisor shall review and accept or reject the plans within fifteen (15) days after receiving them from Franchisee. Before commencing any renovation or construction, Franchisee shall employ a licensed architect and engineer to prepare preliminary and final architectural and engineering drawings and specifications of the Reborn Coffee Store in accordance with Franchisor's standard architectural plans and specifications for a prototype Reborn Coffee Store. Franchisee shall obtain Franchisor's prior written consent before deviating from Franchisor's architectural plans and specifications. Franchisee shall use the architect designated by Franchisor for construction of the Reborn Coffee Store or obtain Franchisor's prior written consent to use an architect other than Franchisor's designated architect. Franchisee shall, at its own expense, obtain all zoning classifications, Permits, and clearances for construction and shall, subject only to Force Majeure, complete construction of the Reborn Coffee Store within one hundred eighty (180) days after the Effective Date. Franchisee shall notify Franchisor of the anticipated construction completion date and, within a reasonable time after construction is completed Franchisor shall have the right, but not the obligation, to conduct a final inspection of the Reborn Coffee Store.

5.4. Open for Business. The Reborn Coffee Store shall Open For Business no later than one hundred eighty (180) days after the Effective Date, unless Franchisor extends the date for the required Opening of the Reborn Coffee Store in writing. Franchisor shall not unreasonably withhold its consent to Franchisee's request for additional time to Open the Reborn Coffee Store. Franchisee shall not Open the Reborn Coffee Store without the express written authorization of Franchisor, which authorization may be conditioned upon Franchisee's strict compliance with the specifications of the approved final plans and Reborn Coffee System standards, the General Manager's completion of the initial training program and Franchisee's compliance with staffing and other requirements. Franchisee shall Open the Reborn Coffee Store for business following receipt of a temporary or permanent certificate of occupancy and no more than ten (10) days after receipt of Franchisor's written authorization to Open.

5.5. Relocation of Reborn Coffee Store. Franchisee may not relocate the Reborn Coffee Store from the Franchised Location without Franchisor's prior written consent. Franchisee shall pay Franchisor the Relocation Fee before relocating Franchisee's Reborn Coffee Store equal to fifty percent (50%) of Initial Franchise Fee to compensate Franchisor for its services in connection to assistance provided in reviewing, accepting, and relocating Franchisee's Reborn Coffee Store to a new location. If Franchisor consents to a relocation, Franchisee shall de-identify the former Franchised Location in the manner described in Section 18.1 and shall reimburse and indemnify and hold Franchisor and its Affiliates harmless from any direct and indirect losses, costs and expenses, including reasonable attorneys' fees and costs, arising out of Franchisee's failure to do so. If Franchisor consents to a relocation of the Reborn Coffee Store during the Term, Franchisee shall have twelve (12) months from the date of Franchisor's approval of the new Franchised Location to secure the new Franchised Location and to Open and operate the Reborn Coffee Store at the new Franchised Location. Once Franchisee has identified the new Franchised Location, Franchisor has approved it, and the Lease has been approved by Franchisor, Franchisor will prepare a new copy of Exhibit B and provide it to Franchisee. If Franchisee fails to secure the new Franchised Location within twelve (12) months of the date of Franchisor's approval of the new Franchised Location, Franchisor shall have the right to estimate and bill Franchisee for Royalty Fees for the time period following the expiration of the twelve (12) month period based upon the Royalty Fees received for the Reborn Coffee Store during the identical periods of the last preceding calendar year plus an additional ten percent (10%) of such amount or, if the Reborn Coffee Store was not in operation during the identical period of the last preceding year, based upon the average Royalty Fees paid during the number of months the Reborn Coffee Store was in operation plus an additional ten percent (10%) of that amount**.**

6. OBLIGATIONS OF FRANCHISOR

6.1. Initial Training Program. Franchisor shall provide an initial training program in certain aspects of the Reborn Coffee System and methods of operation of a Reborn Coffee Store (the "**Initial Training Program**") at Franchisor's corporate training facility or one of Franchisor's company-owned Reborn Coffee Stores in Southern California, for up to two (2) persons selected by Franchisee as the Operating Partner and General Manager. If the Reborn Coffee Store is the first Reborn Coffee Store to be operated by Franchisee, Franchisor shall provide training, instructors, a training manual, and other materials at no charge to Franchisee. Other than the Operating Partner and General Manager, Franchisee shall pay Franchisor a daily fee ("Additional Initial Training Fee") of three hundred dollars ($300) or Franchisor's Then-Current Additional Initial Training Fee for each additional trainee. The Initial Training Program will consist of up to one (1) week of training and must be completed before training is provided at Franchisee's Franchised Location in preparation for Franchisee Reborn Coffee Store's Grand Opening. The Initial Training Program shall not be provided if (i) Franchisee or any Affiliate of Franchisee owns or operates a Reborn Coffee Store as of the Effective Date, or (ii) this Agreement is executed as a Renewal Franchise Agreement. Franchisor shall determine the contents and manner of conducting the Initial Training Program in its discretion, however, the Initial Training Program will be structured to provide practical training in the implementation and operation of a Reborn Coffee Store and may include such topics as on-site drink and food preparation, portion control, preparation and cooking procedures, packaging procedures, Reborn Coffee standards, marketing and customer service techniques, reports and equipment maintenance. Franchisee acknowledges that because of Franchisor's superior skill and knowledge with respect to the training and skill required to manage the Reborn Coffee Store, Franchisor, in its sole discretion, shall determine if Franchisee, the Operating Partner and/or the General Manager have satisfactorily completed the Initial Training Program.

6.2. Pre-Opening Training Program. After the Initial Training Program and after Franchisee has passed health and final inspections and before Franchisee Reborn Coffee Store's scheduled Grand Opening, Franchisor shall provide Franchisee, Franchisee's management, and employees with up to a total of one (1) week of training at the Franchised Location (the "**Pre-Opening Training Program**"). During that time, Franchisor shall also evaluate Franchisee's opening readiness which includes testing all equipment, reviewing Franchisee Reborn Coffee Store's setup, and making sure Reborn Coffee's quality control and operations standards are met.

6.3. Additional Training Programs. From time to time, Franchisor may provide additional training comprising of refresher, remedial, or new training, or seminars ("**Additional Training Programs**") that Franchisee may be required to attend and complete as part of Franchisee's obligations under Section 8.3.

6.4. Manuals. Franchisor will provide Franchisee with access to its Then-Current Manuals via the Intranet (as described in Section 8.18) during the Term of this Agreement. Franchisee may print up to three (3) physical copies of the Then-Current Manuals at Franchisee's own cost. Franchise must notify Franchisor in writing when a copy has been printed. The Manuals may change from time to time during the Term of this Agreement. The Manuals are, and at all times shall remain Franchisor's sole property and shall promptly be deleted, destroyed or returned by Franchisee to Franchisor upon expiration, termination or an Assignment of this Agreement, and Franchisor shall certify in writing that all copies provided to Franchisee have been destroyed or returned to Franchisor. If Franchisee misplaces the Manuals or fails to return or destroy the Manuals or fails to certify the return or destruction of the Manuals to Franchisor upon demand, Franchisee shall pay Franchisor the sum of five hundred dollars ($500) per Manual as a lost manual fee. Franchisee shall treat all information contained in the Manuals as Confidential Information and shall use all reasonable efforts to keep such information confidential. Franchisee shall not, without Franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce or create summaries or extracts of the Manuals, in whole or in part, or otherwise make them available to any person not required to have access to their contents in order to carry out their employment functions to Franchisee. The Manuals contain both mandatory and recommended specifications, standards, procedures, rules and other information pertinent to the Reborn Coffee System and Franchisee's obligations under this Agreement. The

Manuals, as modified by Franchisor from time to time, are an integral part of this Agreement and all provisions now or hereafter contained in the Manuals or otherwise communicated to Franchisee in writing are expressly incorporated into this Agreement by this reference and made a part of this Agreement. Franchisee shall comply with all mandatory requirements now or hereafter included in the Manuals, and acknowledges and agrees that a breach of any mandatory requirement shall constitute a Default of this Agreement and grounds for termination. Franchisor reserves the right to modify the Manuals from time to time to reflect changes that it may implement in the mandatory and recommended specifications, standards and operating procedures of the Reborn Coffee System. Franchisee shall immediately conform its operations to all revisions in mandatory specifications, standards, operating procedures and rules prescribed by Franchisor.

6.5. Consultation. Franchisor may provide consultation to Franchisee in response to Franchisee's inquiries about specific administrative and operating issues that Franchisee brings to Franchisor's attention including, without limitation, new services and products, mandatory and recommended specifications, standards and operating procedures of the Reborn Coffee System. Franchisor's consultation may be provided by telephone, in writing, electronically, in person, or by other means. Consultation provided under this Section 6.5 is provided by Franchisor in its discretion and is provided at no charge. Additional consultation may be provided by Franchisor, subject to payment by Franchisee of Franchisor's Then-Current fees.

6.6. Inspection. Franchisor's authorized representatives shall have the right, but not the obligation, from time to time, to enter the Reborn Coffee Store during business hours, to examine the Reborn Coffee Store, to confer with Franchisee's employees, inspect and check operations, food, beverages, furnishings, interior and exterior decor, supplies, fixtures and equipment, and determine whether the Reborn Coffee Store is being operated in accordance with this Agreement, the Reborn Coffee System and the Manuals. Franchisor shall use reasonable efforts to avoid materially disrupting the operation of the Reborn Coffee Store during an inspection. If any inspection indicates any deficiency or unsatisfactory condition at the Reborn Coffee Store, Franchisor will notify Franchisee in writing of the deficiencies and Franchisee shall promptly correct, remedy or repair the same. In addition, if any inspection indicates any deficiency or unsatisfactory condition which requires a re-inspection of the Reborn Coffee Store within a period of thirty (30) days, Franchisee shall pay Franchisor, upon demand, the sum of five hundred dollars ($500) for each re-inspection of the Reborn Coffee Store and shall, in addition, reimburse Franchisor for its out of pocket expenses for the re-inspection, including for transportation costs, food, lodging and similar costs.

6.7. Assignment. Upon the occurrence of an Assignment, the Proposed Buyer must be trained by Franchisor as a condition to the granting of Franchisor's consent to the Assignment. All costs for this training shall be included in the transfer fee payable by Franchisee in accordance with Section 15.4.7.

7. INTENTIONALLY OMITTED

8. OBLIGATIONS OF FRANCHISEE

8.1. Reborn Coffee System. Franchisee shall comply with Franchisor's standards and shall operate the Reborn Coffee Store in conformity with the methods, standards, and specifications that Franchisor may from time to time prescribe in the Manuals or otherwise. Franchisee shall comply, at Franchisee's expense, with all modifications prescribed by Franchisor and shall implement changes to the Reborn Coffee System within the time periods specified by Franchisor following Franchisee's receipt of notice from Franchisor to do so. Franchisee shall refrain from deviating from the methods, standards, and specifications prescribed by Franchisor without Franchisor's prior written consent and from otherwise operating in any manner which reflects adversely or negatively on any Reborn Coffee Marks or the Reborn Coffee System or any part thereof. Since every detail of the Reborn Coffee System is essential in order to develop and maintain quality operating standards, to increase the demand for the products and services provided under the Reborn Coffee Marks and the Reborn Coffee System and to protect the Reborn Coffee Marks and reputation and goodwill thereof, Franchisor shall have the right to disapprove, in its discretion, any modification of, or addition to, the Reborn Coffee System suggested by Franchisee.

8.2. Initial Training Program and Pre-Opening Training Program. Franchisee shall attend and complete to Franchisor's satisfaction the Initial Training Program and Pre-Opening Training Program and may not open Franchisee's Reborn Coffee Store until the Initial Training Program and Pre-Opening Training Program have been completed to the satisfaction of Franchisor and Franchisee's management team has been certified by Franchisor. If Franchisee (i) fails to complete the Initial Training Program and Pre-Opening Training Program within six (6) months after the Effective Date, (ii) does not complete the Initial Training Program and Pre-Opening Training Program to Franchisor's satisfaction, (iii) does not, during the Initial Training Program and Pre-Opening Training Program, appear to possess the skills necessary to properly fulfill and discharge the demands and responsibilities required by the Reborn Coffee System or this Agreement, or (iv) is not acceptable to become a franchisee of Franchisor for any reason whatsoever, in Franchisor's sole and absolute discretion, Franchisor may terminate this Agreement upon five (5) days' written notice to Franchisee and this Agreement shall thereafter be of no further force or effect. Franchisor shall have the right to retain the Initial Franchise Fee. Franchisor and Franchisee acknowledge and agree that the actual damages to be suffered by Franchisor in this circumstance are difficult, if not impossible, to determine, and that, under all the facts and circumstances, this calculation of Franchisor's potential damages and retention of the Initial Franchise Fee by Franchisor, are a reasonable, good-faith estimate of those damages. If Franchisor requires in its sole discretion, the Operating Partner or General Manager, or both, to retake the entire or any part of the Initial Training Program, Franchisee shall pay Franchisor the Additional Initial Training Fee of three hundred dollars ($300) per trainee per day or Franchisor's Then-Current Additional Initial Training Fee. If after the Pre-Opening Training Program and before Franchisee Reborn Coffee Store's scheduled Grand Opening, Franchisor determines in its sole discretion that additional training is necessary, Franchisee shall pay Franchisor the Additional Training Program Fee of three hundred dollars ($300) per trainer per day or Franchisor's Then-Current Additional Training Program Fee and reimburse Franchisor for travel, lodging, meals and other expenses incurred by its trainers in connection with the additional training. Franchisee shall be responsible for paying Franchisee's, Franchisee management's, and employees' salaries, wages, travel, lodging, meals and other expenses incurred during the Initial Training Program and Pre-Opening Training Program.

8.3. <u>Additional Training Programs</u>. If Franchisor determines it beneficial or necessary in its discretion, Franchisor may require Franchisee, Franchisee's management, and/or key employees to attend Additional Training Programs at a location to be designated by Franchisor. Required additional training may be applicable in cases of default, or if Franchisee fails to pass Franchisor's inspections, or fails to perform to Franchisor's operating standards. Franchisee may also request the Additional Training Program as needed. If Franchisor is providing the training at the Franchised Location, Franchisee shall pay Franchisor the Additional Training Program Fee of three hundred dollars ($300) per trainer per day or Franchisor's Then-Current Additional Training Program Fee and reimburse Franchisor for travel, lodging, meals and other expenses incurred by its trainers in connection with the Additional Training Program. If the location of the Additional Training Program is other than at the Franchised Location, Franchisee shall also be responsible for paying Franchisee's, Franchisee management's, and employees' salaries, wages, travel, lodging, meals and other expenses incurred in connection with the Additional Training Program.

8.4. Computer and Point of Sale Systems. Franchisee shall purchase, use and maintain a computerized point of sale cash collection system (the "**POS System**"), a back office computer and printer, including all related hardware and software, each as specified in the Manuals or otherwise by Franchisor in writing for the Reborn Coffee Store. The POS System shall at all times and be capable of accessing the Internet for the purpose of implementing software, transmitting and receiving data, and accessing the Internet for ordering and maintaining the POS System. The POS System shall be electronically linked to Franchisor's systems, and Franchisee shall allow Franchisor to poll the POS System on a daily or other basis at the times and in the manner established by Franchisor, with or without notice, and to retrieve transaction information including sales, menu mix, usage, and other operations data that Franchisor deems appropriate. Franchisor may require Franchisee to update, upgrade or replace the POS System, including hardware and/or software, from time to time, upon written notice, provided that Franchisee shall 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 Franchisee to accept and process Reborn Coffee gift cards sold in other Reborn Coffee Stores. In the future, the POS System must also be able to accept direct online orders of Reborn Coffee Products and services at the Reborn Coffee Store. In addition, Franchisee shall purchase, lease, maintain, or license all computer hardware and software designated by Franchisor for the Reborn Coffee Store at Franchisee's expense. During the Term, Franchisee shall maintain and update all computer hardware and software as required by Franchisor upon sixty (60) days' notice at Franchisee's expense.

8.5. Product Line and Service. Franchisee shall advertise, sell and serve all and only Authorized Reborn Coffee Products at or from the Reborn Coffee Store. All Authorized Reborn Coffee Products shall be sold and distributed under the names designated by Franchisor and shall be prepared and served strictly in accordance with Franchisor's methods, standards, and specifications. Franchisee shall not remove any Authorized Reborn Coffee Product from Franchisee's menu without Franchisor's written consent. Franchisee shall not sell any Authorized Reborn Coffee Products outside of the Reborn Coffee Store or to any customer for the purpose of resale by the customer, and all sales by Franchisee shall be for retail consumption only. Subject to Applicable Law, Franchisor shall have the right to establish pricing guidelines for Authorized Reborn Coffee Products and, subject to Applicable Law, Franchisee shall comply with, and be bound by, prices which may be recommended, suggested or advertised by Franchisor.

8.6. Oversight and Management. The Operating Partner shall be responsible for oversight of the day-to-day operations of the Reborn Coffee Store and shall devote his or her full time and best efforts solely to operation of the Reborn Coffee Store operated by Franchisee and to no other business activities. Franchisee shall provide comprehensive initial training programs, additional training programs and remedial training programs for its General Manager and other employees and personnel of Franchisee, and shall ensure that the Reborn Coffee Store is at all times under the direct control of a General Manager and other employees of Franchisee who are fully trained by Franchisee and solely dedicated to operation of the Reborn Coffee Store. Each General Manager shall have a skill level, training and experience commensurate with the demands of the position and conform in all respects with Franchisor's high standards for quality products, courteous service, and cleanliness of operations. Franchisee, its Operating Partner and each General Manager shall successfully complete the ServSafe® Food Safety Certification Program, or show evidence of prior ServSafe certification. Franchisor may, in its sole discretion, replace the ServSafe® Food Safety Certification Program with another food safety certification program, if deemed appropriate by Franchisor. Franchisee shall be responsible for all fees and costs associated with any certification program. In addition, Franchisor may, in its sole discretion, contract with a third party to conduct sanitation and food safety audits of the Reborn Coffee Store periodically throughout the Term of this Agreement, but no less than once per calendar year.

8.7. Menus. Authorized Reborn Coffee Products shall be marketed by Franchisor-approved menu formats in the Reborn Coffee Store. The approved and authorized menu and menu formats may include, in Franchisor's discretion, requirements on organization, graphics, product descriptions, illustrations and any other matters related to the menu, whether or not similar to those listed. In Franchisor's discretion, the menu and/or menu formats may vary depending upon region, market size and other factors which may affect the Reborn Coffee Store. Franchisor may change the menu and/or menu formats from time to time and authorize tests from region to region or within regions. Franchisee shall, upon receipt of notice from Franchisor, add, delete or update any Authorized Reborn Coffee Products on the menu according to the instructions contained in the notice. Franchisee shall have a minimum of thirty (30) days and not more than sixty (60) days after receipt of written notice in which to fully implement any menu change. Franchisee shall cease selling previously approved Authorized Reborn Coffee Products within thirty (30) days after receipt of notice from Franchisor that the product is no longer approved. All menus, containers, napkins, bags, cups and other packaging and like articles used at the Reborn Coffee Store shall conform to Franchisor's specifications, shall be imprinted with the Reborn Coffee Mark(s), if and as specified by Franchisor, and shall be purchased by Franchisee from an Approved Supplier.

8.8. Compliance with Applicable Law. Franchisee shall operate the Reborn Coffee Store as a clean, orderly, legal and respectable place of business in accordance with Franchisor's business standards and merchandising policies and shall comply with all Applicable Laws. Franchisee shall not cause or allow any part of the Reborn Coffee Store or the Franchised Location to be used for any immoral or illegal purpose. Franchisee shall in all dealings with its customers, suppliers, and public officials adhere to high standards of honesty, integrity, fair dealing and ethical conduct and refrain from engaging in any action which will cause Franchisor to be in violation of any Applicable Law. If Franchisee receives any notice, report, fine, test results or the like from any applicable department of health (or other similar Governmental Authority), Franchisee shall promptly send a copy of the same to Franchisor.

8.9. Hours. Subject to Applicable Law, the Reborn Coffee Store shall be open and operational at least twelve (12) hours per day, seven (7) days per week or as otherwise prescribed by Franchisor.

8.10. Gross Sales. Franchisee shall diligently and efficiently exercise its best efforts to achieve the maximum Gross Sales possible from its Franchised Location, and shall remain open for longer hours if additional opening hours are reasonably required to maximize operations and Gross Sales.

8.11. Signs. Franchisee shall maintain approved signs and/or awnings at, on, or near the front of the Reborn Coffee Store, identifying the Franchised Location as a Reborn Coffee Store, which shall conform in all respects to Franchisor's specifications and requirements and the layout and design plan approved for the Franchised Location, subject only to restrictions imposed by Applicable Law.

8.12. Franchisee Employee Policy. Franchisee shall maintain a competent, conscientious, and trained staff of employees and shall take all steps necessary to ensure that its employees preserve good customer relations, render competent, prompt, courteous, and knowledgeable service, and meet the minimum standards that Franchisor may establish from time to time in the Manuals or otherwise. All employees hired by or working for Franchisee shall be the employees of Franchisee, and Franchisee alone, and shall not, for any purpose, be deemed to be the employees of Franchisor or subject to Franchisor's direct or indirect control. Franchisee acknowledges and agrees that Franchisee shall be solely responsible for all employment decisions and functions at the Reborn Coffee Store or otherwise with respect to Franchise's employees, including, without limitation, those related to hiring, firing, training, wage and hour requirements, record keeping, supervision, and discipline of employees, and regardless of whether Franchisee receives advice, consultation, or training from Franchisor on these subjects. Franchisee shall immediately defend, reimburse and hold Franchisor and its Affiliates harmless from any direct or indirect losses, costs and expenses, including reasonable attorneys' fees and costs, arising out of any claims made by or for the benefit of any employee of Franchisee against Franchisor or any of Franchisor's Affiliates regarding employment decisions and employee functions, including, without limitation, those related to hiring, firing, training, wage and hour requirements, record keeping, supervision, and discipline of employees. Franchisee shall cause all employees, while working in the Reborn Coffee Store, to wear uniforms of the color, design and other specifications that Franchisor may designate from time to time and to present a neat and clean appearance. If Franchisor removes a type of uniform utilized by Franchisee from the list of approved uniforms, Franchisee shall have thirty (30) days from receipt of Franchisor's written notice of removal to discontinue use of its existing inventory of uniforms and obtain and use the approved type of uniform.

8.13. Vending or Other Machines. Except with Franchisor's written approval, Franchisee shall not cause or permit vending, gaming machines, pay telephones, automatic teller machines, Internet kiosks or any other mechanical or electrical device to be installed or maintained at the Reborn Coffee Store.

8.14. Co-Branding. Franchisee may not engage in any Co-Branding in or in connection with the Reborn Coffee Store except with Franchisor's prior written consent. Franchisor may approve any Co-Branding chain or arrangement in its discretion, and only if Franchisor has recognized that Co-Branding chain as an approved co-brand for operation within Reborn Coffee Stores.

8.15. Customer Complaints and Cooperation. Franchisee shall respond promptly to each customer inquiry or complaint and resolve all reasonable complaints to the customer's satisfaction. At Franchisor's request, Franchisee shall use and display in the Reborn Coffee Store during all operating hours customer comment cards in the manner specified in the Manuals. Franchisee shall, from time to time, purchase from Franchisor or an Approved Supplier, and maintain in the Reborn Coffee Store, a supply of postage prepaid customer comment cards reasonably adequate to meet Franchisee's needs. Franchisee shall at all times cooperate with Franchisor and other franchisees of Franchisor and shall actively participate in any and all sales, public relations, advertising, cooperative advertising and purchasing programs or promotional programs which may be developed and implemented by Franchisor which call for the cooperation of Franchisee and other franchisees of Franchisor. Franchisee shall further cooperate in any additional programs which may be established and designated by Franchisor from time to time, including participating in coupon programs, the system-wide use of gift cards, and other similar programs for the benefit of the Reborn Coffee System, and shall comply with Franchisor's rules and regulations established from time to time in connection herewith. Franchisee shall cooperate with Franchisor in connection with the test marketing of products and services at the Reborn Coffee Store and shall comply with Franchisor's rules and regulations established from time to time in connection herewith.

8.16. Adequate Reserves and Working Capital. Franchisee shall, at all times, maintain adequate reserves and working capital sufficient for Franchisee to fulfill all of Franchisee's obligations under this Agreement and to cover the risks and contingencies of the Reborn Coffee Store for at least three (3) consecutive months.

8.17. Re-Imaging of Reborn Coffee Store. Franchisee shall at its own expense, make the alterations, additions, or modifications to the Reborn Coffee Store that Franchisor may reasonably require to accommodate changes made by Franchisor to the Reborn Coffee System, including, without limitation, changes to menu items or market positioning. Franchisee shall have ninety (90) days from receipt of notice from Franchisor regarding re-imaging requirements in which to make the required alterations, additions, or modifications to the Reborn Coffee Store.

8.18. Intranet. If Franchisor establishes a Reborn Coffee franchisee Intranet, Franchisee shall have the mere privilege to use the Intranet, subject to Franchisee's strict compliance with the standards and specifications, protocols and restrictions that Franchisor may establish from time to time. Franchisee acknowledges that, as administrator of the Intranet, Franchisor may access and view any communication posted on the Intranet. Franchisee further acknowledges that the Intranet facility and all communications that are posted to it will become Franchisor's property, free of any rights or claims of privacy or privilege that Franchisee, any employee of Franchisee or any other person may assert. Upon receipt of notice from Franchisor that Franchisor has established an Intranet, Franchisee shall establish and continually maintain an electronic connection with the Intranet as specified in the Manuals that allows Franchisor to send messages to and receive messages from Franchisee. If Franchisee Defaults under this Agreement or any other agreement with Franchisor, Franchisor may, in addition to, and without limiting any other rights and remedies available to Franchisor, disable or terminate Franchisee's access to the Intranet without Franchisor having any liability to Franchisee.

8.19. Improvements.

8.19.1. If Franchisee creates, conceives or develops, whether solely or jointly with others, any ideas, concepts, information, know-how, inventions, original works of authorship, specifications, developments, techniques, processes, practices, methods, methodologies, improvements, derivative works, trade secrets, or other proprietary or intellectual property rights, whether or not patentable, protectable or registrable or reduced to practice, in any form or medium, in connection with the Reborn Coffee Store, the Reborn Coffee System or any part thereof, (collectively, "**Improvements**"), Franchisee shall promptly notify Franchisor and provide Franchisor with all information, data, documentation, specimen, and samples related to any and all Improvements. All Improvements shall be the sole property of Franchisor and Franchisor shall be the sole owner of all related intellectual property rights. Franchisee hereby assigns, and hereby agrees to assign, to Franchisor any and all rights, title and interests Franchisee may have or acquire in the Improvements, including all intellectual property rights related to the Improvements or any part thereof, and Franchisee hereby waives and releases all rights of restraint and moral rights therein and thereto. Franchisee shall assist Franchisor in obtaining and enforcing the intellectual property rights to any Improvement in any and all countries and shall execute and provide Franchisor with all documentation requested by Franchisor for obtaining and enforcing those rights. Franchisee hereby irrevocably designates and appoints Franchisor and its designees as Franchisee's agent and attorney-in-fact to execute and file any documentation and to do all other lawful acts to further the prosecution and issuance of intellectual property rights related to any Improvement.

8.19.2. If the assignment of the Improvements to Franchisor in the foregoing provisions of Section 8.19.1. is found to be invalid or otherwise unenforceable, Franchisee hereby grants to Franchisor a worldwide, perpetual, exclusive, fully-paid, royalty-free, transferable, unrestricted license to the Improvements, including the right to use, modify, create derivative works and improvements, grant sublicenses, and otherwise fully commercially exploit any and all Improvements.

8.19.3. Franchisee acknowledges and agrees that the provisions of this Section 8.19 are part of the consideration for Franchisor entering into this Agreement and Franchisee is not owed and is not entitled to receive any separate or additional consideration or compensation.

8.20. Refurbishment of Reborn Coffee Store. At Franchisor's request, but not more often than once every five (5) years unless sooner required by the Lease, Franchisee shall refurbish the Reborn Coffee Store, at its own expense, to conform to Franchisor's Then-Current requirements with respect to the building design, trade dress, color schemes, and presentation of the Reborn Coffee Marks in a manner consistent with the Then-Current public image for new or remodeled Reborn Coffee Stores, including, without limitation, replacement or renovation of equipment, remodeling, redecoration, and modifications to existing improvements and reasonable structural changes that Franchisor may reasonably require or that may be required by Applicable Law. Franchisee's costs for the required refurbishment shall not exceed one hundred thousand dollars ($100,000) for the interior of the Reborn Coffee Store or fifty thousand dollars ($50,000) for the exterior of the Reborn Coffee Store.

8.21. Notifications and Crisis Management Events. Franchisee shall notify Franchisor in writing within (i) twenty-four (24) hours, and confirm in writing within two (2) days thereafter, of any investigation or violation, actual or alleged, of any health, liquor or narcotics laws or regulation related to the Reborn Coffee Store, and (ii) five (5) days of the commencement of any investigation, action, suit, or proceeding or of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other Governmental Authority which may adversely affect the operation or financial condition of the Reborn Coffee Store. Franchisee shall immediately inform Franchisor's Manager (or as otherwise instructed in the Manuals) by telephone of the occurrence of a Crisis Management Event. Franchisee shall cooperate fully with Franchisor with respect to Franchisor's response to a Crisis Management Event.

8.22. Authorization to Release Information. Franchisee hereby authorizes (and agrees to execute any other documents deemed necessary, appropriate or advisable by Franchisor to effect the authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with whom Franchisee does business to disclose to Franchisor any financial information in their possession relating to Franchisee or the Reborn Coffee Store which Franchisor may request. Franchisee further authorizes Franchisor to disclose to prospective franchisees or other third parties data from Franchisee's reports if Franchisor determines, in Franchisor's sole discretion, that the disclosure is necessary, appropriate or advisable.

8.23. Annual Franchisee Conference. Franchisor may hold an Annual Franchisee Conference for all Reborn Coffee franchisees each year. The Operating Partner and each General Manager shall attend the Annual Franchisee Conference. Franchisee shall pay Franchisor a franchisee conference fee ("**Franchisee Conference Fee**") of five hundred dollars ($500) or Franchisor's Then Current Franchisee Conference Fee to reimburse Franchisor for a portion of the direct costs to provide the Annual Franchisee Conference. Franchisee shall pay the Franchisee Conference Fee upon demand at least thirty (30) days before the date of the Annual Franchisee Conference, whether or not Franchisee attends the Annual Franchisee Conference. Franchisee shall also be responsible for paying for Franchisee's, its management's and employees' salaries, wages, travel, lodging, meals and other expenses incurred in connection with the Annual Franchisee Conference.

8.24. Loyalty Rewards Program. Franchisee shall fully participate in all customer loyalty and rewards programs now and in the future adopted or approved by Franchisor (the "**Loyalty Rewards Program**"). Franchisor currently administers its gift card system and loyalty rewards programs through the POS system. If the costs to Franchisor for the Loyalty Rewards Program increase, Franchisee shall also pay Franchisee's proportionate share of the increase. In addition, within sixty (60) days notice, if a new Loyalty Reward Program is established, Franchisee will pay the Then-Current set up fee and monthly fees. Franchisee shall not create or issue any gift certificates or gift cards and shall only sell gift certificates or gift cards that Franchisor has issued or approved. Franchisee shall participate in all loyalty, gift certificate, and/or gift card administration programs Franchisor designates from time to time. Franchisee shall honor all coupons, gift certificates, gift cards, and other programs or promotions as Franchisor directs. Franchisee shall not issue coupons or discounts of any type for use at Franchisee's Reborn Coffee Store, except for those approved by Franchisor in writing and which Franchisor may withhold in its discretion.

8.25. Online Ordering and Delivery Program. When implemented, Franchisee shall participate fully in Franchisor's direct online ordering and delivery program (the

“**Online Ordering and Delivery Program**”. Within sixty (60) days notice, Franchisee shall pay Franchisor the Then-Current non-refundable online ordering and delivery set up fee ("**Online Ordering and Delivery Setup Fee**") to establish Franchisee's Online Ordering and Delivery Program account. In addition, Franchisee shall also pay Franchisor the 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 Coffee Products to a place of their convenience.

8.26. Online Training and Knowledge Database. When implemented, Franchisee shall participate fully in Franchisor’s Online Training and Knowledge Database. Within sixty (60) days notice, Franchisee shall pay Franchisor the Then-Current

9. SUPPLIERS AND PRODUCTS

9.1. Approved Suppliers. All Reborn Coffee Branded Products, Reborn Coffee Proprietary Products and Non-Proprietary Products designated by Franchisor for use and sale at the Reborn Coffee Store must be purchased from Approved Suppliers. Franchisor and its Affiliates may be, but are not obligated to become, Approved Suppliers of certain Reborn Coffee Branded Products, Reborn Coffee Proprietary Products and Non-Proprietary Products and may act as the sole Approved Suppliers of certain Reborn Coffee Branded Products, Reborn Coffee Proprietary Products and Non-Proprietary Products. Franchisor may operate an Online Portal that Franchisee can use to buy Reborn Coffee Branded Products, Reborn Coffee Proprietary Products, marketing materials, handbooks and menus directly from Approved Suppliers.

9.2. Recommended Suppliers. If Franchisee desires to purchase authorized Non-Proprietary Products from a Recommended Supplier rather than from Franchisor, its Affiliates or an Approved Supplier, Franchisee shall deliver written notice to Franchisor identifying the Recommended Supplier and shall provide Franchisor with financial, operational and other information regarding the Recommended Supplier as Franchisor may request for Franchisor to assess the Recommended Supplier. Franchisor shall notify Franchisee of Franchisor’s decision within sixty (60) days after Franchisor’s receipt of all requested information from Franchisee. If Franchisor does not approve or disapprove a Recommended Supplier within sixty (60) days, the Recommended Supplier shall be deemed disapproved. As a condition of its approval, Franchisor may require a Recommended Supplier to agree in writing to (i) provide, from time to time, upon Franchisor's request, free samples of the Non-Proprietary Product the Recommended Supplier intends to supply to Franchisee, (ii) fully comply with Franchisor's specifications for the Non-Proprietary Products to be sold by the Recommended Supplier, (iii) sell any Non-Proprietary Products bearing any Reborn Coffee Marks only to franchisees of Franchisor and only under a written trademark license agreement with Franchisor, (iv) provide Franchisor, upon request, with duplicate purchase invoices issued to Franchisee for Franchisor's records and inspection purposes, and (v) otherwise comply with Franchisor's reasonable requests. Further, if requested by Franchisor, Franchisee or the Recommended Supplier shall pay or reimburse Franchisor for all of Franchisor's reasonably anticipated costs, including reasonable attorneys' fees and costs, in reviewing the application of the Recommended Supplier and all current and future reasonable costs and expenses, including travel and living costs, related to inspecting, re-inspecting and auditing the Recommended Supplier's facilities, equipment, and products, and all product testing costs paid by Franchisor to third parties, and to pay Franchisor, in advance, a deposit of up to one thousand dollars ($1,000), before Franchisor inspects the Recommended Supplier's facilities. Franchisor may revoke its approval of a previously approved Recommended Supplier if the Recommended Supplier does not continue to satisfy Franchisor's criteria.

9.3. Purchases from Franchisor or its Affiliates. All Reborn Coffee Branded Products, Reborn Coffee Proprietary Products and Non-Proprietary Products purchased from Franchisor shall be purchased in accordance with the purchase order format issued from time to time by Franchisor and at the prices and on delivery terms and other terms offered to similarly situated Reborn Coffee Franchisees. Franchisor, in its sole and absolute discretion, may establish the credit terms, if any, upon which it will accept Franchisee's orders, and may require Franchisee to pay for orders on a cash-in-advance or cash-on-delivery basis. On the expiration or termination of this Agreement, or in the event of any Default by Franchisee under this Agreement, Franchisor shall not be obliged to fill or ship any orders then pending or, in the case of termination or non-renewal, made any time thereafter by Franchisee and may, among other things, only deliver the quantities reasonably necessary as determined by Franchisee to supply Franchisee's needs prior to the expiration or termination of this Agreement**.** Franchisor shall not be liable to Franchisee for any delay or delivery failure caused by Force Majeure.

9.4. Rebates. Franchisor or its Affiliates may receive rebates or allowances from certain Approved Suppliers on purchases of Reborn Coffee Branded Products, Reborn

Coffee Proprietary Products and Non-Proprietary Products made by Franchisee and other Reborn Coffee Franchisees. Rebates and allowances will generally be a percentage of the revenue derived by the Approved Supplier from sales to Reborn Coffee Stores, will be included in Franchisor's general revenue, and may be used by Franchisor for a variety of purposes including ongoing programs, education, marketing, advertising, seminars and conferences, the handling of inquiries and complaints from franchisees' customers and for general and administrative expenses. Franchisor may use these rebate and allowance funds received for any purpose in its sole and absolute discretion.

10. REBORN COFFEE MARKS

10.1. Ownership and Goodwill of Reborn Coffee Marks. Franchisee acknowledges and agrees that the Reborn Coffee Marks are used under license from an Affiliate of Franchisor and may be modified by such Affiliate or Franchisor, from time to time. Franchisor and Franchisor's Affiliate continue to develop, use and control the use of the Reborn Coffee Marks to identify for the public the source of services and products marketed under the Reborn Coffee Marks, and to represent the Reborn Coffee System's high standards of quality, appearance and service. Franchisee acknowledges and agrees that its right to use the Reborn Coffee Marks is derived solely from this Agreement and is limited to use in operating the Reborn Coffee Store by Franchisee pursuant to and in compliance with this Agreement. Franchisor and its Affiliates shall, at all times, have the right to review and inspect Franchisee's use of the Reborn Coffee Marks and other Franchised Rights to assess whether Franchisee's use is in compliance with this Agreement. Any unauthorized use of any Reborn Coffee Marks by Franchisee shall constitute a material breach of this Agreement and an infringement of Franchisor's and Franchisor's Affiliate's rights in and to the Reborn Coffee Marks. Franchisee acknowledges and agrees that as between Franchisor and Franchisee (i) Franchisor owns the Reborn Coffee Marks and the Reborn Coffee System and all goodwill associated with any of the foregoing, (ii) Franchisee owns no goodwill or rights in the Reborn Coffee Marks or the Reborn Coffee System and, except for the license of the Franchised Rights granted to Franchisee by this Agreement, Franchisee has no other right or interest in any Reborn Coffee Marks or the Reborn Coffee System or any part thereof, and (iii) Franchisee's use of the Reborn Coffee Marks and any goodwill established by that use shall inure to the exclusive benefit of Franchisor. Franchisee hereby agrees, either during the Term or after this Agreement terminates or expires, not to contest, or assist any other person or Entity to contest, the validity of any of the rights, title or interests in the Reborn Coffee Marks or the Reborn Coffee System (or any part thereof) held by Franchisor or its Affiliates or the enforceability thereof.

10.2. Limitations on Use. Franchisee shall not use any Reborn Coffee Marks (i) with any prefix, suffix, or other words, terms, designs, or symbols (other than logos licensed to Franchisee under this Agreement as a Reborn Coffee Mark), (ii) in connection with any unauthorized service or product, (iii) as part of any domain name or electronic address maintained on the Internet, the World Wide Web, or any other similar electronic delivery system, or (iv) in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give all notices of trademark and service mark registration or other proprietary notices that Franchisor specifies and shall use and obtain all fictitious or assumed name registrations required by Franchisor or under Applicable Law. Franchisee further agrees that no trademark or servicemark other than "**Reborn Coffee**" or other Reborn Coffee Marks specified by Franchisor shall be used in marketing, promoting, or operating the Reborn Coffee Store.

10.3. Modifications. Franchisor reserves the right from time to time to (i) modify or discontinue licensing any of the Reborn Coffee Marks, (ii) add new names, marks, designs, logos or commercial symbols to the Reborn Coffee Marks and, in which case, Franchisee shall use them, and (iii) introduce new practices as part of the Reborn Coffee System in operating the Reborn Coffee Store and, in which case Franchisee shall observe and implement such new practices. Franchisee acknowledges and agrees that the term "**Reborn Coffee Marks**" includes the specific names, marks, designs, logos or commercial symbols licensed by Franchisor at any given point in time, subject to Franchisor's right to impose changes. Franchisee shall comply, at Franchisee's sole expense, with Franchisor's directions regarding changes in the Reborn Coffee Marks and Reborn Coffee System or any part thereof within a reasonable time after written notice from Franchisor. Franchisor shall have no liability to Franchisee for any cost, expense, loss or damage that Franchisee incurs in complying with Franchisor's directions and conforming to Franchisor's required changes.

10.4. Defense of Reborn Coffee Marks and Reborn Coffee System.

10.4.1. Franchisor shall have the sole right, either alone or with its Affiliate, to handle disputes with Franchisee and third parties concerning Franchisor's or Franchisor's Affiliates' ownership of, rights in, or

Franchisee's or other's use of, the Reborn Coffee Marks or the Reborn Coffee System. Franchisee shall immediately notify Franchisor in writing if Franchisee receives notice, or is informed or becomes aware, of any (i) improper use of any of the Reborn Coffee Marks or elements of the Reborn Coffee System, including misuse by any third parties, (ii) use by any third party of any mark, design, logo or commercial symbol which, in Franchisee's judgment, may be confusingly similar to any of the Reborn Coffee Marks, (iii) use by any third party of any business or business practice which, in Franchisee's judgment, improperly simulates the Reborn Coffee System in a manner likely to confuse or deceive the public, or (iv) claim, challenge, suit or demand asserted against Franchisee based upon Franchisee's use of the Reborn Coffee Marks or the Reborn Coffee System. Franchisor and/or Franchisor's Affiliate shall have sole right and discretion to take any and all action as it/they deem appropriate, including, without limitation, to take no action, and the sole right and discretion to control any dispute, proceeding or negotiation arising out of any infringement, challenge, claim or otherwise relating to any Reborn Coffee Marks or the Reborn Coffee System or any part thereof. Franchisee has no right to, and shall not, settle or compromise any dispute, claim, proceeding or demand asserted against it. Franchisee hereby agrees to be bound by Franchisor's decisions in handling any and all disputes, claims, proceedings and demands regarding the Reborn Coffee Marks and the Reborn Coffee System. Franchisee shall cooperate fully with Franchisor and execute all documents and perform all actions as may, in Franchisor's judgment, be necessary, appropriate or advisable in the prosecution, enforcement, defense, negotiation and/or resolution of any and all disputes, claims, proceedings and demands and to protect and maintain Franchisor's rights in the Reborn Coffee Marks and the Reborn Coffee System.

10.4.2. Except to the extent that a third party claim asserted against Franchisee is based upon Franchisee's misuse of any Reborn Coffee Marks or the Reborn Coffee System or any part thereof or Franchisee's act or omission in breach of this Agreement or in violation of Applicable Law, Franchisor agrees to defend Franchisee against a third party claim and indemnify Franchisee for any reasonable and actual losses suffered by Franchisee resulting from such third party claim for Franchisee's authorized, proper and lawful use of the Franchised Rights in strict compliance with the terms and conditions of this Agreement and Applicable Laws, provided Franchisee has notified Franchisor as soon as practical after learning of the claim and fully cooperates in the defense of the action. Because Franchisor will defend the third party claim, Franchisee is not entitled to be reimbursed for any fees and costs, including legal and other professional fees and costs, incurred by Franchisee in connection with such claim.

11. ADVERTISING

11.1. General. Franchisee shall conduct all advertising, marketing and promotions for Franchisee's Reborn Coffee Store in a dignified manner and by following Franchisor's 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 Franchisor. Franchisee and shall not use or publish any advertising material or in any way use or display any of the Reborn Coffee Marks except by following Franchisor's policies and provisions and with its prior written approval. Franchisee shall submit samples of all advertising and promotional plans and materials to Franchisor for approval and may only commence use of the materials after Franchisee has been approved, in writing, by Franchisor. Franchisor shall have the right at any time after Franchisee commences use of any materials to prohibit further use, effective upon written notice to Franchisee.

11.2. Grand Opening Advertising. In consideration of Franchisee's Store Opening Advertising Contribution of two thousand dollars ($2,000) received by Franchisor at the time Franchisee signed this Agreement, Franchisor shall provide to Franchisee a customized advertising, marketing and promotional program approximately sixty (60) days before Franchisee Reborn Coffee Store's scheduled Grand Opening ("**Grand Opening Advertising**"). The program shall be implemented approximately thirty (30) days before Franchisee Reborn Coffee Store's scheduled Grand Opening. If Franchisee elects to spend more than the Store Opening Advertising Contribution amount, Franchisor shall confer with Franchisee on the additional monies that Franchisee intends to spend and Franchisee's proposed plan for this spending will require Franchisor's approval at least forty-five (45) days before Franchisee Reborn Coffee Store's scheduled Grand Opening.

11.3. Local Adveristing. If Franchisor determines it necessary in its sole discretion, Franchisor can require Franchisee, upon sixty (60) days notice, to conduct local advertising in the trade area where Franchisee's Reborn Coffee Store is located and draws most of its business. Franchisor shall have the right to direct Franchisee to spend up to one percent (1%) of the Gross Sales of Franchisee's Reborn Coffee Store for local advertising.

11.4. Marketing Fee.

11.4.1. Franchisee shall pay Franchisor a Marketing Fee equal to two (2%) of the Gross Sales of Franchisee's Reborn Coffee Store during the Term of this Agreement. The Marketing Fee monies shall be used to conduct regional and/or national advertising, marketing and promotional programs to maximize general public recognition and acceptance of the Reborn Coffee Marks for the benefit of the Reborn Coffee System and all Franchisees. Franchisee shall participate in all regional and national programs Franchisor specifies from time to time in the manner Franchisor specifies.

11.4.2. Franchisor or its designee shall maintain and administrator the Marketing Fee monies as Franchisor determines appropriate, in its 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 Franchisor's sole discretion, determine appropriate; cover expenses related to Franchisor's 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 Franchisor's portal, internet, intranet sites, URL services, and for 800 or similar numbers; cover administrative costs and overhead Franchisor may incur from marketing and promotional activities, including salaries of its employees who are creating and implementing advertising, marketing and promotional programs; and pay for incidental expenses relating to Franchisor's advertising, marketing and promotional activities. Franchisor shall 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.

11.4.3. Although Franchisor shall have no contractual obligation to account for Marketing Fee monies separately, the Marketing Fee monies shall be held separately from Franchisor's other funds and since the account is not a trust, Franchisor shall not have any fiduciary obligations to Franchisee regarding the Marketing Fee. Since Marketing Fee payments are not contributions to a fund and Franchisor does not maintain or administer any such fund, Franchisor has no fund to audit nor does it 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 Franchisor has no fund, affiliated company-owned stores are not required to contribute to a fund, however, Franchisor's affiliated company-owned stores currently contribute to advertising, marketing, and promotions expenditures.

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

11.4.5. Aside from the costs and expenses in this Section 11.4, the Marketing Fee shall not be used to defray any of Franchisor's general operating expenses. Any unused Marketing Fee monies at the end of any year shall be used in the next fiscal year. Franchisor shall not use Marketing Fee monies for advertising that is principally a solicitation for the sale of franchises.

11.5. Marketing Fund.

11.5.1. Franchisor has not yet established a fund for regional and/or national advertising, marketing, and promotional activities (the "**Marketing Fund**") but shall have the right to do so in the future on ninety (90) days written notice to Franchisee. When and if the Marketing Fund is established, Franchisee's Marketing Fee will be Franchisee's contribution to the Marketing Fund. The Marketing Fund shall be used in the same manner as the Marketing Fee monies to conduct regional and/or national advertising, marketing, and promotional programs to maximize general public recognition and acceptance of the Reborn Coffee Marks for the benefit of the Reborn Coffee System and all Franchisees. Franchisee shall participate in all regional and national programs Franchisor specifies from time to time in the manner Franchisor specifies.

11.5.2. Franchisor or its designee shall maintain and administrator the Marketing Fund with the same intended use as the Marketing Fee as Franchisor determines appropriate in its 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 Franchisor's sole discretion, determine appropriate; cover expenses related to Franchisor's 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 Franchisor's portal, internet, intranet sites, URL services, and for 800 or similar numbers; cover administrative costs and overhead Franchisor may incur from marketing and promotional activities, including salaries of its employees who are creating and implementing advertising, marketing and promotional programs; and pay for incidental expenses relating to Franchisor's advertising, marketing and promotional activities. Franchisor shall 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.

11.5.3. Franchisor shall have the right, in its sole discretion to (i) establish a new entity to operate the Marketing Fund and the successor entity shall 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 Franchisee. If Franchisor elects to terminate the Marketing Fund, it shall not terminate until all contributions to it have been spent for its intended purpose or returned to Franchisees on a pro-rata basis. Franchisor 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 an asset of the Franchisor. The Marketing Fund may borrow from Franchisor or others to cover deficits or invest any surplus for future use. If Franchisor lends money to the Marketing Fund, Franchisor may charge the same interest rates as Franchisor pays its lenders. Franchisor shall prepare an unaudited annual statement of monies collected and costs incurred by the Marketing Fund and provide a copy of the statement to Franchisee upon Franchisee's written request.

11.5.4. Although Franchisor shall use the Marketing Fund to develop advertising, marketing and promotional programs that will benefit all its Franchisees, Franchisor shall not be obligated in maintaining and administering the Marketing Fund to (i) make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contributions to the Marketing Fund; or (ii) be required to spend any specific amount on advertising, marketing, or promotions in Franchisee Reborn Coffee Store's trade area, or (iii) guarantee in any way that Franchisee shall derive a benefit directly or pro-rata from advertising, marketing, or promotions paid for by the Marketing Fund; or (iv) require Franchisor's 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, Franchisor shall have no fiduciary obligation to Franchisee relating to the collection, maintenance, and administration of the Marketing Fund.

11.5.5. Aside from the costs and expenses in this Section 11.5, Marketing Fund contributions shall not be used to defray any of Franchisor's general operating expenses. Any unused contributions to the Marketing Fund at the end of any year shall be used in the next fiscal year. Franchisor shall not use the Marketing Fund for advertising that is principally a solicitation for the sale of franchises.

11.6. Cooperative Advertising Programs. Franchisor 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**” or "**Cooperative Programs**"). Franchisor reserves the right in its sole discretion to establish a Cooperative Program in the future on ninety (90) days written notice to Franchisee. If and when Franchisor creates a Cooperative Program for an advertising coverage area (“**Advertising Coverage Area**”) in which Franchisee's Reborn Coffee Store is located, Franchisee and either Franchisor or its Affiliate, if Franchisor or its Affiliate owns a Reborn Coffee Store in the Advertising Coverage Area, shall become a subscriber and member of the Cooperative Program and shall participate in the Cooperative Program in the manner prescribed by Franchisor. The size and content of an advertising coverage area will be binding upon Franchisees, all other similarly situated Franchisees and Franchisor's Affiliate. Each participating Franchisee as well as Franchisor and its 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 Franchisor.

11.6.1. Franchisee and all other members of the Advertising Coverage Area whose Reborn Coffee Franchise Agreements require their participation in the Cooperative Program shall 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 Franchisor’s written approval. Franchisee’s contribution to the Cooperative Program shall be credited towards the satisfaction of the local advertising expenditure required by Section 11.3.

11.6.2. Franchisor shall administer the Cooperative Program and shall 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 such as flyers, or posters, or for any other type of advertising or marketing use. Franchisor reserves 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 Franchisee, other Reborn Coffee Franchisees, and/or the Cooperative Program shall be resolved by Franchisor, whose decision shall be final and binding on all parties.

11.7. <u>Promotional Campaigns</u>. From time to time during the Term, Franchisor shall have the right 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. Franchisee shall participate in the promotional campaigns upon the terms and conditions that Franchisor may establish. Franchisee acknowledges and agrees that participation may require Franchisee to purchase point of sale advertising material, posters, flyers, product displays and other promotional materials.

11.8. <u>Advertising Council</u>. Franchisor may from time to time establish an Advertising Council for Reborn Coffee Franchisees and reserve the right to do so in its sole discretion.

11.9. <u>Internet</u>. Franchisee shall not develop, create, generate, own, license, lease or use in any manner any computer medium, mobile device medium or other electronic medium (including, without limitation, any Internet home page, social media accounts, business review accounts, e-mail address, web site, domain name, bulletin board, newsgroup or other Internet-related medium or activity) which in any way uses or displays, in whole or part, any Reborn Coffee Marks, or any of them, or any words, symbols or terms confusingly similar thereto without Franchisor's prior written consent, and then only in the manner and in accordance with the procedures, policies, standards and specifications that Franchisor may establish from time to time. Franchisee shall not separately register any domain name or any portion of any domain name containing any Reborn Coffee Marks or participate or market on any web site or other form of electronic media (including, without limitation, through the use of social technology, social media, social networking platforms or other forms of electronic media not yet developed) using or displaying any Reborn Coffee Marks without Franchisor's prior written consent. Franchisee's general conduct on the Internet and in the use of other forms of electronic media is subject to the terms and conditions of this Agreement and all other rules, requirements or policies that Franchisor may identify from time to time. Franchisor may, at any time after Franchisee commences use of any Franchisor-approved electronic media, prohibit further use thereof, effective upon receipt of written notice by Franchisee.

11.10. <u>Web Sites</u>. Franchisor shall establish and maintain from time to time, one or more Internet web sites that shall be used to provide information about Reborn Coffee Stores to the public. Franchisor has sole discretion and control over the establishment, design and content of the web site. Franchisor may, in its discretion, configure the site and its content to accommodate one or more interior pages which Franchisor may dedicate, in whole or in part, to the Reborn Coffee Store at the Franchised Location, all at Franchisee's expense. Franchisor shall have the right, at its sole option, from time to time, to (i) change, revise, or eliminate the design, content and functionality of such web site or any part thereof, (ii) make operational changes to such web site or any part thereof, (iii) change or modify the URL and/or domain name of such web site, (iv) substitute, modify, or rearrange the web site or any part thereof and any content therein, at Franchisor's sole discretion, including in any manner that Franchisor considers necessary or desirable to comply with any Applicable Laws, to respond to changes in market conditions or technology, or to respond to any other circumstances, (v) limit or restrict end-user access (in whole or in part) to the web site or any portion thereof, and (vi) disable or terminate the web site or any part thereof without any liability to Franchisee.

12. CONFIDENTIAL INFORMATION

12.1. Confidential Information.

12.1.1. "**Confidential Information**" means any and all information, knowledge, and/or data, whether or not in writing, in electronic format, or in other tangible or intangible medium, concerning Franchisor, any or its Affiliates and/or any of their respective businesses, operations, practices, styles, products and/or services, that has been furnished or is to be furnished to Franchisee by, or Franchisee has otherwise obtained or obtains from, Franchisor, an Affiliate of Franchisor, or another person or entity. By way of illustration, but not limitation, "**Confidential Information**" includes information, knowledge and data relating to the Reborn Coffee System and elements or portions thereof, site selection criteria, training and operations materials and manuals, business operations, practices, styles, products, services, recipes, sources of materials and equipment, customer management, software, data, content, formulations, ingredients, compositions, patterns, compilations, programs, devices, processes, methods, methodologies, standards, business relationships, contact information for industry professionals, developmental or experimental products and services, improvements, discoveries, plans for research, potential new or supplemental products and services, websites and website content, advertisements, ancillary products and services, marketing and selling methods and/or plans, business plans, budgets and unpublished financial statements, licenses, prices and costs, vendors, collaborators, current customer and prospective customer names, addresses and contact information, information regarding credit extensions to customers, customer service purchasing histories, prices charged to customers, information regarding the skills and compensation of employees, contractors and other personnel of Franchisor, designs, drawings, specifications, source code, object code, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, trade secrets, sales and license techniques, inventions, copyrightable material, trademarkable material, intellectual property rights, Trade Secrets, databases, relationships between Franchisor and other persons or entities, knowledge or know-how, including knowledge or know-how concerning the methods of operation of one or more Reborn Coffee Stores, any other information or material considered proprietary by Franchisor whether or not designated as confidential information by Franchisor, any other information that is not generally known by the public or which derives independent economic value (actual or potential) from not being generally known to the public, and any other information which, given the circumstances surrounding its disclosure, would be considered confidential. "**Confidential Information**" also includes the manner in which any of the above described items may be combined with any other information or products or synthesized or used by Franchisee.

12.1.2. Confidential Information does not include any information that: (i)was in the lawful and unrestricted possession of Franchisee prior to its disclosure by Franchisor without any duty or obligation of confidentiality; (ii) is or becomes generally available to the public by lawful acts other than those of Franchisee after receiving it; (iii) has been received lawfully and in good faith by Franchisee from a third party who did not derive it from Franchisor or Franchisee without any duty or obligation of confidentiality; or (iv) is shown by Franchisee with documentary evidence to have been independently developed by Franchisee without any use or access to any Confidential Information.

12.1.3. Franchisee acknowledges and agrees that certain Confidential Information may be provided to Franchisee or Franchisee may be apprised of certain Confidential Information by virtue of Franchisee's relationship with Franchisor or in connection with Franchisee's operation of the Reborn Coffee Store.

12.1.4. For clarification, notwithstanding anything to the contrary, neither Franchisor or any of its Affiliates is obligated or required to disclose to Franchisee, any Owner or any third party any Trade Secrets or other Confidential Information with respect to any Reborn Coffee Proprietary Products or other product or service of a confidential nature.

12.2. Value. Franchisee acknowledges and agrees the Confidential Information: (a) has been developed by Franchisor and its affiliates by the investment of significant time, skill, effort and money and is of substantial value to Franchisor and its affiliates; (b) is not generally known by the public or parties other than Franchisor, its Affiliates, its franchisees and Franchisee; derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor or Franchisee; and (c) is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain the secrecy of the Confidential Information, including, without limitation: (i) not revealing the Confidential Information to unauthorized parties; (ii) requiring its franchisees to acknowledge and agree in writing that the Confidential Information is confidential; (iii) requiring its franchisees to agree in writing to maintain the confidentiality of the Confidential Information; (iv) monitoring electronic access to certain Confidential Information by the use of passwords and other restrictions so that electronic access to such Confidential Information is limited to authorized parties; and (v) requiring its franchisees to return all Confidential Information to Franchisor or to destroy all Confidential Information upon the expiration or termination of their Reborn Coffee Franchise Agreements.

12.3. Maintain Confidentiality. Franchisee shall not, during the Term of this Agreement or thereafter, communicate, divulge, or use for the benefit of anyone else, any information that Franchisor considers its trade secrets and/or any Confidential Information. Franchisee acknowledges and agrees that any use of any Confidential Information by Franchisee shall be in strict compliance with the terms and conditions of this Agreement. Franchisee may divulge such Confidential Information only to such of its employees who must have access to it in order to perform their employment responsibilities.

12.4. Irreparable Injury from Disclosure of Confidential Information. Franchisee acknowledges that failure to comply with any of the requirements of this Section 12 will result in irreparable injury to Franchisor and/or its Affiliates for which no adequate remedy at law may be available, and Franchisee consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees and costs incurred by Franchisor and/or its Affiliates in obtaining, without the posting of any bond, an ex parte or other order for injunctive relief, specific performance and/or other equitable relief with respect to the requirements of this Section 12. Franchisor and its Affiliates reserve all rights to all legal relief and remedies against Franchisee, including damages, for any breach by Franchisee of any term or condition of this Section 12.

12.5. Confidentiality Covenants from Individuals Associated with Franchisee. Franchisee shall require each high-level employee, agent, representative, personnel and advisor of Franchisee with managerial responsibilities and has access to the Confidential Information to execute covenants that they will maintain the confidentiality and abide by the use restrictions of any Confidential Information they receive in the same manner as applicable to Franchisee under this Section 12. Such covenants shall be in a form satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them.

13. ACCOUNTING AND RECORDS

13.1. General Reporting. Franchisee shall submit weekly statistical control forms and other financial, operational and statistical information that Franchisor may require (i) to assist Franchisor in its monitoring of the operation of the Reborn Coffee Store, (ii) to allow Franchisor to monitor Gross Sales, purchases, costs and expenses of the Reborn Coffee Store, (iii) to enable Franchisor to develop chain wide statistics, (iv) to assist Franchisor in the development of new Authorized Reborn Coffee Products or the removal of existing unsuccessful Authorized Reborn Coffee Products, (v) to enable Franchisor to refine existing Authorized Reborn Coffee Products, and/or (vi) to generally improve chain-wide understanding of the Reborn Coffee System (collectively, the "**Reporting Information**").

13.2. Specific Reporting. Unless otherwise agreed by Franchisor in writing, Franchisee shall submit condensed reports of daily Gross Sales to Franchisor on a weekly basis in accordance with the guidelines established by Franchisor. Franchisee will electronically link the Reborn Coffee Store to Franchisor and will allow Franchisor to poll the POS System on a daily basis at a time selected by Franchisor to retrieve

Reporting Information including sales, sales mix, usage and operations data. Further:

13.2.1. Within ten (10) days following the end of each month during the Term, or at any other interval that Franchisor may establish, Franchisee shall submit a Gross Sales report signed by Franchisee, in the form and manner prescribed by Franchisor, reporting all Gross Sales for the preceding month, together with the additional financial information that Franchisor may, from time to time, request.

13.2.2. Within forty-five (45) days following the end of each calendar quarter during the Term, Franchisee shall submit to Franchisor financial statements for the preceding quarter, including a balance sheet and profit and loss statement, prepared in the form and manner prescribed by Franchisor and in accordance with generally accepted accounting principles, which shall be certified by Franchisee to be accurate and complete.

13.2.3. Within forty-five (45) days following the end of each calendar year during the Term, Franchisee shall submit to Franchisor an unaudited annual financial statement prepared in accordance with generally accepted accounting principles, and in the form and manner prescribed by Franchisor, which shall be certified by Franchisee to be accurate and complete. Franchisee shall also provide Franchisor with copies of signed original sales and use tax forms contemporaneously with their filing with the appropriate Governmental Authority. Franchisor reserves the right to require the further information concerning the Reborn Coffee Store that Franchisor may, from time to time, reasonably request.

13.3. <u>Audits</u>. Franchisee shall prepare, and keep for not less than three (3) years following the end of each of its fiscal years, adequate books and records showing daily receipts in, at and from the Reborn Coffee Stores, applicable sales tax returns, if any, all pertinent original serially numbered sales slips and cash register records, and the other sales records as may be reasonably required by Franchisor, from time to time, to verify the Gross Sales reported by Franchisee to Franchisor, in a form suitable for an audit of Franchisee's records by an authorized auditor or agent of Franchisor. Such information shall be broken down by categories of goods, foods and beverages sold, when possible. Franchisor, its agents or representatives may, at any reasonable time during normal working hours, audit and review Franchisee's books and records in accordance with generally accepted standards established by certified public accountants. If any audit or other investigation reveals an under-reporting or under-recording error of two percent (2%) or more, then in addition to any other sums due, the expenses of the audit/inspection shall be borne and paid by Franchisee upon billing by Franchisor, which shall include, without limitation, Franchisor's travel, lodging and wage expenses and reasonable accounting and legal fees and expenses, plus interest at the highest compound rate permitted by Applicable Law, but not to exceed the rate of eighteen percent (18%) per annum.

13.4. Books and Records. Franchisee shall maintain an accounting and record keeping system, which shall provide for basic accounting information necessary to prepare financial statements, a general ledger and reports required by this Agreement and the Manuals. Franchisee shall maintain accurate, adequate and verifiable books and supporting documentation relating to the accounting information.

13.5. Use of Financial Statements In Disclosure Document. Franchisee hereby irrevocably consents to Franchisor's use of information contained in Franchisee's financial statements, at Franchisor's election, in Franchisor's franchise disclosure document for the offer and sale of franchises.

14. INSURANCE

14.1. Franchisee's Insurance Obligations. Franchisee shall obtain and maintain throughout the Term the types and amounts of insurance required by Franchisor and shall provide Franchisor with proof of coverage and Certificates of Insurance upon demand. Workers compensation insurance must be in compliance with local laws and regulations. All insurance shall protect Franchisee and Franchisor against any demand, claim and/or liability with respect to personal and bodily injury, death, and/or property damage, and/or any loss, liability, and/or expense whatsoever arising or occurring upon or in connection with the operation of the Reborn Coffee Store. Each policy shall (i) be written by insurers licensed and admitted to write coverage in the jurisdiction in which the 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 Franchisor and its Affiliates as additional insureds, and (iii) comply with the requirements prescribed by Franchisor at the time the policies are obtained. Franchisee and Franchisee's insurers shall agree to waive their rights of subrogation against Franchisor and/or its Affiliates, and Franchisee shall provide evidence of the waiver in accordance with this Section 14.1. Franchisee's obligation to obtain and maintain insurance shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 19.4.

14.2. Required Endorsements and Certificates. All public liability and property damage policies shall contain a provision that Franchisor and its Affiliates, although named as an additional insured, shall nevertheless be entitled to recover under the policies on any loss occasioned to Franchisor, or its Affiliates, partners, shareholders, directors, agents, or employees by reason of the negligence of Franchisee or its partners, shareholders, directors, agents, or employees. At least ten (10) days prior to the time any insurance is first required to be carried by Franchisee, and thereafter at least thirty (30) days prior to the expiration of any policy, Franchisee shall deliver to Franchisor Certificates of Insurance evidencing the proper types and minimum amounts of required coverage. All Certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given to Franchisor in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by the Certificates. Certificates evidencing the insurance required by this Section 14 shall name Franchisor, and each of its Affiliates, partners, shareholders, directors, agents, and employees as additional insureds on the additional-insured Grantor of Franchise Form CG-2029 or an insurer’s comparable form, and shall expressly provide that any interest of each shall not be affected by any breach by Franchisee of any policy provisions for which the Certificates evidence coverage.

14.3. Franchisor's Right to Secure Insurance on Behalf of Franchisee. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as the requirements may be revised from time to time by Franchisor in the Manuals or otherwise in writing, Franchisor shall have the right and authority (but not the obligation) to immediately procure the insurance and to charge the same to Franchisee, which charges, together with Franchisor's expenses in so acting, shall be payable by Franchisee immediately upon notice. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

15. TRANSFER OF INTEREST

15.1. Transfer by Franchisor. Franchisor shall have the right to transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal Entity without the consent or approval of Franchisee. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform the obligations, and shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. Franchisor and/or its Affiliates may sell their assets, securities and business, the Reborn Coffee Marks, and/or the Reborn Coffee System, may sell securities in a public offering and/or in private placements, may merge, reorganize, acquire other Entities, and/or be acquired by another Entity, and may undertake a refinancing, recapitalization, leveraged buy-out, and/or other economic or financial restructuring, all without the consent or approval of Franchisee.

15.2. Assignment by Franchisee.

15.2.1. Franchisee acknowledges and agrees that the rights granted to Franchisee under this Agreement are personal and are granted in reliance upon, among other considerations, the individual or collective character, skill, aptitude, attitude, experience, business ability and financial condition and capacity of Franchisee and, if Franchisee is an Entity, that of the Owners. Accordingly, Franchisee acknowledges and agrees that Franchisee shall not, and Franchisee has no right to, by operation of law or otherwise, whether in Franchisee's own name or in the name and/or on behalf of any person or Entity, directly or indirectly, offer, sell, assign, convey, transfer, pledge, donate, encumber or otherwise negotiate or deal with any third party, directly or indirectly, with respect to (i) this Agreement, (ii) any right or interest in this Agreement, including any Franchised Rights, or (iii) the right to use the Reborn Coffee System or the Reborn Coffee Marks or any part thereof (each an "**Assignment**"), without Franchisor's prior written consent.

15.2.2. Unless the Parties otherwise agree in writing, Franchisee shall not make or attempt to make any Assignment except in conjunction with a concurrent Assignment to the same Franchisor-approved assignee of all Reborn Coffee Stores then operated by Franchisee. As a condition to Franchisor's consent to an Assignment, among other things as set forth in this Agreement, the assignee must execute Franchisor's Then-Current form of Reborn Coffee Franchise Agreement for each Reborn Coffee Store sold to the assignee.

15.2.3. Without Franchisor's prior written consent, which may be withheld or denied by Franchisor in its discretion, (i) Franchisee shall not offer for sale or transfer at public or private auction any of the rights of Franchisee under this Agreement, and (ii) Franchisee shall not, directly or indirectly, pledge, encumber, hypothecate or otherwise grant any third party a security interest in this Agreement in any manner whatsoever. To the extent that the foregoing prohibition may be ineffective under Applicable Law, Franchisee shall provide not less than ten (14) days prior written notice (which notice shall contain the name and address of the secured party and the terms of the pledge, encumbrance, hypothecation or security interest) of any pledge, encumbrance, hypothecation or security interest of Franchisee's rights under this Agreement.

15.2.4. For purposes of this Agreement, each of the following events is, without limitation, an Assignment subject to the conditions to transfer identified in this Agreement: (i) the death or incapacity of any Owner, (ii) the offer or sale of securities of Franchisee pursuant to a transaction subject to registration under applicable securities laws or by private placement, (iii) the sale, assignment, transfer, conveyance, gift, pledge, mortgage, or other encumbrance of more than twenty percent (20%) in the aggregate, whether in one or more transactions, of the Equity or voting power of Franchisee, by operation of law or otherwise, or any other events or transactions which, directly or indirectly, effectively changes the voting rights or control of Franchisee, (iv) the issuance of any securities by Franchisee which itself or in combination with any other transactions results in the Owners, as constituted on the Effective Date, owning less than fifty percent (50%) of the outstanding Equity or voting power of Franchisee, and (v) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer of control of the Franchisee, however effected. Franchisee shall promptly provide Franchisor with written notice (stating the information that Franchisor may from time to time require) of each and every transfer, assignment and encumbrance by any Owner of any direct or indirect Equity or voting rights in Franchisee, notwithstanding that the same may not constitute an "**Assignment**" as defined under this Section 15.

15.2.5. Franchisor's right of first refusal set forth in Section 15.3 shall not apply to a transfer by Franchisee of all of Franchisee's rights under this Agreement to a newly-formed corporation, limited liability company or other business Entity provided all of the Equity or voting interests of the new business Entity are owned by the same Owners (a "**Qualified Assignment**"), but the other terms and conditions of an Assignment set forth in this Section 15 shall apply to a Qualified Assignment. Any attempted or purported Assignment which fails to comply with the requirements of this Section 15 shall be null and void and shall constitute a Default under this Agreement.

15.3. Right of First Refusal.

15.3.1. Except with respect to a Qualified Assignment, if Franchisee or an Owner receives a bona fide written offer ("**Third Party Offer**") from a third party (the "**Proposed Buyer**") to purchase or otherwise acquire all interest in Franchisee which will result in an Assignment within the meaning of this Agreement, Franchisee shall, within five (5) days after receiving the Third Party Offer and before accepting it, apply to Franchisor in writing for Franchisor's consent to the proposed Assignment. To constitute a bona fide written offer, the Third Party Offer must also apply to purchase or otherwise acquire all Reborn Coffee Stores then operated by Franchisee or its Affiliates.

15.3.2. Franchisee shall attach to its application for consent to complete the Assignment a copy of the Third Party Offer together with (i) information relating to the Proposed Buyer's experience and qualifications, (ii) a copy of the Proposed Buyer's current financial statement, and (iii) any other information material to the Third Party Offer, Proposed Buyer and proposed Assignment or that Franchisor requests.

15.3.3. Franchisor or its nominee shall have the right, exercisable by written notice ("**Purchase Notice**") given to Franchisee or the Proposed Buyer, within thirty (30) days following Franchisor's receipt of the Third Party Offer, all supporting information, and the application for consent, to notify Franchisee or the Proposed Buyer that Franchisor will purchase or acquire the rights, assets, Equity or interests proposed to be assigned on the same terms and conditions set forth in the Third Party Offer, except that Franchisor may (i) substitute cash for any form of payment proposed in the offer discounted to present value, and (ii) deduct from the purchase price all amounts then due and owing from Franchisee to Franchisor under this Agreement or otherwise; (iii) Franchisor's credit will be deemed equal to the credit of the Proposed Buyer (meaning that, if the proposed consideration includes promissory notes, Franchisor or its nominee may provide promissory notes with the same terms as those offered by the Proposed Buyer); and (iv) Franchisor must receive, and Franchisee (and it's owners, if an Entity) agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, including, without limitation, representations and warranties regarding: (a) ownership and condition of and title to Equity and/or assets; (b) liens and encumbrances relating Equity and/or assets; and (c) validity of contracts and the liabilities, contingent or otherwise, of the entity whose assets or Equity are being purchased.

15.3.4. If Franchisor or its nominee elects to purchase or acquire the rights, assets, Equity or interests proposed to be assigned to the Proposed Buyer, the closing shall take no later than sixty (60) days following the date that Franchisor or its nominee makes such election.

15.3.5. If Franchisor does not elect to purchase or acquire the rights, assets, Equity or interests proposed to be assigned to the Proposed Buyer, the closing of the sale to the Proposed Buyer shall take no later than ninety (90) days following the date that the Third Party Offer was received by Franchisee. If there is any material change in the terms of the Third Party Offer before the closing of the sale, Franchisee shall provide notice of such change to Franchisor, and Franchisor or its nominee shall have a right of first refusal with respect to the new terms subject to the conditions stated in this Section 15.3.

15.4. Conditions of Assignment to Third Party. As a condition to obtaining Franchisor's consent to an Assignment, including any Qualified Assignment or an Assignment to a Proposed Buyer, the following conditions must be satisfied:

15.4.1. The Proposed Buyer must submit a completed franchise application to Franchisor and meet Franchisor's Then-Current qualifications for new Reborn Coffee Franchisees, including qualifications pertaining to financial condition, credit rating, experience, moral character and reputation.

15.4.2. Franchisee must be in Good Standing on the date consent is requested and until the date of closing or effectiveness of the Assignment.

15.4.3. The sales price of the interest to be conveyed must not be so high, or the terms of the sale so onerous, that, in the judgment of Franchisor, the Proposed Buyer will be unlikely to meet the Proposed Buyer's financial and other obligations to Franchisor, third party suppliers and creditors following the closing. Franchisor shall have no liability to either Franchisee or the Proposed Buyer if Franchisor approves the Assignment and the Proposed Buyer thereafter experiences financial difficulties.

15.4.4. The Proposed Buyer must sign Franchisor's Then-Current form of Reborn Coffee Franchise Agreement, the terms of which may differ materially from any and all of the terms contained in this Agreement, and which shall supersede this Agreement in all respects, except that the term of replacement Reborn Coffee Franchise Agreement shall be the remaining term of this Agreement. In exchange for signing the Then-Current Reborn Coffee Franchise Agreement, the Proposed Buyer shall receive the rights of Franchisee provided for in this Agreement. If the Proposed Buyer is an Entity, each owner and each owner's spouse of the Proposed Buyer shall jointly and severally guarantee the Proposed Buyer's performance of its obligations in the Then-Current Reborn Coffee Franchise Agreement under a Guarantee in the form of Exhibit C. If Franchisor is not offering new Reborn Coffee franchises, is in the process of revising, amending or renewing Franchisor's form of Reborn Coffee Franchise Agreement or franchise disclosure document or is not lawfully able to offer Franchisor's Then-Current form of Reborn Coffee Franchise Agreement at the time of an Assignment, Franchisor may offer to amend this Agreement, upon terms and conditions that will be established by Franchisor and the Proposed Buyer at that time, or may offer to amend the Term on substantially the terms and conditions set forth in this Agreement on a month-to-month basis for as long as Franchisor deems necessary or appropriate so that Franchisor may subsequently offer and utilize a Then-Current form of Reborn Coffee Franchise Agreement.

15.4.5. Franchisee will remain subject to all obligations stated in this Agreement that expressly, or by implication due to their nature, survive the transfer, termination or expiration of this Agreement, including, without limitation, the provisions prohibiting competition, non-interference and non-disclosure of Confidential Information.

15.4.6. Franchisee and the Proposed Buyer or other assignee shall execute a General Release of all known and unknown liabilities, demands, costs, expenses, damages, claims, actions and causes of action, of whatever nature, character or description, that they have, may have or believe to have against Franchisor and its Affiliates and their officers, directors, agents, shareholders and employees as of the date of the general release, in a form acceptable to Franchisor.

15.4.7. Franchisee shall pay Franchisor the sum of five thousand dollars ($5,000) as a transfer fee to apply against Franchisor's administrative and other costs to process the Assignment.

15.4.8. Franchisee must simultaneously transfer its rights under all contracts for which continuation is necessary for operation of the Reborn Coffee Store to the Proposed Buyer or other assignee and satisfy any separate conditions to obtain any third party consents required for the transfer of Franchisee's rights to the Proposed Buyer or other assignee. The Proposed Buyer or other assignee must execute all other documents and agreements required by Franchisor to consummate the Assignment. All required third party consents to the Assignment must be obtained. If the Proposed Buyer or other assignee is a corporation, limited liability company or other business Entity, each person who at the time of the Assignment, or later, owns or acquires, either legally or beneficially, twenty percent (20%) or more of the Equity or voting interests of the Proposed Buyer must execute a Guarantee in a form acceptable to Franchisor.

15.4.9. Franchisee's right to receive the sales proceeds from the Proposed Buyer in consideration of the Assignment shall be subordinate to the obligations of the Proposed Buyer owed to Franchisor and its Affiliates under, or pursuant to, this Agreement or any other agreement. All contracts by and between Franchisee and the Proposed Buyer shall expressly include a subordination provision permitting payment of the sales proceeds to Franchisee only after any outstanding obligations owed to Franchisor and its Affiliates are fully satisfied.

15.4.10. Except when the assignee is an existing Reborn Coffee Franchisee or franchisee of Franchisor, the Proposed Buyer, or a senior operations employee who will have general management and supervisory responsibilities for the Reborn Coffee Store who is acceptable to Franchisor, must complete to Franchisor's sole satisfaction Franchisor's Initial Training Program prior to the effective date of the Assignment.

15.4.11. The Proposed Buyer must conform the Reborn Coffee Store with Franchisor's Then-Current appearance and design standards and equipment specifications applicable to new Reborn Coffee Stores.

15.5. Death or Incapacity. In the event of the death or Incapacity of an Owner, the spouse, heirs or personal representative of the deceased or incapacitated Owner or the remaining Owners (each a "**Successor**") shall have one hundred eighty (180) days from the date of such death or Incapacity in which to (i) purchase the interest of the deceased or incapacitated Owner, or (ii) complete an Assignment of the interest of the deceased or incapacitated Owner to a qualified, approved third party, subject to the provisions of this Section 15. If a Successor has not purchased the interest of the deceased or incapacitated Owner or completed an Assignment of the interest of the deceased or incapacitated Owner to a qualified, approved third party within one hundred eighty (180) days from the date of death or Incapacity, Franchisor may terminate this Agreement.

15.6. Transfer by Franchisee in Bankruptcy. If, for any reason, this Agreement is not terminated pursuant to Section 17.1 and this Agreement is assumed, or Assignment of the same to any person or Entity who has made a bona fide offer to accept an Assignment of this Agreement is contemplated, pursuant to the United States Bankruptcy Code, then notice of the proposed Assignment or assumption, setting forth (a) the name and address of the proposed assignee, and (b) all of the terms and conditions of the proposed Assignment and assumption, shall be given to Franchisor within twenty (20) days after receipt of the proposed assignee's offer to accept such Assignment of this Agreement, and, in any event, within ten (10) days prior to the date application is made to a court of competent jurisdiction for authority and approval to enter into the Assignment and assumption, and Franchisor shall thereupon have the prior right and option, to be exercised by notice given at any time prior to the effective date of the proposed Assignment and assumption, to accept an Assignment of this Agreement to Franchisor itself upon the same terms and conditions and for the same consideration, if any, as set forth in the bona fide offer made by the proposed assignee, less any brokerage commissions which may be payable by Franchisee out of the consideration to be paid by the assignee for the Assignment of this Agreement.

15.7. Effect of Consent to Transfer. Franchisor's consent to a transfer is not a representation of the fairness of the terms of any contract between you and the assignee, a guarantee of your Reborn Coffee Store's or assignee's prospects of success, or a waiver of any claims we have against you (or your owners) or of Franchisor's right to demand the assignee's full compliance with this Agreement.

16. COVENANTS

16.1. No Prior Experience, Information or Knowledge. Franchisee specifically acknowledges and agrees that prior to becoming a franchisee of Franchisor, Franchisee had no experience, information or knowledge whatsoever about a specialty tea or coffee shop or a Reborn Coffee Store and that Franchisee's knowledge of the Confidential Information was obtained solely from Franchisor, following Franchisee's training by Franchisor and Franchisee's subsequent operation of the Reborn Coffee Store under this Agreement. In addition, Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and Confidential Information, including, without limitation, Confidential Information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the Reborn Coffee System, which are unique and proprietary to Franchisor, derive independent economic value from not being generally known to the public and are the subject of Franchisor's efforts and that are reasonable under the circumstances to maintain their secrecy.

16.2. Non-Competition During Term of Agreement. Franchisee and each Owner covenants that during the Term, except as otherwise approved in writing by Franchisor, Franchisee and each Owner shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, or legal Entity:

16.2.1. divert or attempt to divert any present or prospective Reborn Coffee customer to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with any Reborn Coffee Marks or the Reborn Coffee System or any part thereof; or

16.2.2. employ or seek to employ any person who is or has been within the previous thirty (30) days employed by Franchisor or an Affiliate of Franchisor as a salaried managerial employee, or otherwise directly or indirectly induce such person to leave his or her employment; or

16.2.3. own (either beneficially or of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any Competitive Business (except that equity ownership of less than five percent (5%) of a Competitive Business whose shares or other forms of ownership interest are publicly traded on a recognised stock exchange will not be deemed to violate this subparagraph);

provided, however, the restrictions stated in this Section 16.2 shall not apply to any Owner after two (2) years from the date the Owner ceases to be an officer, director, shareholder, member, manager, trustee, owner, general partner, employee or otherwise associated in any capacity with Franchisee.

16.3. Non-Competition After Expiration or Termination of Agreement. Except as Franchisor otherwise approves in writing, commencing upon the date of (i) an Assignment permitted under Section 15 of this Agreement, (ii) the Expiration Date of this Agreement, (iii) the termination of this Agreement (regardless of the cause for termination), or (iv) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 16.3, and continuing for an uninterrupted period of two (2) years thereafter, Franchisee and each Owner shall not own (either beneficially or of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any Competitive Business located within twenty (20) miles of any Reborn Coffee Stores; provided, however, the restrictions stated in this Section 16.3 shall not apply to any Owner after two (2) years from the date the Owner ceases to be an officer, director, shareholder, member, manager, trustee, owner, general partner, employee or otherwise associated in any capacity with Franchisee.

16.4. Violation of Covenants.

16.4.1. If Franchisee or any Restricted Person shall commit any violation of Section 16.3 during the two (2) year period following (i) the expiration or termination of this Agreement, (ii) the occurrence of any Assignment during the Term, (iii) the cession of the Restricted Person's relationship with Franchisee, or (iv) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of Section 16.3, in addition to all other remedies available to Franchisor, Franchisee and the Restricted Person, jointly and severally, shall be obligated to pay Franchisor, throughout the twenty-four (24) month period, five percent (5%) of the revenue derived by Franchisee or the Restricted Person from the sale of all products and services and all other income of every kind and nature ("**Post Termination Gross Sales**") of the Competitive Business. Franchisee shall account for and pay the five percent (5%) of the Post Termination Gross Sales to Franchisor on the fifteenth day of each month on the Post Termination Gross Sales of the Competitive Business during the previous month. Franchisor shall have the right to audit the books and records of the competing business in accordance with Section 13.3 of this Agreement to confirm Franchisee's compliance with this Section 16.4, upon prior notice to Franchisee

16.4.2. Franchisor and Franchisee acknowledge and agree that it would be impossible and impracticable to determine the precise amount of damages and expenses Franchisor will incur if Franchisee or any Restricted Person shall commit any violation of Section 16.3 due to the complications inherent in determining the amount of revenue lost by Franchisor because of the uncertainty regarding the number of months left to complete the Then-Current Term, the uncertainty regarding the Gross Sales of the Reborn Coffee Store during the remainder of the Then-Current Term, the amount of Royalty Fees Franchisee would have paid Franchisor based upon the Gross Sales of the Reborn Coffee Store and the like as well as the amount of the fees that Franchisor will collect from Franchisee upon the occurrence of the circumstances described in Section 16.3. Franchisor and Franchisee further acknowledge and agree that the five percent (5%) fee of Post Termination Gross Sales is a reasonable, good faith estimate of those damages.

16.5. Exceptions to Covenants. Sections 16.2 and 16.3 shall not apply to ownership by Franchisee or an Owner of a less than five percent (5%) beneficial interest in the outstanding Equity securities of any Competitive Business registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

16.6. Reducing Scope of Covenants. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 16.2 or 16.3, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof from Franchisor; and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable.

16.7. Covenants from Individuals. Franchisee shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Section 16 (including covenants applicable upon the termination of a person's relationship with Franchisee) from all Owners. Every covenant required by this Section 16.7

shall be in a form acceptable to Franchisor, and shall include, without limitation, a designation of Franchisor as a third party beneficiary of the covenants with the independent right to enforce them.

16.8. Interference With Employment Relations. Without Franchisor's prior written consent, during the Term and for a period of twenty-four (24) months following the termination, expiration or nonrenewal of this Agreement, or if there shall occur an Assignment, neither Franchisee, its Owner(s) or their respective Affiliates, officers, directors or managers, or any of them, shall in any capacity whatsoever, either directly or indirectly, hire, solicit or encourage to leave the employment of Franchisor, or any of its Affiliates, or any licensee or franchisee of Franchisor, any employee of Franchisor or its Affiliates (or any person who the persons knew or should have known was an employee of any licensee or franchisee of Franchisor) or hire any employee who has left the employment of Franchisor, or any of its Affiliates (or any licensee or franchisee) within one (1) year of the termination of the employee's employment with Franchisor, or any of its Affiliates or its Licensees or franchisees.

16.9. Effect of Applicable Law. In the event any portion of the covenants in this Section 16 violates Applicable Laws affecting Franchisee, or is held invalid or unenforceable in a final judgment to which Franchisor and Franchisee are parties, then the maximum legally allowable restriction permitted by Applicable Law shall control and bind Franchisee. Franchisor may at any time unilaterally reduce the scope of any part of the above covenants in this Section 16, and Franchisee shall comply with any reduced covenant upon receipt of written notice. The provisions of this Section 16 shall be in addition to and not in lieu of any other confidentiality obligation of Franchisee, or any other person, whether pursuant to another agreement or pursuant to Applicable Law.

16.10. Business Practices. Franchisee shall comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Executive Order 13224 issued by the President of the United States, the USA Patriot Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war (the "**Anti-Terrorism Laws**"). In connection with its compliance, Franchisee certifies, represents and warrants that none of Franchisee's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee is not otherwise in violation of any of the Anti-Terrorism Laws. Any violation of the Anti- Terrorism Laws by Franchisee or Franchisee's employees or any "blocking" of Franchisee's assets under the Anti-Terrorism Laws constitute grounds for immediate termination of this Agreement and any other agreements Franchisee has entered into with Franchisor or any of its Affiliates, in accordance with the provisions of Section 17.2.

16.11. Survival. The provisions of this Section 16 shall survive the expiration and termination of this Agreement and shall not limit, restrain or otherwise affect any right or cause of action which may accrue to Franchisor or any of its Affiliates for any infringement of, violation of, or interference with, this Agreement, or any Reborn Coffee Marks, the Reborn Coffee System or any part thereof, any Confidential Information, any Trade Secrets, or any other proprietary aspects of Franchisor's business**.**

17. DEFAULT AND TERMINATION

17.1. Termination In the Event of Franchisee's Bankruptcy or Insolvency. Franchisee shall be deemed to be in Default under this Agreement, and all rights granted to Franchisee of this Agreement shall automatically and immediately terminate without notice to Franchisee, (i) if Franchisee becomes insolvent or makes a general assignment for the benefit of creditors, (ii) if a petition in bankruptcy is filed under any foreign, state or federal bankruptcy or insolvency laws by Franchisee or if a petition is filed against and not opposed by Franchisee, (iii) if Franchisee is adjudicated as bankrupt or insolvent, (iv) if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for the Reborn Coffee Store is filed and consented to by Franchisee, (v) if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction, (v) if proceedings for a composition with creditors under any Applicable Law is instituted by or against Franchisee, (vii) if a final judgment in excess of one hundred thousand dollars ($100,000) against Franchisee or the Reborn Coffee Store remains unsatisfied or is of record for thirty (30) days or longer (unless a supersedeas bond is filed), (viii) if Franchisee admits Franchisee is unable to generally pay Franchisee's debts as they become due, (ix) if execution is levied against Franchisee or the Reborn Coffee Store or property located thereon, (x) if suit to foreclose any lien or mortgage against the Reborn Coffee Store, the Franchised Location or the equipment of the Reborn Coffee Store is instituted against Franchisee and not dismissed within thirty (30) days, or (xi) if the Reborn Coffee Store or the Franchised Location shall be sold after levy thereupon by any sheriff, marshal, or constable.

17.2. Option to Terminate Without Opportunity to Cure. Franchisee shall be deemed to be in Default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the Default, effective immediately upon notice by Franchisor upon the occurrence of any of the following events:

17.2.1. If Franchisee shall Abandon the Reborn Coffee Store.

17.2.2. If Franchisee shall purport to make any Assignment without the prior written consent of Franchisor.

17.2.3. If Franchisee shall Default in any obligation as to which Franchisee has previously received three (3) or more written notices of Default from Franchisor setting forth the Default complained of within the preceding twelve (12) months.

17.2.4. If Franchisee makes any material misrepresentations in connection with the execution of this Agreement or the operations of the Reborn Coffee Store.

17.2.5. If Franchisee fails, for a period of ten (10) days after having received notification of noncompliance from Franchisor or any Governmental Authority to comply with any federal, state or local law or regulation applicable to the operation of the Reborn Coffee Store.

17.2.6. If Franchisee's operation of the Reborn Coffee Store constitutes an imminent danger to the public health or if Franchisee sells unauthorized products or performs unauthorized services after Notice of Default and thereafter sells the products, whether or not Franchisee has cured the Default after one or more notices.

17.2.7. If an audit or investigation conducted by Franchisor discloses that Franchisee has knowingly maintained false books or records, or submitted false reports to Franchisor, or knowingly understated its Gross Sales or withheld the reporting of the same as provided in this Agreement.

17.2.8. If Franchisee or any of its Owners are convicted of or pleads guilty or *nolo contendere* to a felony or any other crime or offense that is reasonably likely, in the sole opinion of Franchisor, to adversely affect Franchisor's reputation, the Reborn Coffee System or any part thereof, any Reborn

Coffee Marks or any goodwill associated the same; however, if the crime or offense is committed by an Owner other than the Operating Partner, Franchisor may only terminate this Agreement under this Section 17.2.8 if the applicable Owner fails to sell its interest in Franchisee to Franchisee's other Owners within thirty (30) days after the conviction or plea.

17.2.9. If Franchisee misuses or makes any unauthorized use of any Reborn Coffee Marks or otherwise impairs the goodwill associated therewith or Franchisor's rights therein.

17.2.10. If Franchisee takes any action which reflects materially and unfavorably upon the operation and reputation of the Reborn Coffee Store or the Reborn Coffee chain generally.

17.2.11. If Franchisee makes any unauthorized use, disclosure, or duplication of any Trade Secrets or any other Confidential Information.

17.2.12. If Franchisee fails to purchase and maintain in inventory the types and quantities of Reborn Coffee Branded Products, Reborn Coffee Proprietary Products or Non-Proprietary Products necessary to meet reasonably anticipated consumer demand, as determined by Franchisor.

17.2.13. If Franchisee purports to purchase Reborn Coffee Branded Products or Reborn Coffee Proprietary Products or Non-Proprietary Products from other than an Approved Supplier and fails to cease use of the non-complying product within three (3) days after having received notification from Franchisor to do so.

17.2.14. If Franchisee Defaults in any obligation under this Agreement that by its nature is not capable of being cured by Franchisee within the cure period set forth in Section 17.3.

17.3. Termination With Notice and Opportunity To Cure. Except for any Default by Franchisee under Sections 17.1 or 17.2, and as expressly provided elsewhere in this Agreement, Franchisee shall have five (5) days, in the case of any monetary Default and ten (10) days in the case of any other type of Default, following the notice of default by Franchisor (a "**Notice of Default**") demanding the cure of the Default and to provide evidence of the cure to Franchisor. If any Default is not cured within that time period, or any longer time period that Applicable Law may require or that Franchisor may specify in the Notice of Default, this Agreement and all rights granted in this Agreement shall automatically terminate without further notice or opportunity to cure.

17.4. Reimbursement of Franchisor Costs. Upon a Default by Franchisee, all of Franchisor's costs and expenses in connection with the Default, including reasonable attorneys' fees and costs, shall be paid to Franchisor within five (5) days after cure or upon demand by Franchisor if the Default is not cured.

17.5. Cross-Default**.** Except for a Default under, or the termination of, any Area Development Agreement consisting solely of Franchisee's failure to meet its development schedule, any Default by Franchisee under the terms and conditions of this Agreement or any other agreement between Franchisor or its Affiliates, and Franchisee, or its Owners or Affiliates, shall be deemed to be a Default of this Agreement each and every other agreement. Furthermore, in the event of termination of this Agreement or any other agreement between the Parties, Franchisor may, at its option, terminate any or all of the agreements between the Parties.

17.6. Notice Required By Law. Notwithstanding anything to the contrary contained in this Section 17, if any valid Applicable Law of a competent Governmental Authority having jurisdiction over this Agreement and the Parties shall limit Franchisor's rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by that Applicable Law. Franchisor shall not, however, be precluded from contesting the validity, enforceability or application of such Applicable Laws in any action, hearing or dispute relating to this Agreement or the termination of this Agreement.

17.7. Interim Management. After Franchisor has given Franchisee written notice that Franchisee is in Default, Franchisor may (but is not obligated to) assume interim management of the Reborn Coffee Store at the Franchised Location during the pendency of any cure period or in lieu of immediately terminating this Agreement. If Franchisor elects to assume interim management of the Reborn Coffee Store, (i) Franchisor's election will not relieve Franchisee of Franchisee's obligations under this Agreement, (ii) Franchisor will not be liable for any debts, losses, costs or expenses incurred in the operation of the Reborn Coffee Store during any interim management period, all of which shall be Franchisee's responsibility and liability, (iii) Franchisor will have the right to charge a $500 per day fee for the management services, and (iv) Franchisee agrees to, and hereby does, indemnify and hold Franchisor harmless against any and all claims, demands, judgments, fines, losses, liabilities, costs, amounts paid in settlement and reasonable expenses (including, but not limited to reasonable attorneys' fees and costs) incurred in connection with the interim management of the Reborn Coffee Store, other than those arising solely from the gross negligence or willful misconduct of Franchisor.

17.8. Delay by Force Majeure. Franchisee shall provide Franchisor, within ten (10) days after the occurrence of an event that Franchisee believes is an event of Force Majeure, with notice of the specific nature and extent of the Force Majeure and an explanation as to how the event has delayed Franchisee's performance under this Agreement. The determination of whether an event of Force Majeure has occurred shall be made by Franchisor upon Franchisor's assessment of the event causing the delay. Franchisee shall provide Franchisor with continuing updates and all information requested by Franchisor regarding Franchisee's progress and diligence in responding to and overcoming the event of Force Majeure.

17.9. Termination by Franchisee. Franchisee may terminate this Agreement due to a material default by Franchisor of its obligations hereunder, which default is not cured by Franchisor within sixty (60) days after Franchisor's receipt of prompt written notice by Franchisee to Franchisor detailing the alleged default with specificity; provided, that if the default is such that it cannot be reasonably cured within such sixty (60) day period, Franchisor shall not be deemed in default for so long as it commences to cure such default within such sixty (60) days and diligently continues to prosecute such cure to completion. This Section 17.9 contains material terms of this Agreement and a mediator, arbitrator or other Governmental Authority shall not, and shall not have the power or authority to, waive, modify or change the terms of this Section 17.9 in any proceedings or otherwise. If Franchisee terminates this Agreement pursuant to this Section 17.9, Franchisee shall comply with all of the terms and conditions of Section 18.

18. OBLIGATIONS FOLLOWING TERMINATION OR EXPIRATION

18.1. General. Upon the expiration or termination of this Agreement or Franchisee's rights granted under this Agreement, Franchisee shall immediately cease to use all Trade Secrets, Confidential Information, the Reborn Coffee System, the Reborn Coffee Marks, and any confusingly similar trademark, service mark, trade name, logotype, or other commercial symbol or insignia. Franchisee shall at its own cost immediately return the Manuals and all written materials incorporating any Trade Secrets or any other Confidential Information and all copies, reproductions, summaries and extracts of any of the foregoing to Franchisor. Franchisee shall at its own cost make cosmetic changes to the Franchised Location so that it no longer contains or resembles a Reborn Coffee Store or any of Franchisor's proprietary designs, and shall remove all Reborn Coffee Marks, Reborn Coffee identifying materials and Reborn Coffee cosmetic features and finishes, soffits, interior wall coverings and colors, exterior finishes and colors and signage from the Franchised Location that Franchisor may direct.

18.2. Prior Payments.

18.2.1. Franchisor may retain all amounts paid to Franchisor pursuant to this Agreement, and Franchisee shall immediately pay any and all amounts remaining due to Franchisor and/or its Affiliates. If this Agreement terminates due to a Default by Franchisee, the amounts to be paid by Franchisee shall include all damages, and costs, and expenses, including reasonable attorneys' fees and costs, incurred by Franchisor in connection with the Default, which obligation shall remain, until paid in full. Franchisee hereby grants to Franchisor a lien in favor of Franchisor against all assets of Franchisee to secure payment of such amounts. Franchisee hereby appoints Franchisor as its attorney in fact, with full power and authority to execute and record on Franchisee's behalf all documents necessary or appropriate to obtain and perfect this lien.

18.2.2. In addition to the foregoing, Franchisee shall pay Franchisor, within thirty (30) days following the date of termination, an amount equal to the product of two (2) multiplied by the total Royalty Fees paid (or if unpaid, payable) by Franchisee during the twelve (12) months immediately preceding the effective date of termination to account for the actual damages that Franchisor shall suffer as a result of the termination of this Agreement during the time period that Franchisor estimates will expire while Franchisor searches for a replacement franchisee for the Reborn Coffee Store or for a replacement Reborn Coffee Store location in the trade area of the Reborn Coffee Store. Franchisor and Franchisee acknowledge and agree that it would be impossible and impracticable to determine the precise amount of damages Franchisor will incur upon the termination of this Agreement due to the complications inherent in determining the amount of revenue lost by Franchisor and the uncertainty regarding the number of months that will expire while Franchisor searches for a replacement franchisee for the Reborn Coffee Store or for a replacement Reborn Coffee Store location in the trade area of the Reborn Coffee Store. Franchisor and Franchisee further acknowledge and agree that this calculation of Franchisor's potential damages is a reasonable, good-faith estimate of those damages. If Franchisor is unable to make this calculation because of Franchisee's failure to report the Gross Sales of the Reborn Coffee Store, Franchisor may estimate the Gross Sales of the Reborn Coffee Store for the applicable period based upon the historical financial information available to Franchisor at that time.

18.3. Termination of Obligations and Rights. Following the termination or expiration of this Agreement, any and all obligations of Franchisor to Franchisee under this Agreement shall immediately cease and terminate. Likewise, any and all rights of Franchisee under this Agreement shall immediately cease and terminate and Franchisee shall immediately cease and thereafter refrain from representing itself as a then or former franchisee or other Affiliate of Franchisor.

18.4. Telephone Numbers. Franchisor shall have the option, exercisable by written notice provided to Franchisee within thirty (30) days after the termination of this Agreement, to take an assignment of all telephone numbers (and associated listings) for the Reborn Coffee Store. Franchisee shall notify the telephone company and all listing agencies of the termination or expiration of its right to use the telephone numbers and the directory listings associated with the Reborn Coffee Store, and shall authorize their transfer to Franchisor. Franchisee shall not be not entitled to any compensation from Franchisor if Franchisor exercises this option.

18.5. Internet. If Franchisor has previously authorized Franchisee to use any Reborn Coffee Marks on the Internet, any web site or on any e-mail address, Franchisee shall, at Franchisor's option, cancel or assign to Franchisor all of Franchisee's right, title and interest in any Internet web sites, web pages and content therein, e-mail addresses, domain name listings, URLs and registrations which contain any

Reborn Coffee Marks, and Franchisee shall notify all applicable domain name registrars and all listing agencies of the termination of Franchisee's right to use those domain names, web pages, content and other Internet service associated with Franchisor, the Reborn Coffee Store or the Reborn Coffee System, or any part thereof, and shall authorize their cancellation or transfer to Franchisor, as directed by Franchisor. Franchisee shall not be entitled to any compensation from Franchisor if Franchisor exercises this option.

18.6. Purchase Reborn Coffee Store Assets. Upon the expiration of this Agreement or the termination of this Agreement for any Default of Franchisee, Franchisor shall have the option, to be exercised by written notice to Franchisee within thirty (30) days after the Expiration Date or termination date, to purchase the any and all assets of Franchisee related to the Reborn Coffee Store, regardless of whether the Reborn Coffee Store is under construction or is Open and operating, and all of assets of Franchisee related to the Reborn Coffee Store that Franchisor elects to purchase (collectively, the "**Reborn Coffee Store Assets**"). The purchase price for the Reborn Coffee Store Assets (the "**Purchase Price**") shall be the "**Fair Market Value**" of the Reborn Coffee Store Assets as determined under this Section 18.6. "**Fair Market Value**" means the price that a willing buyer would pay to a willing seller when neither is acting under compulsion and when both have reasonable knowledge of the relevant facts on the date the option is first exercisable (the "**Exercise Date**"). Franchisor and Franchisee shall use their best efforts to mutually agree upon the Fair Market Value. If they are unable to so agree within thirty (30) days after the Exercise Date, Franchisor shall appoint, within forty (40) days of the Exercise Date, one (1) appraiser, and Franchisee shall appoint within forty (40) days of the Exercise Date, one (1) appraiser. The two (2) appraisers shall within a period of five (5) additional days, agree upon and appoint an additional appraiser. The three (3) appraisers shall, within sixty (60) days after the appointment of the third appraiser, determine the Purchase Price in writing and submit their report to Franchisor and Franchisee. The Purchase Price shall be determined by disregarding the appraiser's valuation that diverges the greatest from each of the other two (2) appraisers' valuations, and the arithmetic mean of the remaining two (2) appraisers' valuations shall be the Purchase Price. Franchisor and Franchisee shall each pay for the services of the appraiser they select, plus one half (1/2) of the fee charged by the third appraiser, and one half (1/2) of all other costs relating to the determination of the Purchase Price. The Purchase Price as so determined shall be payable as Franchisor and Franchisee mutually agree. If they are unable to so agree within ten (10) days after final determination of the Purchase Price, fifty percent (50%) of the Purchase Price shall be payable in cash and the remaining fifty percent (50%) of the Purchase Price shall be paid in eighty-four (84) equal monthly payments and shall bear interest at a rate equal to the greater of the prime rate of interest, as published by the Western Edition of the Wall Street Journal, plus three percent (3%), OR ten percent (10%) per annum, but in no event in excess of the maximum rate permitted by Applicable Law. Payment of the portion of the Purchase Price not paid in cash shall be secured by a security interest in the Reborn Coffee Store Assets. Any purchase of the Reborn Coffee Store Assets shall include the assumption by Franchisor and the assignment by Franchisee, of the Lease for the Reborn Coffee Store.

18.7. Survival of Obligations. Termination or expiration of this Agreement shall be without prejudice to any other rights or remedies that Franchisor or Franchisee, as the case may be, shall have in law or in equity, including, without limitation, the right to recover benefit of the bargain damages. In no event shall a termination or expiration of this Agreement affect Franchisee's obligations to take or abstain from taking any action in accordance with this Agreement. The provisions of this Agreement which by their nature or expressly constitute post-termination or post-expiration covenants or agreements, including the obligation of Franchisor and Franchisee to attempt to resolve all disputes by mediation, shall survive the termination or expiration of this Agreement.

18.8. No Ownership of Reborn Coffee Marks or Reborn Coffee System. Franchisee acknowledges and agrees that the rights to the Reborn Coffee Marks and the Reborn Coffee System, and the right to use the Reborn Coffee Marks and the Reborn Coffee System shall be and remain the property of Franchisor. Franchisee acknowledges and agrees that any use of any Reborn Coffee Marks or any Reborn Coffee System or any part thereof after the termination or expiration of this Agreement by Franchisee shall constitute unauthorized use and a misappropriation of Franchisor's property and shall entitle Franchisor to relief and remedies against Franchisee, including damages due to, but not limited to, trademark infringement, counterfeiting and misappropriation.

18.9. Government Filings. If Franchisee has registered or applied for registration of any of the Reborn Coffee Marks or the name Reborn Coffee as part of an assumed, fictitious or corporate name, Franchisee shall promptly terminate or amend those registrations or applications to delete such Reborn Coffee Marks and any confusingly similar marks or names. Nothing in this Section 18.9 is intended to authorize or allow Franchisee to make any such application or seek to obtain any such registration.

19. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

19.1. No Fiduciary Relationship. This Agreement does not create a fiduciary relationship between the Parties. Franchisee shall be an independent contractor, and nothing in this Agreement is intended to constitute or appoint either Party an agent, legal representative, subsidiary, joint venturer, partner, employee, servant, or Affiliate of the other for any purpose whatsoever.

19.2. Public Notice of Independent Status. Franchisee shall conspicuously identify itself in all dealings with its customers, contractors, suppliers, public officials, and others, as an independent franchisee of Franchisor, and shall place the notice of independent ownership on all forms, including business cards, stationary, purchase order forms, invoices, leases, and tax returns. Franchisor shall have the right to specify such or similar language of any notice. Franchise must conspicuously display a sign that says "THIS REBORN COFFEE IS AN INDEPENDENTLY OPERATED FRANCHISED BUSINESS OWNED BY [insert Franchisee's full legal name] AT [insert the address of the Franchised Location]."

19.3. Independent Contractor. Franchisee acknowledges and agrees that it is not authorized to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligations in Franchisor's name, and that Franchisor shall in no event assume any liability or obligation for, or be deemed liable under this Agreement as a result of, any action, nor shall Franchisor be liable by reason of any act or omission of, Franchisee in its conduct of the Reborn Coffee Store or for any claim or judgment arising therefrom against Franchisee or Franchisor.

19.4. Indemnification. Franchisee and its Owners and Affiliates (collectively, the "**Indemnitors**") shall jointly and severally indemnify, defend and hold harmless to the fullest extent permitted by Applicable Law, Franchisor and its Constituents (collectively, the "**Indemnitees**"), from any and all "**Losses and Expenses**" (as defined below) incurred in connection with any litigation, proceeding, procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether the same is reduced to judgment) and/or any settlement thereof (collectively, an "**Indemnifiable Claim**") which arises directly or indirectly from, as a result of, or in connection with Franchisee's operation of the Reborn Coffee Store and regardless of whether the Indemnifiable Claim or the Losses and Expenses resulted from any strict or vicarious liability imposed by law on Franchisee; provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of Franchisor (except to the extent that joint liability is involved, in which event the indemnification provided for in this Section 19.4 shall extend to any finding of comparative negligence or contributory negligence attributable to Franchisee). For the purpose of this Section 19.4, the term "**Losses and Expenses**" shall mean and include compensatory, exemplary, or punitive damages, fines and penalties, attorneys' fees, experts' fees, court costs, costs associated with investigating and defending against claims, settlement amounts, judgments, compensation for damages to a person or Entity's reputation or goodwill, and all other costs associated with any of the foregoing.

19.4.1. The Indemnitee shall give Franchisee notice of any Indemnifiable Claim of which such Indemnitee is aware for which indemnification is sought under this Section 19.4 The notice shall specify whether the Indemnifiable Claim arises as a result of an Indemnifiable Claim by a third party against such Indemnitee (a "**Third Party Claim**") or whether the Indemnifiable Claim does not result from an Indemnifiable Claim by a third party against such Indemnitee (a "**Direct Claim**"), and shall also describe (to the extent that the information is available) the factual basis for the Indemnifiable Claim and the amount of the Indemnifiable Claim, if known.

19.4.2. With respect to Third Party Claims, the Indemnitors shall have the right, at their expense and at their election, to assume control of the negotiation, settlement and defense of Third Party Claims through counsel of their choice. The election of the Indemnitors to assume such control shall be made within thirty (30) days after Franchisee's receipt of notice of a Third Party Claim. If the Indemnitors elect to assume control, the Indemnitors shall do so at the Indemnitors' sole expense. The Indemnitees shall have the right to be informed and consulted with respect to the negotiation, settlement and defenses of the Third Party Claims and to retain counsel to act on the Indemnitees' behalf, at the Indemnitees' sole expense, unless Franchisee consents to the retention of the Indemnitees' counsel at the Indemnitors' expense or unless the Indemnitors and the applicable Indemnitee(s) are both named in any action or proceeding and the representation of both the Indemnitors and the Indemnitee(s) by the same counsel would be inappropriate because of any actual or potential differing interests between them (such as the availability of different defenses), in which case the Indemnitees shall have the right to retain separate attorneys at the Indemnitors' expense.

19.4.3. If the Indemnitors elect to assume control, but thereafter fail to defend the Third Party Claim within a reasonable time or with diligence or in good faith, the Indemnitees shall be entitled to assume control of the defense at the Indemnitors' expense and the Indemnitors shall be bound by the results obtained by the Indemnitees with respect to the Third Party Claim. If any Third Party Claim is of a nature that the Indemnitees are required by Applicable Law to make a payment to any claimant with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, the Indemnitees may make such payment and the Indemnitors shall, within thirty (30) days after demand by the Indemnitees, reimburse the Indemnitees for the amount of the payment. If the Indemnitees' liability under the Third Party Claim, as finally determined, is less than the amount paid by the Indemnitors to the Indemnitees, the Indemnitees shall, within thirty (30) days after receipt of the difference from the claimant, pay the difference to the Indemnitors.

19.4.4. If the Indemnitors fail to assume control of the defense of any Third Party Claim, the Indemnitees shall have the exclusive right to consent, settle or pay the amount claimed, at the Indemnitors' expense. Whether or not the Indemnitors assume control of the negotiation, settlement or defenses of any Third Party Claim, the Indemnitors shall not settle any Third Party Claim without the written consent of the Indemnitees. The Indemnitees and the Indemnitors shall cooperate fully with each other with respect to Third Party Claims, and shall keep each other fully advised with respect to Third Party Claims (including supplying copies of all relevant documentation promptly as they become available); provided, however, that the Indemnitees are not required to share attorney-client privileged communications between an Indemnitee and its attorney.

19.4.5. With respect to Direct Claims, following receipt of notice from the Indemnitees of the Direct Claim, the Indemnitors shall have thirty (30) days to make such investigation of the Direct Claim as is considered necessary . For the purpose of the investigation, the Indemnitees shall make available to the Indemnitors the information relied upon by the Indemnitees to substantiate the Direct Claim, together with all other information that the Indemnitors may reasonably request. If the Indemnitors and the Indemnitees agree at or prior to the expiration of the thirty (30) day period (or any mutually agreed upon extension thereof) to the validity and amount of a Direct Claim, the Indemnitors shall immediately pay the Indemnitees the full agreed upon amount of the

Direct Claim. If the Indemnitors fails to pay the same, the matter shall be resolved in the manner described in Section 20.

20. DISPUTE RESOLUTION

20.1. Mediation. The Parties pledge to attempt first to resolve any Dispute pursuant to mediation conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association or its successor ("**AAA**") unless Franchisor and Franchisee agree on alternative rules and a mediator within fifteen (15) days after either Party first gives notice of mediation. Mediation shall be conducted in Orange County, California, and shall be conducted and completed within forty-five (45) days following the date either Party first gives notice of mediation unless otherwise agreed to in writing by Franchisor and Franchisee. The fees and expenses of the mediator shall be shared equally by Franchisor and Franchisee. The mediator shall be disqualified as a witness, expert or counsel for any Party with respect to the Dispute and any related matter. Mediation is a compromise negotiation and shall constitute privileged communications under California and other Applicable Laws. The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and Franchisor and Franchisee shall not be discoverable or admissible in any legal or other proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation. Notwithstanding anything to the contrary set forth in this Agreement, any Party that fails to reasonably cooperate in scheduling and completing a mediation within forty-five (45) days after giving or receiving notice thereof shall be precluded from recovering costs, expenses, and/or prevailing Party attorneys' fees in any subsequent legal action. If any dispute remains unresolved ninety (90) days after a demand for mediation by either Party, Franchisor and Franchisee shall each be free to pursue their respective legal remedies under Section 20.2.

20.2. Judicial Relief. The Parties agree that (i) all disputes arising out of or relating to this Agreement shall be brought in the Superior Court of California, County of Orange, or the United States District Court of the Central District of California, Southern Division. To the fullest extent that the Parties may do so under Applicable Law, the Parties waive the defense of inconvenient forum to the maintenance of an action in these courts and agree not to commence any action of any kind except in these courts. This Agreement shall be interpreted and construed under the laws of California. In the event of any conflict of law, the law of

California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the Reborn Coffee Store is located outside of California and such provision would be enforceable under the laws of the state in which the Reborn Coffee Store is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Section 20.2 is intended by the Parties to subject this Agreement to any franchise or similar law, rules, or regulation of any state to which it would not otherwise be subject.

20.3. Waivers. The Parties agree, to the extent permitted by Applicable Law, that any legal action of any kind by either Party arising out of or relating to this Agreement or its breach must be commenced by no later than the last to occur of the following: (i) one hundred eighty (180) days after obtaining knowledge of any facts which constituted or gave rise to the alleged violation or liability, or (ii) one year after the act, event, occurrence or transaction which constituted or gave rise to the alleged violation or liability. Franchisor and Franchise, for themselves, and for and on behalf of the Franchisor's Affiliates and the Owners, respectively, hereby waive to the fullest extent permitted by Applicable Law, any right to, or claim for, punitive or exemplary damages against the other and agree that, in the event of a dispute between them, Franchisor and Franchisee shall each be limited to recovering only the actual damages proven to have been sustained by that Party, except as provided in Section 20.5.

20.4. Specific Performance. Franchisor and Franchisee acknowledge that each Party would be irreparably damaged if the provisions of this Agreement were not capable of being specifically enforced, and for this reason, Franchisor and Franchisee agree that the provisions of this Agreement shall be specifically enforceable. Franchisor and Franchisee further agree that any act or failure to act which does not strictly comply with the provisions and conditions of this Agreement may be specifically enforced or restrained, as applicable, and that the equitable relief provided for in this Agreement shall not in any way limit or deny any other remedy at law or in equity that either Franchisor or Franchisee might otherwise have.

20.5. Exclusive Remedy. In the event a Party makes any claim or assertion that the other Party has unreasonably withheld, conditioned or delayed any consent, approval or authorization required under this Agreement, the Party making such claim hereby waives any claim for damages and neither Party may claim any damages by way of setoff, counterclaim or defense in connection therewith. Each Party's sole remedy for such a claim shall be an action or proceeding to enforce the provisions of this Agreement, for specific performance or for declaratory judgment.

20.6. Attorneys' Fees. In any legal action or proceeding brought to enforce any provision of this Agreement, the prevailing Party shall be entitled to recover from the other Party its reasonable attorneys' fees and costs in addition to any other relief that may be awarded by a court of competent jurisdiction.

20.7. Right of Parties Are Cumulative. Except as provided under Section 20.5, rights under this Agreement are cumulative, and Franchisee's and Franchisor's exercise or enforcement of any right or remedy under this Agreement will not preclude Franchisee's and Franchisor's exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

21. NOTICES

All notices or demands to be given under this Agreement shall be in writing and shall be served in person, by courier delivery for next business day delivery or by certified mail. Service shall be deemed conclusively made (i) at the time of service, if personally served, (ii) one (1) business day after delivery by the Party giving the notice, statement or demand if by courier for next business day delivery with a guaranteed tracking facility, and (iii) three (3) business days after placement in the United States mail by certified mail, return receipt requested, with postage prepaid. Notices and demands shall be given to the respective Parties at the following addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other Party. Either Party may change its address for the purpose of receiving notices, demands and other communications provided by a written notice given in the manner aforesaid to the other Party.

22. OTHER PROVISIONS

22.1. Waiver and Delay. No waiver by Franchisor of any Default, or series of Defaults in performance by Franchisee, and no failure, refusal or neglect of Franchisor to exercise any right, power or option given to it hereunder or under any agreement between Franchisor and Franchisee, whether entered into before, after or contemporaneously with the execution of this Agreement, or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement or any Reborn Coffee Franchise Agreement or other agreement between

Franchisor and Franchisee, whether entered into before, after or contemporaneously with the execution of this Agreement, shall constitute a waiver of the provisions of this Agreement with respect to any continuing or subsequent Default or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

22.2. Survival of Covenants. The covenants contained in this Agreement which, by their nature or terms, require performance by a Party after the expiration or termination of this Agreement shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

22.3. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Franchisor and shall be binding upon and inure to the benefit of Franchisee and its permitted successors and permitted assigns, subject to the prohibitions and restrictions against Assignment contained in this Agreement.

22.4. Joint and Several Liability. If Franchisee consists of more than one Owner, the obligations and liabilities of each such person or Entity to Franchisor are joint and several.

22.5. Entire Agreement**.** This Agreement and the Exhibits and, if applicable, the Area Development Agreement contain all of the terms and conditions agreed upon by the Parties concerning the subject matter of this Agreement. No other agreements concerning the subject matter of this Agreement, written or oral, shall be deemed to exist or to bind either of the Parties and all prior agreements, understandings and representations are merged into this Agreement and superseded by this Agreement. No director, manager, officer, employee, representative, agent or advisor of Franchisor or any of its Affiliates has any authority to make any agreement, representation or promise not included in this Agreement, and Franchisee agrees that it has executed this Agreement without reliance upon any agreement, representation or promise not included in this Agreement. This Agreement cannot be modified or changed except by written instrument signed by both of the Parties. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim any representations made in the franchise disclosure document.

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

Recitals set forth in Recitals A through D of this Agreement are true and correct and are hereby incorporated by reference into the body of this Agreement.

22.7. Gender and Construction. The terms of all Exhibits referenced herein and attached to this Agreement are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full in this Agreement. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any Section in this Agreement may require. As used in this Agreement, the words "include," "includes" or "including" are used in a non-exclusive sense and shall be interpreted to mean "including without limitation" or "including but not limited to". Unless otherwise expressly provided in this Agreement to the contrary, any consent, approval, acceptance or authorization of Franchisor or Franchisee that may be required under this Agreement shall be in writing and shall not be unreasonably withheld, conditioned or delayed by the Party whose consent, approval, acceptance or authorization has been requested. On any occasion where Franchisor is required or permitted to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Franchisor's standards or satisfaction, Franchisor may do so in its sole subjective judgment and discretion. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by the Parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of both Parties. Franchisor and Franchisee intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable. To the extent there is any conflict between this Agreement and the Franchise Agreement, the Franchise Agreement shall control and govern.

22.8. Severability; Modification. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to Applicable Law. Whenever there is any conflict between any provisions of this Agreement and any present or future Applicable Law contrary to which the Parties have no legal right to contract, the latter shall prevail, but in that event, the provisions of this Agreement thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of Applicable Law. In the event that any part, Section, paragraph, sentence or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

22.9. Counterparts and Electronic Copies. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Signatures transmitted electronically or by facsimile will be deemed original signatures. Electronic copies of this Agreement shall constitute and be deemed an original copy of this Agreement for all purposes, provided that the electronic copies are fully executed, dated and identical in form to the original hard copy version of this Agreement.

22.10. Opportunity to Consult; Intent to Comply. Franchisee acknowledges that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement. Franchisee, and its Owners, jointly and severally acknowledge that they have obtained the advice of counsel in connection with entering into this Agreement, that they understand the nature of this Agreement, and that they intend to comply with the terms of this Agreement and be bound by the terms of this Agreement.

22.11. Atypical Terms. Franchisee acknowledges and agrees that Franchisor may modify the offer of its franchises to other Reborn Coffee Franchisees in any manner and at any time, which offers have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement. Franchisee further acknowledges and agrees that Franchisor has made no warranty or representation, express or implied, that all Reborn Coffee Franchise Agreements previously issued or issued after this Agreement by Franchisor do or will contain terms substantially similar to those contained in this Agreement. Franchisor may, in its business judgment and its sole and absolute discretion, due to local business conditions or otherwise, waive or modify comparable provisions of other Reborn Coffee Franchise Agreements previously executed or executed after the date of this Agreement with other Reborn Coffee Franchisees in a non-uniform manner.

22.12. General Terms. Time is of the essence of this Agreement with respect to each and every provision of this Agreement in which time is a factor. Franchisee has read this Agreement and understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's standards of service and quality and the uniformity of those standards at all Reborn Coffee Stores in order to protect and preserve the Reborn Coffee System and the goodwill of the Reborn Coffee Marks. Franchisee has conducted an independent investigation of the business contemplated by this Agreement. Franchisee recognizes that the Reborn Coffee System may evolve and change over time, that an investment in this franchise involves business risks, and that the success of the investment depends upon Franchisee's business ability and efforts. The Parties acknowledge and agree that each Party has been represented by independent legal counsel of their choice in connection with this Agreement or has had the opportunity to have legal counsel review this Agreement and advise such Party regarding the same, but has voluntarily chosen not to do so. Franchisee has not received or relied upon any representation, promise or guarantee, express or implied, about the revenues, profits or success of the business venture contemplated by this Agreement.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties have executed this Franchise Agreement on the Effective Date.

FRANCHISOR:	**FRANCHISEE**:
REBORN COFFEE FRANCHISE LLC,	______________________________
A California limited liability company	a/an ___________________________
By: ______________________________	By: ______________________________
Name: ______________________________	Name: ______________________________
Title: ______________________________	Title: ______________________________
Address for Notices:	Address for Notices:
Reborn Coffee Franchise LLC	______________________________
580 N. Berry St.	______________________________
Brea, California 92821	______________________________
Attention: Manager	Attention: ________________________

REBORN COFFEE FRANCHISE LLC
FRANCHISE AGREEMENT

EXHIBIT A
ENTITY INFORMATION DISCLOSURE

Franchisee represents and warrants that the following information is accurate and complete in all material respects:

1) Franchisee is a (check as applicable):

    [ ] corporation
    [ ] limited liability company
    [ ] general partnership
    [ ] limited partnership
    [ ] Other (specify): ___________________________

    State of incorporation/organization: ________________________

2) Franchisee has the authority to execute, deliver, and perform its obligations under the Franchise Agreement and all related agreements and is duly organized or formed and validly existing in good standing under the laws of the jurisdiction of Franchisee's incorporation or formation.

3) Franchisee's statutory books, members agreements, shareholders agreement, or partnership agreement, as applicable, will recite that the Franchise Agreement restricts the issuance and transfer of any Equity in , and if applicable all certificates and other documents representing Equity in the entity will bear a legend referring to this Agreement's restrictions.

4) Franchisee shall provide to Franchisor concurrently with the execution of this Agreement true and accurate copies of its charter documents including Articles/Certificate of Incorporation/Organization, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution of this Agreement and any amendments to the foregoing (collectively, the "**Entity Documents**").

5) Franchisee promptly shall provide all additional information that Franchisor may from time to time request concerning all persons who may have any, direct or indirect, financial interest in Franchisee.

6) The name, address, and percentage ownership of each Owner is (use additional

pages if necessary):

Name of Owner(s)	Address	Percentage Ownership (or # of Shares)

7) The names, titles and addresses of each Owner who will be devoting their full time to the Reborn Coffee Store are (use additional pages if necessary):

Name of Owner(s)	Title	Address

8) The address where Franchisee's financial records and Entity Documents are maintained is ____.

9) The Operating Partner is____.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties have executed this Exhibit A on the Effective Date.

FRANCHISOR:

REBORN COFFEE FRANCHISE LLC,

A California limited liability company

By: ________________________________

Name: ________________________________

Title: ________________________________

FRANCHISEE:

____

a/an ________________________________

By: ________________________________

Name: ________________________________

Title: ________________________________

EXHIBIT B
FRANCHISED LOCATION

The following site with the address:

Street Address: ______________________________
City: ______________________________
State and Zip Code: ______________________________

has been selected and approved as the "**Franchised Location**" for Franshisee's "**Reborn Coffee Store**" in accordance with the Franchise Agreement entered into between Franchisor and Franchisee on the Effective Date**.**

IN WITNESS WHEREOF, the Parties have executed this Exhibit B on this _____ day of ________________, 20_____.

FRANCHISOR:	**FRANCHISEE**:
REBORN COFFEE FRANCHISE LLC,	______________________________
A California limited liability company	a/an ______________________________
By: ______________________________	By: ______________________________
Name: ______________________________	Name: ______________________________
Title: ______________________________	Title: ______________________________

REBORN COFFEE FRANCHISE LLC
FRANCHISE AGREEMENT

EXHIBIT C
GUARANTEE OF FRANCHISE AGREEMENT

The undersigned ("**Guarantors**") have requested **REBORN COFFEE FRANCHISE LLC**, a California limited liability company ("**Franchisor**"), enter into that certain Franchise Agreement dated ____________________ (the "**Franchise Agreement**") with ____ ("**Franchisee**"). All capitalized terms not otherwise defined in this Guarantee shall have the same meaning as in the Franchise Agreement. Guarantors acknowledge and agree that Guarantors have received, read and fully understand the Franchise Agreement and Franchisee's obligations thereunder.

In consideration for, and as an inducement to, Franchisor's execution of the Franchise Agreement, Guarantors hereby jointly and severally agree as follows:

1. "**Obligations**" means and includes any and all obligations of Franchisee arising under or pursuant to the Franchise Agreement and all other obligations, whether now existing or hereafter arising, of Franchisee to Franchisor of whatever nature.

2. Guarantors irrevocably and unconditionally, fully guarantees to Franchisor the prompt, full and complete payment of any and all Obligations of Franchisee to Franchisor and the performance of any and all obligations of Franchisee including, without limitation, obligations under the Franchise Agreement or any other agreement, instrument or document relating to, evidencing or securing any Obligations.

3. If Franchisee fails to pay any of the Obligations, Guarantors shall, within five (5) days after a written demand therefore has been given to Guarantors by Franchisor, pay all of the Obligations in like manner as if the Obligations constituted the direct and primary obligation of Guarantors. Guarantors agree that if any obligation, covenant or agreement contained in the Franchise Agreement is not observed, performed or discharged as required by the Franchise Agreement (taking into consideration any applicable cure periods), Guarantors shall, within five (5) days after a written demand therefore has been given to Guarantors by Franchisor, to observe, perform or discharge the obligation, covenant or agreement in like manner as if the same constituted the direct and primary obligation of Guarantors.
4. No exercise or non-exercise by Franchisor of any right under this Guarantee, no

dealing by Franchisor with Franchisee or any other person and no change, impairment or suspension of any right or remedy of Franchisor shall in any way affect any Obligations of Guarantors under this Guarantee or give Guarantors any recourse against Franchisee. Without limiting the generality of the foregoing, Guarantors agree that, regardless of whether Franchisor gives notice thereof or obtains the consent of Guarantors thereto, Guarantors' liability under this Guarantee shall not be released, extinguished or otherwise reduced in any way by reason of (i) any amendment, modification, renewal, extension, substitution or replacement of the Franchise Agreement or of any of the Obligations, in whole or in part, (ii) any acceptance, enforcement or release by Franchisor of any security for the Franchise Agreement or of any of the Obligations, any addition, substitution or release of any of the Guarantors, or any enforcement, waiver, surrender, impairment, release, compromise or settlement of any matter with respect to the Franchise Agreement or the Obligations or any security therefore, (iii) any assignment of this Guarantee, in whole or in part by Franchisor, or any Assignment or transfer of the Franchise Agreement (or any of them) by Franchisor or Franchisee, (iv) the invalidity or unenforceability of any provision of the Franchise Agreement or any of the Obligations, or (v) any failure, omission or delay of Franchisor in enforcing the Franchise Agreement, the Obligations or this Guarantee.

5. Guarantors waive and agree not to assert or take advantage of (i) any right to require Franchisor to proceed against Franchisee or any other person, firm or corporation or to proceed against or exhaust any security held by Franchisor at any time or to pursue any other remedy in Franchisor's power, (ii) any statute of limitations in any action under this Guarantee to collect any Obligations guaranteed hereby, (iii) any defense that may arise by reason of Franchisee's Incapacity, lack of authority, insolvency or bankruptcy or Franchisor's failure to file or enforce a claim against the estate (either in bankruptcy or other proceeding) of Franchisee, any other or others, (iv) any defense arising out of any alteration of the Franchise Agreement or the Obligations, (v) notice of Franchisee's Default in the payment or performance of any of the Obligations, (vi) demand, protest and notice of any kind including, without limitation, notice of acceptance, notice of the existence, creation or incurring of new or additional Obligations or obligations or of any action or non-action on the part of Franchisee, Franchisor, any endorser, creditor of Franchisee or Guarantors under this or any other instrument, or any other person, in connection with any obligation or evidence of Obligations held by Franchisor or in connection with any Obligations hereby guaranteed, (vii) all rights and defenses arising out of an election of remedies by Franchisor, even though that election of remedies, such as non-judicial foreclosure with respect to

security for a guaranteed obligation, has destroyed Guarantors' rights of subrogation and reimbursement against Franchisee by operation of Applicable Law or otherwise, (viii) any duty of Franchisor to disclose to Guarantors any facts that Franchisor may now or hereafter know about Franchisee, regardless of whether Franchisor has reason to believe that those facts materially increase the risk beyond that which Guarantors intends to assumes or has reason to believe that the facts are unknown to Guarantors or has a reasonable opportunity to communicate the facts to Guarantors, it being understood and agreed that Guarantors is responsible to be and to keep informed of Franchisee's financial condition and of all circumstances bearing on the risk of nonpayment of any Obligations hereby guaranteed, and (ix) any right to the benefit of or to direct the application of any security held by Franchisor.

6. Until all Obligations to Franchisor are paid in full and fully performed, Guarantors shall have no right of subrogation and waive any right to enforce any remedy that Franchisor now has or may hereafter have against Franchisee. All existing or future indebtedness of Franchisee to Guarantors and any right to withdraw capital invested in Franchisee by Guarantors are hereby subordinated to all Obligations.

7. Guarantors' liabilities and all rights, powers and remedies of Franchisor under this Guarantee and under any other agreement now or at any time hereafter in force between Franchisor and Guarantors shall be cumulative and not alternative and the rights, powers and remedies shall be additional to all rights, powers and remedies given to Franchisor by Applicable Law. Without limiting the generality of anything contained herein, Guarantors waive and agree not to assert or take advantage of (i) all rights described in California Civil Code Section 2856(a)(1) through 2856(a)(2), inclusive, which includes, without limitation, any rights and defenses which are or may become available to Guarantors by reason of California Civil Code Sections 2787 through 2855, inclusive; and (ii) California Civil Code Sections 2899 and 3433.

8. The liability of Guarantors under this Guarantee shall be an absolute, direct, immediate and unconditional continuing guarantee of payment and performance and not of collection. Guarantors' obligations under this Guarantee are independent of Franchisee's obligations. This is a continuing Guarantee. It shall be irrevocable during the initial term and each renewal term and through any extensions, amendments, modifications, substitutions or replacements of the Franchise Agreement and until all Obligations has been fully paid and the Obligations have been fully performed. In the event of any Default under this Guarantee, a separate action and/or successive actions may be brought and

prosecuted against Guarantors regardless of whether action is brought against Franchisee or whether Franchisee is joined in any action or actions. Franchisor may maintain successive actions for other Defaults. Franchisor's rights under this Guarantee shall not be exhausted by Franchisor's exercise of any rights or remedies or by any action or by any number of successive actions until and unless all Obligations have fully been paid and performed. The obligations of Guarantors shall be primary and are independent of the obligations of Franchisee and Franchisor may directly enforce its rights under this Guarantee without proceeding against or joining Franchisee or any other person or Entity, or applying or enforcing any security of the Franchise Agreement.

9. Nether any provision of this Guarantee nor right of Franchisor under this Guarantee can be waived, nor can Guarantors be released from Guarantors' obligations under this Guarantee except by a written agreement executed by Franchisor. If any provision or portion of any provision of this Guarantee is found by a court of competent jurisdiction to be illegal or unenforceable, all other provisions shall, nevertheless, remain enforceable and effective. This Guarantee constitutes the entire agreement of Guarantors and Franchisor with respect to the subject matter hereof and no representation, understanding, promise or condition concerning the subject matter hereof shall bind Franchisor unless expressed herein.

10. All written notices permitted or required under this Guarantee shall be deemed given and delivered in accordance with Section 21 of the Franchise Agreement. Notices to Guarantors shall be sent to the address set forth below each Guarantors' signature below.

11. This Guarantee may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Signatures transmitted electronically or by facsimile will be deemed original signatures**.** Electronic copies of this Guarantee shall constitute and be deemed an original copy of this Guarantee for all purposes, provided that the electronic copies are fully executed, dated and identical in form to the original hard copy version of this Guarantee.

12. This Guarantee shall be interpreted and construed under the laws of California. In the event of any conflict of law, the law of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Guarantee would not be enforceable under the laws of California, and if the Reborn Coffee Store is located outside of California and such provision would be

enforceable under the laws of the state in which the Reborn Coffee Store is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Section 12 is intended by the Parties to subject this Agreement to any franchise or similar law, rules, or regulation of the state of California to which it would not otherwise be subject. Venue for purposes of any legal proceedings brought in connection with or arising out of this Guarantee shall be conclusively presumed to be in the State of California, County of Orange. Guarantors hereby submit to the jurisdiction of the Superior Court of the County of Orange, California and the United States District Court for the Central District of California, Southern Division.

Executed by or on behalf of Guarantors on the date set forth below.

By:
______________________________ Date: ____________

Print Name:
____

By:
______________________________ Date: ____________

Print Name:
____

EXHIBIT D
DEBIT AUTHORIZATION FORM (DIRECT DEBITS)
AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS

The undersigned franchisee/depositor ("**Depositor**") hereby (1) authorizes REBORN COFFEE FRANCHISE LLC and its affiliates ("**Franchisor**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account indicated below and (2) authorizes the depository designated below ("**Depository**") to debit such account pursuant to Franchisor's instructions.

____________________	____________________
Depository	Branch
____________________	____________________
City and State	Zip Code
____________________	____________________
Bank Transit/ABA Number	Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from Franchisor and Depositor of the Depositor's termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity to act on it. Notwithstanding the foregoing, Depository shall provide Franchisor and Depositor with thirty (30) days prior written notice of the termination of this authority. If an erroneous debit entry is initiated to Depositor's account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if (a) within fifteen (15) calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or forty-five (45) days after posting, whichever comes first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error, and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws. Depositor shall be responsible for all charges assessed by Depository to process all debit entries and/or credit corrections entries to the undersigned's checking and/or savings account initiated by Franchisor. Franchisor will credit Depositor for fees if error is deemed to be caused by Franchisor.

DEPOSITOR (Print Name)

DEPOSITORY (Print Name)

By: ______________________________

By: ______________________________

Its: ______________________________

Its: ______________________________

EXHIBIT B
AREA DEVELOPMENT AGREEMENT

REBORN COFFEE FRANCHISE LLC
AREA DEVELOPMENT AGREEMENT

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REBORN COFFEE FRANCHISE LLC
AREA DEVELOPMENT AGREEMENT

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REBORN COFFEE FRANCHISE LLC
AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (the "**Agreement**") is made this _____ day of _____________________, 20_____ (the "**Effective Date**"), by and between REBORN COFFEE FRANCHISE LLC, a California limited liability company ("**Franchisor**"), on the one hand, and ________________________________ , a ________________________________ ("**Area Developer**"), on the other hand, who are individually referred to in this Agreement as a "**Party**", and collectively referred to in this Agreement as "**Parties**."

RECITALS

A. Franchisor and Franchisor's Affiliates have developed and continue to develop the Reborn Coffee System for the establishment and operation of one or more Reborn Coffee Stores using one or more Reborn Coffee Marks.

B. Franchisor desires to expand and develop Reborn Coffee Stores in the Development Area and Area Developer desires to develop and operate two or more Reborn Coffee Stores in the Development Area in strict compliance with the terms of this Agreement.

C. Area Developer represents and warrants to Franchisor, as an inducement to Franchisor's execution of this Agreement, that the information set forth in the Entity Information Disclosure attached to this Agreement as Exhibit A is true, accurate and complete in all material respects on the Effective Date and that Area Developer shall provide Franchisor with all additional information Franchisor may request with respect to the Owners and the ownership of Area Developer. In addition, Area Developer shall notify Franchisor within ten (10) days of any change in any information set forth in the Entity Information Disclosure and shall provide Franchisor with a revised Entity Information Disclosure certified by Area Developer to be true, correct and complete in all material respects. Area Developer acknowledges and agrees that Franchisor's grant to Area Developer the rights in this Agreement is in reliance upon each and all of the terms of the Entity Information Disclosure

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES AND COVENANTS OF THE PARTIES STATED IN THIS AGREEMENT AND FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF

WHICH ARE HEREBY ACKNOWLEDGED, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set forth under this Section 1. Terms not defined under this Section 1 shall have the meanings specified elsewhere in the text of this Agreement.

"**Additional Area Development Agreement**" shall have the meaning set forth in Section 2.6.

"**Additional Development Notice**" shall have the meaning set forth in Section 2.6.

"**Additional Development Obligation**" shall have the meaning set forth in Section 2.6.

"**Additional Development Plan**" shall have the meaning set forth in Section 2.6.

"**Affiliate**" or "**Affiliates**" mean any person or Entity that controls, is controlled by, or is under common control with, a Party to this Agreement. Control of such person or Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of such person or Entity whether by contract or otherwise.

"**Anti-Terrorism Laws**" shall have the meaning set forth in Section 16.

"**Applicable Law**" means and includes applicable common law and all statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority with jurisdiction over the operation of the Reborn Coffee Stores that are in effect on or after the Effective Date, as they may be amended from time to time.

"**Approved Suppliers**" means suppliers of one or more Reborn Coffee Branded Products, Reborn Coffee Proprietary Products and Non-Proprietary Products, and ancillary services, food products, beverages, supplies, furniture, fixtures and equipment for one or more Reborn Coffee Stores, which supplier have been accepted and approved by Franchisor because they have demonstrated to Franchisor their ability to supply products and services meeting Franchisor's specifications as to brand names, models, contents, manner of preparation, ingredients, quality, freshness, compliance with standards and regulations of Governmental Authority, reliability with respect to delivery and consistency in the quality of their products or services. Franchisor and its Affiliates may be Approved Suppliers.

"**Assignment**" shall have the meaning set forth in Section 9.2.

"**Authorized Reborn Coffee Products**" means all Reborn Coffee Branded Products, Reborn Coffee Proprietary Products and Non- Proprietary Products offered for sale or use at one or more Reborn Coffee Stores, as specified by Franchisor from time to time.

"**Capital Event**" shall have the meaning set forth in Section 9.1.

"**Competitive Business**" means any shop, establishment or business that prepares, offers or sells teas, , coffee beverages, or other specialty beverages as a primary menu item or any shop, establishment or business that looks like, copies, imitates, or operates with a similar trade dress or décor to the Reborn Coffee Store.

"**Constituents**" means past, present and future Affiliates, parents, subsidiaries, divisions, partners, members, trustees, receivers, executors, representatives, administrators, owners, shareholders, distributors, predecessors, officers, directors, agents, managers, principals, employees, insurers, successors, assigns, representatives, and advisors and the past, present and future officers, directors, agents, managers, principals, members, employees, insurers, successors, assigns, representatives and advisors of each of the foregoing.

"**Crisis Management Event**" means any event that occurs at or about a Reborn Coffee Store that has or may cause damage, harm or injury, including, without limitation, food contamination, food spoilage or poisoning, food tampering or sabotage, contagious diseases, natural disasters, terrorist acts, criminal acts, shootings or any other circumstance which may cause damage, harm or injury to the Reborn Coffee System, the Reborn Coffee Marks, or the image or reputation of Franchisor or any of its Affiliates or to any customers, employees, or personnel of the Reborn Coffee Store.

"**Default**" means any breach of, or failure to comply with, any of the terms or conditions of an agreement.

"**Development Area**" means the designated geographic area as described in Exhibit B in which Area Developer is given the right by Franchisor to open multiple units.

"**Development Fee**" means the fee as set forth in Section 4.1 and Exhibit B in order for Area Developer to obtain the rights to open multiple units within the Development Area.

"**Development Period**" means each of the time periods indicated on Exhibit B during which Area Developer shall have the right and obligation to construct, equip, open and thereafter continue to operate Reborn Coffee Stores in accordance with the Development Obligation.

"**Direct Claim**" shall have the meaning set forth in Section 14.4.1.

"**Disclosure Document**" shall have the meaning set forth in Section 5.3.

"**Entity**" means any limited liability company, partnership, trust, association, corporation, or other legal entity, which is not an individual.

"**Equity**" shall mean all forms of ownership, whether legal or beneficial, voting or non-voting, including shares, partnership interests, limited liability company membership or ownership interests, joint tenancy interests, proprietorship interests, trust beneficiary interests, proxy interests, power-of-attorney interests, and all options, warrants and instruments convertible into such other interests, and any other right, title or interest not included in this definition that Franchisor determines to constitute a form of direct or indirect ownership in Franchisee.

"**Exercise Date**" shall have the meaning set forth in Section 12.2.

"**Expiration Date**" means the fifth (5th) anniversary of the Effective Date.

"**Fair Market Value**" shall have the meaning set forth in Section 12.2.

"**Final Acceptance**" shall have the meaning set forth in Section 5.2.

"**Force Majeure**" means any event that satisfies all of the following criteria: (i) that was reasonably unforeseeable as of the Effective Date, (ii) that is beyond the reasonable control, directly or indirectly, of a Party, (iii) that could not reasonably have been prevented or avoided by that Party with the exercise of reasonable efforts and due diligence, (iv) that does not result from the fault or negligence of that Party or any of its agents, employees or contractors, and (v) that causes the Party to be delayed, in whole or in part, or that cause that Party to be unable to partially or wholly perform its obligations under this Agreement. Subject to the satisfaction of all of the foregoing criteria, Force Majeure shall include: (a) acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe), (b) strikes, lockouts or other industrial disturbances, (c) war, terrorist acts, riot, or other civil disturbance, (d) unilateral governmental action impacting tea or coffee shops generally, and (e) epidemics, transportation shortages, inadequate supply of labor, material or energy. Notwithstanding the foregoing, neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with Area Developer by any lender, landlord, contractor, or other person, or Area Developer's financial inability to perform or Area Developer's insolvency, shall be an event of Force Majeure hereunder.

"**Franchise Agreement**" means the form of franchise agreement prescribed by Franchisor and used to grant to Area Developer the right to own and operate a single Reborn Coffee Store in the Development Area, including all exhibits, riders, guarantees or other related instruments, all as amended from time to time.

"**Franchised Location**" shall have the meaning set forth in Section 5.1.

"**General Release**" means the form of general release prescribed by Franchisor that releases any and all obligations, liabilities, demands, costs, expenses, damages, claims, actions and causes of action, of whatever nature, character or description, whether known or unknown, against Franchisor and its Constituents. A General Release will cover future consequences of acts, omissions, events and circumstances predating the date of the General Release, but will not release, in advance, future acts, omissions or events which have not yet occurred at the time the General Release is executed.

"**Good Standing**" means Area Developer is in compliance with the terms and conditions of this Agreement, the Franchise Agreements, the Manuals and all other agreements then in effect between Franchisor or any of its Affiliates, and Area Developer, and Area Developer has cured each Default for which Franchisor has issued a notice of Default to Area Developer within the applicable time periods set forth in Section 11.3.

"**Governmental Authority**" means any and all federal, state, county, municipal and local governmental and quasi- governmental agencies, commissions and authorities.

"**Gross Sales**" means the total of all revenues and value derived from sales of any nature or kind whatsoever from the Reborn Coffee Stores during the Term, whether evidenced by cash, services, property, barter, or other means of exchange or benefit, including orders taken in or from a Reborn Coffee Store although filled elsewhere. "Gross Sales" shall include the full value of beverages and foods that Area Developer provides to its employees or personnel as incident to or in connection with their employment or services (less the amount of any normal and ordinary course of business discounts against Gross Sales given during the month in which the beverages and foods were provided), plus the full value of beverages and foods that Area Developer provides for promotional or marketing purposes, plus all proceeds from the sale or provision of coupons, gift certificates, vouchers, or similar items. "Gross Sales" shall exclude the amount of bona fide refunds paid to customers, the amount of any sales or use taxes actually paid to any Governmental Authority, and the retail price of any coupons, gift certificates and vouchers sold in the ordinary course of business when they are redeemed by customers in the ordinary course of business.

"**Indemnifiable Claim**" shall have the meaning set forth in Section 14.4.

"**Indemnitees**" shall have the meaning set forth in Section 14.4.

"**Indemnitors**" shall have the meaning set forth in Section 14.4.

"**Initial Franchise Fee**" means the initial fee of twenty thousand dollars ($20,000) included in the Development Fee paid to Franchisor for the first Reborn Coffee Store unit developed, opened and operated by Area Developer in the Development Area in accordance with Exhibit B.

"**Landlord**" means the real property owner of a Franchised Location who enters into a Lease with Area Developer for a Franchised Location or such owner's property manager or other representative.

"**Lease**" shall mean any agreement, however denominated, between Area Developer and Landlord, that allows Area Developer to occupy the Franchised Location owned by a Landlord, including any lease, sublease, concession agreement, license or similar arrangement between Area Developer and Landlord.

"**Losses and Expenses**" shall have the meaning set forth in Section 14.4.

"**Manuals**" means Franchisor's 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, in connection with and including but not limited to promotions, recipe instructions, and operational and employee training procedures related to the Reborn Coffee System or any part thereof, as they such manuals may be amended, supplemented, issued and revised from time to time by Franchisor.

"**Minimum Development Obligation**" shall mean the Area Developer's right and obligation to construct, equip, open and thereafter continue to operate at sites within the

Development Area the cumulative number of Reborn Coffee Stores set forth in Exhibit B hereto within each Development Period.

"**Non-Proprietary Products**" means solely the food products, condiments, liquid, raw materials, fixtures, furnishings, equipment, uniforms, supplies, paper goods, menus, packaging, forms, POS Systems, computer hardware, off-the-shelf software, modems, printers and other computing peripheral equipment that Area Developer may or must use, offer or sell at the Reborn Coffee Store and that, in all cases, are generally available to persons in the food and beverage industry. Notwithstanding anything to the contrary, "Non-Proprietary Products" shall not include any Reborn Coffee Branded Products or any Reborn Coffee Proprietary Products.

"**Non-Traditional Venues**" means a broad variety of atypical retail sites, including, without limitation, a site, venue 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, other shop or movie theater), food courts operated by a master concessionaire and any site for which the lessor, owner or operator limits the operation of its beverage and/or food service facilities to a master concessionaire or contract beverage service provider.

"**Open**", "**Open For Business**", "**Opened**" and "**Opened For Business**" means Area Developer has actually begun to sell food products to the public from a Reborn Coffee Store.

"**Opening Date**" means the day that (i) Area Developer receives written authorization from Franchisor and all applicable Governmental Authorities to commence business operations at a Reborn Coffee Store, and (ii) Area Developer actually begins to offer Authorized Reborn Coffee Products for sale to the public from the Reborn Coffee Store, whichever occurs last.

"**Owner**" means any direct or indirect shareholder, member, general or limited partner, trustee, or other owner of an Entity.

"**Preliminary Acceptance**" shall have the meaning set forth in Section 5.1.

"**Principal Owner**" means the individual(s) designated by Area Developer on Exhibit A, and accepted by Franchisor, to serve as the authorized representative of Area Developer, who shall act as Area Developer's representative in all matters with Franchisor, as Area Developer's liaison with Franchisor, the Franchisor Owners and the Owners, who shall have the authority to act on behalf of Area Developer during the Term without the participation of any other Owner, and who shall own at least ten percent (10%) of the Equity of Area Developer.

"**Proposed Buyer**" shall have the meaning set forth in Section 9.3.

"**Purchase Notice**" shall have the meaning set forth in Section 9.3.

"**Purchase Price**" shall have the meaning set forth in Section 12.2.

"**Qualified Assignment**" shall have the meaning set forth in Section 9.2.3.

"**Site Review Request**" shall have the meaning set forth in Section 5.1.

"**Take-Along Assets**" shall have the meaning set forth in Section 9.1.2.

"**Take-Along Notice**" shall have the meaning set forth in Section 9.1.2.

"**Take-Along Rights**" shall have the meaning set forth in Section 9.1.2.

"**Reborn Coffee Branded Products**" means any product now existing or developed in the future that bears any of the Reborn Coffee Marks, including products that are prepared, sold and/or manufactured in accordance with Franchisor's recipes, formulation, ingredients, compositions, methods, methodologies, processes, standards, specifications, and/or information, including pre-packaged food and beverage products, souvenirs, cups, coolers, hats, t- shirts and other clothing, and the like.

"**Reborn Coffee Franchise Agreements"** means franchise agreements in existence from time to time between Franchisor and other Reborn Coffee Franchisees for Reborn Coffee Stores.

"**Reborn Coffee Franchisees**" means the parties who enter into Reborn Coffee Franchise Agreements with Franchisor to operate one or more Reborn Coffee Stores.

"**Reborn Coffee Marks**" means one or more trademarks, tradenames, service marks, logos and commercial symbols, now existing or created in the future, used or that may be used in connection with a Reborn Coffee Store and/or as part of the Reborn Coffee System.

"**Reborn Coffee Proprietary Products**" means those food products, beverages, packaging and other products which are created, conceived, produced, developed, or manufactured from time to time in accordance with or using any Trade Secrets, Confidential Information, or other confidential or proprietary information, process, method, or methodology of Franchisor of any of its Affiliates, or that Franchisor otherwise designates as proprietary or confidential. "**Reborn Coffee Proprietary Products**" includes Non-Proprietary Products that may from time to time be created, conceived, produced, developed, manufactured, or derived through the use of any Trade Secrets, Confidential Information, or other confidential or proprietary information, process, method, methodology, recipe, specification, formula or intellectual property right of Franchisor or any of its Affiliates. "**Reborn Coffee Proprietary Products**" includes any and all Confidential Information contained or embodied therein.

"**Reborn Coffee System**" means the unique system developed by Franchisor and Franchisor's Affiliates that includes the operations, operating methods, methodologies, processes and practices related to one or more Reborn Coffee Stores, Authorized Reborn Coffee Products and/or Reborn Coffee Marks, including (i) the business practices between Franchisor and one or more of Reborn Coffee Franchisees, (ii) interior and exterior Reborn Coffee Store designs and decor, (iii) items or elements of trade dress, (iv) specifications for products, equipment, fixtures and uniforms, (v) defined product offerings and menu items, (vi) recipes, formulations, and ingredients, (vii) preparation methods, methodologies, processes, and practices, (viii) specified pricing and promotions, (ix) operating and administrative procedures, (x) management and technical training programs, (xi) marketing and public relations programs, (xii) Franchisor's website, Intranet and related content; and (xiii) other items that may from time to time be created, conceived, produced, and/or developed in connection with one or more Reborn Coffee Stores, Authorized Reborn Coffee Products and/or Reborn Coffee Marks; all and in each case as Franchisor may add to, delete from, modify, supplement, or otherwise change from time to time. "**Reborn Coffee System**" includes Reborn Coffee Marks, Authorized Reborn Coffee Products and Improvements. "**Reborn Coffee System**" also includes any and all Confidential Information contained or embodied therein.

"**Reborn Coffee Store**" means quick service restaurants offering tea drinks, iced and cold brewed coffee, espresso, lattes, and a limited menu of pastries under one or more Reborn Coffee Marks. Use of the term "**Reborn Coffee Store**" with respect to Area Developer means the Reborn Coffee Store located at the Franchised Locations to be operated by Area Developer under this Agreement.

"**Reborn Coffee Store Assets**" shall have the meaning set forth in Section 12.2.

"**Then-Current**" means, as the context of the Agreement indicates: (i) the area developer agreement, Reborn Coffee Franchise Agreement and/or other documentation then-currently provided to or required by Franchisor for similarly situated prospective area developers and franchisees, or if not then being so provided or required, then the area developer agreement, Reborn Coffee Franchise Agreement and/or other documentation selected by Franchisor in its discretion which previously has been delivered to and executed by an area developer or a franchisee of Franchisor, or, as the context of this Agreement indicates, the fees then-currently charged by Franchisor for services provided by Franchisor.

"**Third Party Claim**" shall have the meaning set forth in Section 14.4.1.

"**Third Party Offer**" shall have the meaning set forth in Section 9.3.

"**Trade Secrets**" means proprietary and Confidential Information of Franchisor or any of its Affiliates, including, recipes, formulations, ingredients, compositions, specifications, procedures, policies, concepts, systems, know-how, plans, software, strategies, methods, methodologies, processes, and techniques in connection with the Reborn Coffee System or any part thereof, including in connection with the design, creation, implementation, operation and/or maintenance of a Reborn Coffee Store or any aspect thereof and/or in connection with producing one or more "**Trade Secrets**" includes the use or implementation of one or more Non-Proprietary Products in a proprietary and confidential manner as part of the Reborn Coffee System, and the specifications, procedures, know-how, methods, methodologies, processes, techniques and other information related thereto. "**Trade Secrets**" excludes information that is or becomes a part of the public domain through publication or communication by Franchisor or its Affiliates.

"**Venue**" means any site other than a Non-Traditional Venue.

2. EXCLUSIVE LICENSE

2.1. Grant and Minimum Development Obligation. Franchisor hereby grants to Area Developer, and Area Developer hereby accepts, a limited right and license to use certain Reborn Coffee Marks and certain aspects of the Reborn Coffee System, in each case as determined by Franchisor from time to time, solely for Area Developer's purpose to develop and operate the Minimum Development Obligation of Reborn Coffee Stores set forth in Exhibit B only at Venues in the Development Area during the individual Development Periods listed on Exhibit B under the Development Schedule set forth on Exhibit B in accordance with the terms and conditions in this Agreement. Except as provided in Section 2.6, Area Developer may not develop, own or operate more Reborn Coffee Stores in the Development Area than the Minimum Development Obligation during the Term. Area Developer shall not, and is not entitled to, subcontract, sublicense, sublease, award, transfer, share, divide or partition this Agreement and nothing in this Agreement will be construed as granting Area Developer the right to do so.

2.2. Exclusive License. Except as otherwise provided in Section 2.3, the rights granted to Area Developer in Section 2.1 are exclusive during the Term only in the Development Area so long as Area Developer is in Good Standing, and neither Franchisor nor any of its Affiliates shall themselves develop, own and operate, or grant third parties the right to develop, own and operate, Reborn Coffee Stores in the Development Area during the Term.

2.3. Reservation of Rights. Except for the rights specifically granted to Area Developer in Sections 2.1 and 2.2, Franchisor and its Affiliates expressly reserve all other rights, including the exclusive, unrestricted right, in their discretion, directly and indirectly, through its employees, Affiliates, representatives, licensees, assigns, agents and others, to:

2.3.1. develop, own and/or 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;

2.3.2. develop, own and/or operate, and to grant franchises to third parties to develop, own and/or operate, as applicable, any other businesses, including beverage and snack or food business, other than a Competitive Business, under marks and systems different from the Reborn Coffee Marks and the Reborn Coffee System within and outside the Development Area;

2.3.3. sell or distribute, at retail or wholesale, directly or indirectly, or license or sublicense 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;

2.3.4. market on the Internet and use the Reborn Coffee 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

2.3.5. 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 Area Developer.

2.4. Adherence to Development Schedule. Area Developer shall satisfy the Minimum Development Obligation by Opening the number of Reborn Coffee Stores only at Venues in the Development Area within each Development Period as required by the Development Schedule and by continuing to operate the cumulative number of Reborn Coffee Stores required by the Minimum Development Obligation. Failure to comply with a scheduled Opening Date set forth in the Development Schedule shall constitute a Default under this Agreement and shall entitle Franchisor to terminate this Agreement, unless the Default results from an event of Force Majeure, in which case, the Opening Date may be extended by Franchisor as provided in Section 2.7.

2.5. Closures and Assignments of Reborn Coffee Stores. If, during the Term, Area Developer ceases to operate any Reborn Coffee Store developed and Opened under this Agreement for any reason, Area Developer must develop a replacement Reborn Coffee Store to fulfill Area Developer's obligation to have Open and in operation the required number of Reborn Coffee Stores at the expiration of each Development Period. The replacement Reborn Coffee Stores must be Opened within twelve (12) months after the closing of the Reborn Coffee Store that will be replaced. Reborn Coffee Stores that are Open and operating that are assigned to Affiliates of Area Developer with Franchisor's consent, shall count in determining whether Area Developer has satisfied the Minimum Development Obligation for so long as the applicable Affiliate continues to comply with the terms of this Agreement.

2.6. Additional Development Rights. If Area Developer is in Good Standing and satisfies the Minimum Development Obligation before the Expiration Date and desires to develop, own and operate additional Reborn Coffee Stores in the

Development Area, Area Developer shall notify Franchisor in writing (the "**Additional Development Notice**") that Area Developer desires to do so and provide Franchisor with a proposal for the development of additional Reborn Coffee Stores in the Development Area (the "**Additional Development Obligation**"), setting forth the number of additional Reborn Coffee Stores proposed to be Opened by Area Developer, the proposed development fees and initial franchise fees payable to Franchisor for each Reborn Coffee Store proposed to be developed and the proposed Opening Dates for each Reborn Coffee Store during the remainder of the Term. Franchisor may, but shall have no obligation to, grant Area Developer the Additional Development Rights described in this Section 2.6 in its sole and absolute discretion.

2.6.1. If Franchisor elects to grant the Additional Development Rights to Area Developer and if the Additional Development Obligation proposed by Area Developer is unacceptable to Franchisor in any respect, Franchisor and Area Developer shall negotiate during the following thirty (30) day period to agree upon an acceptable Additional Development Obligation. If the Additional Development Obligation proposed by Area Developer is acceptable to Franchisor, or if Franchisor and Area Developer reach agreement on an alternative Additional Development Obligation within the thirty (30) day period after the date of the Additional Development Notice, Franchisor shall deliver to Area Developer its Then-Current form of Area Development Agreement (the "Additional Area Development Agreement") setting forth the agreed upon Additional Development Obligation. Within thirty (30) days after Area Developer's receipt of the Additional Area Development Agreement, Area Developer shall execute the Additional Area Development Agreement, and return it to Franchisor. If Area Developer has so executed and returned the Additional Area Development Agreement, and has satisfied the conditions precedent set forth in Section 2.6.2, Franchisor shall execute the Additional Area Development Agreement, and return a fully executed copy to Area Developer.

2.6.2. Franchisor shall execute the Additional Area Development Agreement, if, and only if, all of the following are satisfied: (i) Franchisor elects to grant the Additional Development Rights to Area Developer, (ii) Area Developer has fully performed all of its obligations under this Agreement and all other agreements between Franchisor and Area Developer and is in Good Standing on the date of the Additional Development Notice and on the date of Franchisor's execution of the Additional Area Development

Agreement, (iii) Area Developer has demonstrated Area Developer's Then-Current financial ability to timely implement and complete the Additional Development Obligation, (iv) Area Developer continues to operate no less than the aggregate number of Reborn Coffee Stores in the Development Area as required by the Minimum Development Obligation, (v) Area Developer has executed the Additional Area Development Agreement and delivered it to Franchisor together with the development fees and initial franchise fees payable to Franchisor for the Additional Development Rights, and (vi) Area Developer executes and delivers to Franchisor a General Release in a form acceptable to Franchisor.

2.7. Force Majeure. Neither Party will be in default in the performance of its obligations under this Agreement if such performance is prevented or delayed due to Force Majeure. If Area Developer is unable to meet the Minimum Development Obligation for any Development Period solely as the result of Force Majeure or any legal disability of Franchisor to deliver a Disclosure Document pursuant to Section 5.3, which results in the inability of Area Developer to construct and Open the Reborn Coffee Stores as required by this Agreement, Area Developer shall provide Franchisor, within ten (10) days after the occurrence of an event that Area Developer believes is an event of Force Majeure, with notice of the specific nature and extent of the Force Majeure and an explanation as to how the event has delayed Area Developer's performance under this Agreement. The determination of whether an event of Force Majeure has occurred shall be made by Franchisor, in its sole discretion, upon Franchisor's assessment of the event causing the delay. Area Developer shall provide Franchisor with continuing updates and all information requested by Franchisor regarding Area Developer's progress and diligence in responding to and overcoming the event of Force Majeure.

3. TERM AND RENEWAL RIGHTS

3.1. Term. The Term shall commence on the Effective Date and shall expire on the Expiration Date (the "**Term**").

3.2. Renewal Rights. This Agreement may not be extended or renewed. If Area Developer desires to engage in further development of Reborn Coffee Stores in the Development Area following the Expiration Date, Area Developer shall enter into a new Area Development Agreement with Franchisor in the form and on terms then offered to new Area Developers.

4. PAYMENTS BY AREA DEVELOPER

4.1. Development Fee. On the Effective Date of this Agreement, Area Developer shall pay the Development Fee, comprising of the Initial Franchise Fee of forty thousand dollars ($20,000) for the first Reborn Coffee Store and thirty thousand dollars ($10,000) for each additional Reborn Coffee Store unit to be developed, opened and operated by Area Developer as set forth in Exhibit B, to Franchisor for the rights granted to Area Developer under this Agreement. Area Developer shall pay the Development Fee by a wire transfer of immediately available funds to a bank account designated by Franchisor. The Development Fee is fully earned by Franchisor when paid and is non-refundable, in whole or in part, under any circumstances.

4.2. Initial Franchise Fee. Area Developer shall pay Franchisor the Initial Franchise Fee which is included as part of the the Development Fee in Exhibit B for the first Reborn Coffee Store unit to be developed, opened and operated under this Agreement by Area Developer. The Initial Franchise Fee is fully earned by Franchisor when paid and is non-refundable, in whole or in part, under any circumstances. Area Developer shall pay the Initial Franchise Fee for the first location in full on the Effective Date.

4.3. Royalty Fee. Each Franchise Agreement executed by the Parties for each Reborn Coffee Store developed by Area Developer under this Agreement shall provide for the payment of a royalty fee by Area Developer to Franchisor equal to three percent (3%) of the Gross Sales of each Reborn Coffee Store developed, opened and operated by Area Developer.

5. SITE REVIEW AND APPROVAL AND EXECUTION OF DOCUMENTS BY THE PARTIES

5.1. Site Review. Area Developer shall, at all times during the Term, exert Area Developer's best efforts to diligently identify proposed sites for the Reborn Coffee Stores. When Area Developer identifies a proposed site for a Reborn Coffee Store, Area Developer shall submit to Franchisor all demographic and other information regarding the proposed site and neighboring areas that Franchisor shall require, in the form prescribed by Franchisor, and shall request Franchisor to consider and approve the site ("**Site Review Request**"). Franchisor shall approve, reject or request additional information regarding a proposed site within forty-five (45) days following Franchisor's receipt of a Site Review Request, or within fifteen (15) days after receipt of the additional requested information, whichever is later. If Franchisor accepts a proposed site (a "**Franchised Location**"), Franchisor shall notify Area Developer of its preliminarily acceptance of the Franchised Location (the "**Preliminary Acceptance**"), which shall be subject to the successful negotiation by Area Developer of a final Lease or purchase agreement for the Franchised Location that is acceptable to Franchisor and any other conditions that Franchisor may impose. Franchisor may voluntarily (without obligation) assist Area Developer in locating an acceptable Franchised Location for a Reborn Coffee Store; however, neither Franchisor's assistance, if any, nor Franchisor's approval of any proposed Franchised Location, whether initially proposed by Area Developer or by Franchisor, shall be construed to insure or guarantee the profitable or successful operation of a Reborn Coffee Store at that Franchised Location by Area Developer and Franchisor hereby expressly disclaims any responsibility or liability therefor. Area Developer acknowledges and agrees that it is Area Developer's sole responsibility to identify and obtain each Franchised Location for the Reborn Coffee Stores to be developed under this Agreement.

5.2. Final Acceptance and Negotiation and Execution of Lease. Promptly following Area Developer's receipt of Preliminary Acceptance by Franchisor, Area Developer shall negotiate a Lease or purchase agreement for the proposed Franchised Location and shall submit to Franchisor a copy of the proposed Lease or purchase agreement, as applicable, for Franchisor's review and approval. Following Franchisor's review and approval of a proposed final Lease or purchase agreement, as applicable, and Area Developer's satisfaction of all conditions set forth in the Preliminary Acceptance and in Section 5.4, Franchisor shall notify Area Developer of Franchisor's final acceptance of the proposed Franchised Location (the "**Final Acceptance**"). Area Developer acknowledges and agrees that Franchisor's review and acceptance of a Lease or purchase agreement shall not be construed as an endorsement of the Lease or purchase agreement, or, confirmation that the Lease or purchase agreement complies with Applicable Law, or confirmation that the terms of the Lease or purchase agreement are favorable to Area Developer. Area Developer acknowledges and agrees that it is Area Developer's sole responsibility to review and approve each Lease or purchase agreement for each Reborn Coffee Store to be developed under this Agreement.

5.3. Franchise Disclosure Document. Subject to Section 5.4 and after the Preliminary Acceptance of each proposed Franchised Location, Franchisor shall deliver to Area Developer a copy of Franchisor's Then-Current Franchise Disclosure Document as required by Applicable Law (the "**Disclosure Document**") and a copy of the Then-Current Franchise Agreement for the Reborn Coffee Store to be located at the Franchised Location. If Franchisor is not legally able to deliver a Disclosure Document to Area Developer by reason of any lapse or expiration of its franchise registration, or because Franchisor is in the process of amending its registration, or for any reason beyond Franchisor's reasonable control, Franchisor may delay Preliminary Acceptance or Final Acceptance of a proposed Franchised Location or the delivery of a Franchise Agreement for the Reborn Coffee Store to be located at a proposed Franchised Location until Franchisor is able to deliver a Disclosure Document to Area Developer in compliance with Applicable Law. No sooner than immediately after the expiration of any applicable waiting period prescribed by Applicable Law, but no later than thirty (30) days after Area Developer's receipt of the Franchise Agreement, Area Developer shall execute the Franchise Agreement and return it to Franchisor together with the applicable Initial Franchise Fee. If Area Developer has executed and returned the signed Franchise Agreement and the Initial Franchise Fee and has satisfied the conditions set forth in Section 5.4 and Franchisor has issued a Final Acceptance, Franchisor shall execute the Franchise Agreement and return one fully executed copy of the Franchise Agreement to Area Developer.

5.4. Conditions to Franchisor's Obligations. Area Developer acknowledges and agrees that, as a condition precedent to Franchisor's performance of Franchisor's obligations under Sections 5.1, 5.2 and 5.3, and to Area Developer's right to develop each and every Reborn Coffee Store, all of the following conditions precedent must be satisfied and Franchisor shall execute a Franchise Agreement for each Reborn Coffee Store if, and only if: (i) Area Developer has fully performed all of its obligations under this Agreement and all other agreements between Franchisor and Area Developer and is in Good Standing on the date of Area Developer's delivery of a Site Review Request to Franchisor, the date of the issuance of a Preliminary Acceptance, the date of the issuance of a Final Acceptance, and on the date of Franchisor's execution of a Franchise Agreement, (ii) Area Developer demonstrates Area Developer's Then-Current financial ability to implement and complete the construction and Opening of the Reborn Coffee Store, (iii) Area Developer has Opened and continues to operate no less than the aggregate number of Reborn Coffee Stores required by the Minimum Development Obligation in compliance with the Development Schedule, (iv) Area Developer has executed the Franchise Agreement and delivered it to Franchisor,

(v) Area Developer executes and delivers a General Release to Franchisor in a form acceptable to Franchisor, and (vi) Area Developer has paid Franchisor the Initial Franchise Fee when Area Developer executed the Franchise Agreement and returned it to Franchisor.

6. OBLIGATIONS OF AREA DEVELOPER

6.1. Development and Operation of Reborn Coffee Stores. Area Developer shall, at all times during the Term, exert Area Developer's best efforts to faithfully, honestly and diligently develop, own and operate the number of Reborn Coffee Stores in the Development Area in order to satisfy the Minimum Development Obligation and the Development Schedule in accordance with the requirements of this Agreement and each Franchise Agreement for each Reborn Coffee Store.

6.2. Name of Reborn Coffee Stores, Product Lines and Approved Suppliers. All Reborn Coffee Stores developed, Opened and operated under this Agreement by Area Developer shall operate under the name "Reborn Coffee" and shall advertise, sell and serve all and only Authorized Reborn Coffee Products under the names designated by Franchisor which shall be prepared and served strictly in accordance with Franchisor's methods, standards, and specifications. All Reborn Coffee Branded Products, Reborn Coffee Proprietary Products and Non-Proprietary Products designated by Franchisor for use and sale at Reborn Coffee Stores must be purchased from Approved Suppliers. Franchisor and its Affiliates may be, but are not obligated to become, Approved Suppliers of certain Reborn Coffee Branded Products, Reborn Coffee Proprietary Products and Non-Proprietary Products and may act as the sole Approved Suppliers of certain Reborn Coffee Branded Products, Reborn Coffee Proprietary Products and Non-Proprietary Products.

6.3. Reborn Coffee System. Area Developer shall comply with each Franchise Agreement and shall operate the Reborn Coffee Stores in conformity with the methods, standards, and specifications that Franchisor may from time to time prescribe in the Manuals or otherwise. Since every detail of the Reborn Coffee System is essential in order to develop and maintain quality operating standards, to increase the demand for the products and services sold by Reborn Coffee Stores under the Reborn Coffee System and to protect the Reborn Coffee Marks and reputation and goodwill, Franchisor shall have the right to disapprove, as it believes reasonably necessary, any modification of, or addition to, the Reborn

Coffee System suggested by Area Developer that is reasonably likely to have an adverse effect on the Reborn Coffee System, the Reborn Coffee Marks or Franchisor's reputation or goodwill.

6.4. Modifications to Reborn Coffee System and Manuals. The Reborn Coffee System, the Manuals that govern the operation of Reborn Coffee Stores and the products and services offered by the Reborn Coffee Stores may be modified by Franchisor at any time, and from time to time. Area Developer shall comply, at Area Developer's expense, with all modifications and shall implement changes to the Reborn Coffee System within the time periods specified by Franchisor following Area Developer's receipt of notice from Franchisor to do so.

6.5. Insurance. Area Developer shall obtain and maintain throughout the term of this Agreement the types and amounts of insurance required by Franchisor and shall provide Franchisor with proof of coverage and Certificates of Insurance upon demand. Workers Compensation insurance must be in compliance with all federal, state, and local laws and regulations.

6.6. Computer Hardware and Software. Area Developer shall purchase, lease or license all computer hardware and software designated by Franchisor for the Reborn Coffee Stores. All computer hardware and software specified by Franchisor shall be purchased, leased or licensed by Area Developer at Area Developer's expense. During the Term, Area Developer shall maintain and update all computer hardware and software as required by Franchisor.

6.7. Payment of Taxes. Area Developer shall pay all personal property, sales, excise, use, and other taxes, regardless of type or nature, which may be imposed, levied, assessed or charged, on, against, or in connection with the Reborn Coffee Stores by any Governmental Authority in the Development Area.

6.8. Compliance with Governmental Regulations. Area Developer shall, as an independent business owner, timely obtain and maintain all permits, certificates, and licenses necessary for the lawful operation of the Reborn Coffee Stores.

6.9. Internet. Area Developer shall not develop, create, generate, own, license, lease or use in any manner any computer medium, mobile device medium or other electronic medium (including, without limitation, any Internet home page, e-mail address, web site and content therein, domain name, bulletin board, newsgroup or other Internet-related medium or activity) which in any way uses or displays, in whole or part, any Reborn Coffee Marks, or any of them, or any words, symbols or terms confusingly similar thereto without Franchisor's prior written consent, and then only in the manner and in accordance with the procedures, policies, standards and specifications that Franchisor may establish from time to time. Area Developer shall not separately register any domain name or any portion of any domain name containing any Reborn Coffee Marks or participate or market on any web site or other form of electronic media (including, without limitation, through the use of social technology, social media, social networking platforms or other forms of electronic media not yet developed) using or displaying any Reborn Coffee Marks without Franchisor's prior written consent. Area Developer's general conduct on the Internet and in the use of other forms of electronic media is subject to the terms and conditions of this Agreement and all other rules, requirements or policies that Franchisor may identify from time to time. Franchisor may, at any time after Area Developer commences use of any Franchisor-approved electronic media, prohibit further use thereof, effective upon receipt of written notice by Area Developer.

6.10. Notifications and Crisis Management Events. Area Developer shall notify Franchisor in writing within (i) twenty-four (24) hours, and confirm in writing within two (2) days thereafter, of any investigation or violation, actual or alleged, of any health, liquor or narcotics laws or regulation related to any Reborn Coffee Store in the Development Area, and (ii) five (5) days of the commencement of any investigation, action, suit, or proceeding or of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other Governmental Authority which may adversely affect the operation or financial condition of any Reborn Coffee Store in the Development Area. Area Developer shall immediately inform Franchisor's Managing Member (or as otherwise instructed in the Manuals) by telephone of the occurrence of a Crisis Management Event. Area Developer shall cooperate fully with Franchisor with respect to Franchisor's response to a Crisis Management Event.

7. REBORN COFFEE MARKS

7.1. Ownership and Goodwill of Reborn Coffee Marks. Area Developer acknowledges and agrees that the Reborn Coffee Marks are used under license from an Affiliate of Franchisor and may be modified by such Affiliate or Franchisor, from time to time. Franchisor and Franchisor's Affiliate continue to develop, use and control the use of the Reborn Coffee Marks to identify for the public the source of services and products marketed under the Reborn Coffee Marks, and to represent the

Reborn Coffee System's high standards of quality, appearance and service. Area Developer acknowledges and agrees that its right to use the Reborn Coffee Marks is derived solely from this Agreement and the Franchise Agreement, and is limited to use in operating the Reborn Coffee Store by Area Developer pursuant to and in compliance with this Agreement and as a Reborn Coffee Franchisee pursuant to the Franchise Agreements between Area Developer and Franchisor. Franchisor and its Affiliates shall, at all times, have the right to review and inspect Area Developer's use of the Reborn Coffee Marks and other rights to assess whether Area Developer's use is in compliance with this Agreement. Any unauthorized use of any Reborn Coffee Marks by Area Developer shall constitute a material breach of this Agreement and an infringement of Franchisor's and Franchisor's Affiliate's rights in and to the Reborn Coffee Marks. Area Developer acknowledges and agrees that as between Franchisor and Area Developer (i) Franchisor owns the Reborn Coffee Marks and the Reborn Coffee System and all goodwill associated with any of the foregoing,, (ii) Area Developer owns no goodwill or rights in the Reborn Coffee Marks or the Reborn Coffee System and except for the license granted by this Agreement, Area Developer has no other right or interest in any Reborn Coffee Marks or the Reborn Coffee System or any part thereof, and (iii) Area Developer's use of the Reborn Coffee Marks and any goodwill established by that use shall inure to the exclusive benefit of Franchisor. Area Developer hereby agrees, either during the Term or after this Agreement terminates or expires, not to contest, or assist any other person or Entity to contest, the validity of any of the rights, title or interests in the Reborn Coffee Marks or the Reborn Coffee System (or any part thereof) held by Franchisor or its Affiliates or the enforceability thereof.

7.2. Limitations on Use. Area Developer shall not use any Reborn Coffee Mark (i) with any prefix, suffix, or other words, terms, designs, or symbols (other than logos licensed to Area Developer under this Agreement as a Reborn Coffee Mark), (ii) in connection with any unauthorized service or product, (iii) as part of any domain name or electronic address maintained on the Internet, the World Wide Web, or any other similar electronic delivery system, or (iv) in any other manner not expressly authorized in writing by Franchisor. Area Developer shall give all notices of trademark and service mark registration or other proprietary notices as Franchisor specifies and shall use and obtain all fictitious or assumed name registrations required by Franchisor or under applicable law. Area Developer further agrees that no trademark or service mark other than "Reborn Coffee" or other Reborn Coffee Marks specified by Franchisor shall be used in marketing, promoting, or operating the Reborn Coffee Stores.

7.3. Modifications. Franchisor reserves the right from time to time to (i) modify or discontinue licensing any of the Reborn Coffee Marks, (ii) add new names, marks, designs, logos or commercial symbols to the Reborn Coffee Marks and, in which case, Area Developer shall use them, and (iii) introduce new practices as part of the Reborn Coffee System in operating the Reborn Coffee Stores and, in which case Area Developer shall observe and implement such new practices.. Area Developer acknowledges and agrees that the term Reborn Coffee Marks includes the specific names, marks, designs, logos or commercial symbols licensed by Franchisor at any given point in time, subject to Franchisor's right to impose changes. Area Developer shall comply, at Area Developer's sole expense, with Franchisor's directions regarding changes in the Reborn Coffee Marks and Reborn Coffee System or any part thereof within a reasonable time after written notice from Franchisor. Franchisor shall have no liability to Area Developer for any cost, expense, loss or damage that Area Developer incurs in complying with Franchisor's directions and conforming to Franchisor's required changes.

7.4. Defense of Reborn Coffee Marks and Reborn Coffee System. Franchisor shall have the sole right, either alone or with its Affiliate, to handle disputes with Area Developer and third parties concerning Franchisor's or Franchisor's Affiliates' ownership of, rights in, or Area Developer's or other's use of, the Reborn Coffee Marks or the Reborn Coffee System. Area Developer shall immediately notify Franchisor in writing if Area Developer receives notice, or is informed or becomes aware, of any: (i) improper use of any of the Reborn Coffee Marks or elements of the Reborn Coffee System, including misuse by any third parties, (ii) use by any third party of any mark, design, logo or commercial symbol which, in Area Developer's judgment, may be confusingly similar to any of the Reborn Coffee Marks, (iii) use by any third party of any business or business practice which, in Area Developer's judgment, improperly simulates the Reborn Coffee System in a manner likely to confuse or deceive the public, or (iv) claim, challenge, suit or demand asserted against Area Developer based upon Area Developer's use of the Reborn Coffee Marks or the Reborn Coffee System. Franchisor or Franchisor's Affiliate shall have sole right and discretion to take any and all action as it/they deem appropriate, including, without limitation, to take no action, and the sole right and discretion to control any dispute, proceeding or negotiation arising out of any infringement, challenge, claim or otherwise relating to any Reborn Coffee Marks or the Reborn Coffee System or any part thereof. Area Developer has no right to, and shall not settle or compromise any dispute, claim, proceeding or demand asserted against it. Area Developer hereby agrees to be bound by Franchisor's decisions in handling any and all disputes, claims, proceedings and demands regarding the Reborn Coffee Marks and the Reborn Coffee System. Area

Developer shall cooperate fully with Franchisor and execute all documents and perform all actions as may, in Franchisor's judgment, be necessary, appropriate or advisable in the prosecution, enforcement, defense, negotiation and/or resolution of any and all disputes, claims, proceedings and demands and to protect and maintain Franchisor's rights in the Reborn Coffee Marks and the Reborn Coffee System. Except to the extent that a third party claim asserted against Area Developer is based upon Area Developer's misuse of any Reborn Coffee Marks or the Reborn Coffee System or any part thereof or Area Developer's act or omission in breach of this Agreement or in violation of Applicable Law, Franchisor agrees to defend Area Developer against a third party claim and indemnify Area Developer for any reasonable and actual losses suffered by Area Developer resulting from such third party claim for Area Developer's authorized, proper and lawful use of the franchised rights in strict compliance with the terms and conditions of this Agreement and Applicable Laws, provided Area Developer has notified Franchisor as soon as practical after learning of the claim and fully cooperates in the defense of the action. Because Franchisor will defend the third party claim, Area Developer is not entitled to be reimbursed for any fees and costs, including legal and other professional fees and costs, incurred by Area Developer in connection with such claim. Area Developer has no right, independent of Franchisor, to make any demand against any such user or challenger or to prosecute any claim of any kind or nature whatsoever relating to the Reborn Coffee Marks.

8. CONFIDENTIAL INFORMATION

8.1. Confidential Information.

8.1.1. "**Confidential Information**" means any and all information, knowledge, and/or data, whether or not in writing, in electronic format, or in other tangible or intangible medium, concerning Franchisor, any or its Affiliates and/or any of their respective businesses, operations, practices, styles, products and/or services, that has been furnished or is to be furnished to Area Developer by, or Area Developer has otherwise obtained or obtains from, Franchisor, an Affiliate of Franchisor, or another person or entity. By way of illustration, but not limitation, "**Confidential Information**" includes information, knowledge and data relating to the Reborn Coffee System and elements or portions thereof, business operations, practices, styles, products, services, recipes, sources of materials and equipment, customer management, software, data, content, formulations, ingredients, compositions, patterns, compilations, programs, devices, processes, methods, methodologies, standards, business relationships, contact information for industry professionals, developmental or experimental products and services, improvements, discoveries, plans for research, potential new or supplemental products and services, websites and website content, advertisements, ancillary products and services, marketing and selling methods and/or plans, business plans, budgets and unpublished financial statements, licenses, prices and costs, vendors, collaborators, current customer and prospective customer names, addresses and contact information, information regarding credit extensions to customers, customer service purchasing histories, prices charged to customers, information regarding the skills and compensation of employees, contractors and other personnel of Franchisor, designs, drawings, specifications, source code, object code, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, trade secrets, sales and license techniques, inventions, copyrightable material, trademarkable material, intellectual property rights, Trade Secrets, databases, relationships between Franchisor and other persons or entities, knowledge or know-how, including knowledge or know-how concerning the methods of operation of one or more Reborn Coffee Stores, any other information or material considered proprietary by Franchisor whether or not designated as confidential information by Franchisor, any other information that is not generally known by the public or which derives independent economic value (actual or potential) from not being generally known to the public, and any other information which, given the circumstances surrounding its disclosure, would be considered confidential. "**Confidential Information**" also includes the manner in which any of the above described items may be combined with any other information or products or synthesized or used by Area Developer.

8.1.2. Confidential Information does not include any information that: (i)was in the lawful and unrestricted possession of Area Developer prior to its disclosure by Franchisor without any duty or obligation of confidentiality; (ii) is or becomes generally available to the public by lawful acts other than those of Area Developer after receiving it; (iii) has been received lawfully and in good faith by Area Developer from a third party who did not derive it from Franchisor or Area Developer without any duty or obligation of confidentiality; or (iv) is shown by Area Developer with documentary evidence to have been independently developed by Area Developer without any use or access to any Confidential Information.

8.1.3. Area Developer acknowledges and agrees that certain Confidential Information may be provided to Area Developer or Area Developer may be apprised of certain Confidential Information by virtue of Area Developer's relationship with Franchisor or in connection with Area Developer's operation of the Reborn Coffee Store.

8.1.4. For clarification, notwithstanding anything to the contrary, neither Franchisor or any of its Affiliates is obligated or required to disclose to Area Developer, any Owner or any third party any Trade Secrets or other Confidential Information with respect to any Reborn Coffee Proprietary Products or other product or service of a confidential nature.

8.2. Value. Area Developer acknowledges and agrees the Confidential Information is not generally known by the public or parties other than Franchisor, its Affiliates, its franchisees and Area Developer; derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor, its franchisees or Area Developer; and is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain the secrecy of the Confidential Information, including, without limitation (i) not revealing the Confidential Information to unauthorized parties; (ii) requiring its franchisees to acknowledge and agree in writing that the Confidential Information is confidential; (iii) requiring its franchisees to agree in writing to maintain the confidentiality of the Confidential Information; (iv) monitoring electronic access to certain Confidential Information by the use of passwords and other restrictions so that electronic access to such Confidential Information is limited to authorized parties; and (v) requiring its franchisees to return all Confidential Information to Franchisor or to destroy all Confidential Information upon the expiration or termination of their Reborn Coffee Franchise Agreements.

8.3. Maintain Confidentiality. Area Developer shall not, during the Term of this Agreement or thereafter, communicate, divulge, or use for the benefit of anyone else, any information that Franchisor considers its trade secrets and/or any Confidential Information. Area Developer acknowledges and agrees that any use of any Confidential Information by Area Developer shall be in strict compliance with the terms and conditions of this Agreement. Area Developer may divulge such Confidential Information only to such of its employees who must have access to it in order to perform their employment responsibilities.

8.4. Irreparable Injury from Disclosure of Confidential Information. Area Developer acknowledges that failure to comply with any of the requirements of this Section 8 will result in irreparable injury to Franchisor and/or its Affiliate for which no adequate remedy at law may be available, and Area Developer consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees and costs incurred by Franchisor and/or its Affiliates in obtaining, without the posting of any bond, an ex parte or other order for injunctive relief, specific performance and/or other equitable relief with respect to the requirements of this Section 8. Franchisor and its Affiliates reserve all rights to all legal relief and remedies against Area Developer, including damages, for any breach by Area Developer of any term or condition of this Section 8.

8.5. Confidentiality Covenants from Individuals Associated with Area Developer. Area Developer shall require each employee, agent, representative, personnel and advisor of Area Developer who may have access to any Confidential Information to execute covenants that they will maintain the confidentiality and abide by the use restrictions of any Confidential Information in the same manner as applicable to Area Developer under this Section 8. Such covenants shall be in a form satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them.

9. TRANSFER OF INTEREST

9.1. Transfer by Franchisor.

9.1.1. Franchisor shall have the right to transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal Entity without the consent or approval of Area Developer. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. Franchisor and or its Affiliates may sell their assets, securities and business, the Reborn Coffee Marks and/or the Reborn Coffee System, may sell securities in a public offering and/or in private placements, may merge, reorganize, acquire other Entities, and/or be acquired by another Entity, and may undertake a refinancing, recapitalization, leveraged buy-out, and/or other economic or financial restructuring (collectively, a “**Capital Event**”), all without the consent or approval of Area Developer.

9.1.2. Upon the occurrence of a Capital Event, Franchisor shall have the right (the “**Take-Along Right**”) to compel Area Developer to sell and, in such event, Area Developer shall sell the business, securities and/or assets of any or all of the Reborn Coffee Stores, regardless of whether such Reborn Coffee Stores are under construction or are Open and operating (collectively the “**Take-Along Assets**”) at the same value attributable to Reborn Coffee Stores owned and operated by Franchisor or its Affiliates at the closing of a Capital Event. Franchisor shall exercise this Take-Along Right to compel the sale of the Take-Along Assets by Area Developer by providing Area Developer with written notice (the “**Take-Along Notice**”) setting forth the time and place of the closing of the Capital Event, which time and place shall not be less than thirty (30) days after the date of the Take-Along Notice, and the expected price and form of consideration to be paid for the Take-Along Assets at the closing.

9.2. <u>Assignment by Area Developer</u>. Area Developer acknowledges and agrees that the rights granted to Area Developer under this Agreement are personal and are granted in reliance upon, among other considerations, the individual or collective character, skill, aptitude, attitude, experience, business ability and financial condition and capacity of Area Developer and, if Area Developer is an Entity, that of the Owners. Accordingly, Area Developer acknowledges and agrees that Area Developer shall not, and has no right to, by operation of law or otherwise, whether in Area Developer’s own name or in the name and/or on behalf of any person or Entity, directly or indirectly, offer, sell, assign, convey, transfer, pledge, donate, encumber or otherwise negotiate or deal with any third party, directly or indirectly, with respect to: (i) this Agreement, (ii) any right or interest in or to this Agreement, or (iii) the right to use the Reborn Coffee System or the Reborn Coffee Marks or any part thereof granted pursuant to this Agreement (each an “**Assignment**”) without Franchisor’s prior written consent.

9.2.1. Unless the Parties otherwise agree in writing, Area Developer shall not make or attempt to make any Assignment except in conjunction with a concurrent Assignment to the same Franchisor-approved assignee of all Reborn Coffee Stores then operated by Area Developer in the Development Area. As a condition to Franchisor’s consent to such an Assignment, among other things as set forth in this Agreement, the assignee must execute Franchisor's Then-Current form of Reborn Coffee Franchise Agreement for each Reborn Coffee Store sold to the assignee. Without Franchisor's prior written consent, which may be withheld or denied by Franchisor in its discretion: (i) Area Developer shall not offer for sale or transfer at public or private auction any of the rights of Area Developer under this Agreement, and (ii) Area Developer shall not, directly or indirectly, pledge, encumber, hypothecate or otherwise grant any third party a security interest in this Agreement in any manner whatsoever. To the extent that the foregoing prohibition may be ineffective under Applicable Law, Area Developer shall provide not less than ten (10) days prior written notice (which notice shall contain the name and address of the secured party and the terms of such pledge, encumbrance, hypothecation or security interest) of any pledge, encumbrance, hypothecation or security interest of Area Developer's rights under this Agreement.

9.2.2. For purposes of this Agreement, each of the following events is, without limitation, an Assignment subject to the conditions to transfer identified in this Agreement: (i) the death or incapacity of any Owner, (ii) the offer or sale of securities of Area Developer pursuant to a transaction subject to registration under applicable securities laws or by private placement, (iii) the sale, assignment, transfer, conveyance, gift, pledge, mortgage, or other encumbrance of more than twenty percent (20%) in the aggregate, whether in one or more transactions, of the Equity or voting power of Area Developer, by operation of law or otherwise or any other events or transactions which, directly or indirectly, effectively changes the voting rights or control of Area Developer, (iv) the issuance of any securities by Area Developer which itself or in combination with any other transactions results in the Owners, as constituted on the Execution Date, owning less than 40% of the outstanding Equity or voting power of Area Developer, and (v) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer of control of the Area Developer, however effected. Area Developer shall promptly provide Franchisor with written notice (stating such information as Franchisor may from time to time require) of each and every transfer, assignment and encumbrance by any Area Developer Owner of any direct or indirect Equity or voting rights in Area Developer, notwithstanding that the same may not constitute an "Assignment" as defined under this Section 9.

9.2.3. Franchisor's right of first refusal set forth in <u>Section 9.3</u> shall not apply to a transfer by Area Developer of all of Area Developer's rights under this Agreement to a newly-formed corporation, limited liability company or other business Entity provided all of the Equity or voting interests of the new business Entity are owned by the same Owners (a "**Qualified Assignment**"), but the other terms and conditions of an Assignment set forth in this <u>Section 9</u> shall apply to a Qualified Assignment.. Any attempted or purported Assignment which fails to comply with the requirements of this <u>Section 9</u> shall be null and void and shall constitute a Default under this Agreement.

9.3. <u>Right of First Refusal</u>. Except with respect to a "Qualified Assignment", if Area Developer or an Owner receive a bona fide written offer ("**Third Party Offer**") from a third party (the "**Proposed Buyer**") to purchase or otherwise acquire all interest in Area Developer which will result in an Assignment within the meaning of this Agreement, Area Developer shall, within five (5) days after receiving the Third Party Offer and before accepting it, apply to Franchisor in writing for Franchisor's consent to the proposed Assignment. To constitute a bona fide written offer, the Third Party Offer must also apply to all of the Reborn Coffee Stores then operated by Area Developer in the Development Area.

9.3.1. Area Developer shall attach to its application for consent to complete the Assignment a copy of the Third Party Offer together with (i) information relating to the Proposed Buyer's experience and qualifications, (ii) a copy of the Proposed Buyer's current financial statement, and (iii) any other information material to the Third Party Offer, Proposed Buyer and proposed Assignment or that Franchisor requests.

9.3.2. Franchisor or its nominee shall have the right, exercisable by written notice ("**Purchase Notice**") given to Area Developer or the Proposed Buyer, within thirty (30) days following Franchisor's receipt of the Third Party Offer, all supporting information, and the application for consent, to notify Area Developer or the Proposed Buyer that Franchisor will purchase or acquire the rights, assets, Equity or interests proposed to be assigned on the same terms and conditions set forth in the Third Party Offer, except that Franchisor may (i) substitute cash for any form of payment proposed in the offer discounted to present value; (ii) deduct from the purchase price the amount of all amounts then due and owing from Area Developer to Franchisor under this Agreement or otherwise; (iii) Franchisor's credit will be deemed equal to the credit of the Proposed

Buyer (meaning that, if the proposed consideration includes promissory notes, Franchisor or its nominee may provide promissory notes with the same terms as those offered by the Proposed Buyer); and (iv) Franchisor must receive, and Area Developer (and it's owners if an Entity) agree to make, all customary representations and warranties given by the seller of the assets of a business or the Equity in a legal entity, as applicable, including, without limitation, representations and warranties regarding: (a) ownership and condition of and title to Equity and/or assets; (b) liens and encumbrances relating to Equity and/or assets; and (c) validity of contracts and the liabilities, contingent or otherwise, of the entity whose assets or Equity are being purchased.

9.3.3. If Franchisor or its nominee elects to purchase or acquire the rights, assets, Equity or interests proposed to be assigned to the Proposed Buyer, the closing shall take no later than sixty (60) days following the date that Franchisor or its nominee makes such election.

9.3.4. If Franchisor does not elect to purchase or acquire the rights, assets, Equity or interests proposed to be assigned to the Proposed Buyer, the closing of the sale to the Proposed Buyer shall take no later than ninety (90) days following the date that the Third Party Offer was received by Area Developer. If there is any material change in the terms of the Third Party Offer before the closing of the sale, Area Developer shall provide notice of such change to Franchisor, and Franchisor or its nominee shall have a right of first refusal with respect to the new terms subject to the conditions stated in this Section 9.3.

9.4. Conditions of Assignment to Third Party. As a condition to obtaining Franchisor's consent to an Assignment, including any Qualified Assignment or an Assignment to a Proposed Buyer, the following conditions must be satisfied:

9.4.1. The Proposed Buyer must submit a completed franchise application to Franchisor and meet Franchisor's Then-Current qualifications for new Reborn Coffee Area Developers, including qualifications pertaining to financial condition, credit rating, experience, moral character and reputation.

9.4.2. Area Developer must be in Good Standing on the date consent is requested and until the date of closing or effectiveness of the Assignment.

9.4.3. The sales price of the interest to be conveyed must not be so high, or the terms of the sale so onerous, that, in the judgment of Franchisor, the Proposed Buyer will be unlikely to meet the Proposed Buyer's financial and other obligations to Franchisor, third party suppliers and creditors following the closing. Franchisor shall have no liability to either Area Developer or the Proposed Buyer if Franchisor approves the Assignment and the Proposed Buyer thereafter experiences financial difficulties.

9.4.4. The Proposed Buyer must sign Franchisor's Then-Current form of Area Development Agreement, the terms of which may differ materially from any and all of the terms contained in this Agreement, and which shall supersede this Agreement in all respects. In exchange for signing the Then-Current Area Development Agreement, the Proposed Buyer shall receive the rights of Area Developer provided for in this Agreement, as modified by the terms of the Then-Current form of Area Development Agreement. If Franchisor is not offering new area development franchises, is in the process of revising, amending or renewing Franchisor's form of Area Development Agreement or Disclosure Document or is not lawfully able to offer Franchisor's Then-Current form of Area Development Agreement at the time of an Assignment, Franchisor may offer to amend this Agreement, upon terms and conditions that will be established by Franchisor and the Proposed Buyer at that time, or may offer to amend the term of this Agreement on substantially the terms and conditions set forth in this Agreement on a month-to-month basis for as long as Franchisor deems necessary or appropriate so that Franchisor may subsequently offer and utilize a Then-Current form of Area Development Agreement.

9.4.5. Area Developer will remain subject to all obligations stated in this Agreement that expressly, or by implication due to their nature, survive the transfer, termination or expiration of this Agreement, including, without limitation, the provisions prohibiting competition, non-interference and non-disclosure of Confidential Information.

9.4.6. Area Developer and the Proposed Buyer or other assignee shall execute a General Release in a form acceptable to Franchisor.

9.4.7. Area Developer shall pay Franchisor the sum of ten thousand dollars ($10,000) as a transfer fee to apply against Franchisor's administrative and other costs to process the Assignment.

9.4.8. Area Developer must simultaneously transfer its rights under all contracts for which continuation is necessary for operation of the Reborn Coffee Stores to the Proposed Buyer or other assignee and satisfy any separate conditions to obtain any third party consents required for the transfer of Area Developer's rights to the Proposed Buyer or other assignee. The Proposed Buyer or other assignee must execute all other documents and agreements required by Franchisor to consummate the Assignment. All required third party consents to the Assignment must be obtained. If the Proposed Buyer or other assignee is a corporation, limited liability company or other business Entity, each person who at the time of the Assignment, or later, owns or acquires, either legally or beneficially, twenty percent (20%) or more of the Equity or voting interests of the Proposed Buyer must execute a Guarantee in a form acceptable to Franchisor.

9.4.9. Area Developer's right to receive the sales proceeds from the Proposed Buyer in consideration of the Assignment shall be subordinate to the obligations of the Proposed Buyer owed to Franchisor and its Affiliates under, or pursuant to, this Agreement or any other agreement. All contracts by and between Area Developer and the Proposed Buyer shall expressly include a subordination provision permitting payment of the sales proceeds to Area Developer only after any outstanding obligations owed to Franchisor and its Affiliates are fully satisfied.

9.4.10. Except when the assignee is an existing Area Developer or franchisee of Franchisor, the Proposed Buyer, or a senior operations employee who will have general management and supervisory responsibilities for the Reborn Coffee Stores who is acceptable to Franchisor, must complete to Franchisor's sole satisfaction Franchisor's initial training program prior to the effective date of the Assignment.

9.4.11. The Proposed Buyer must conform the Reborn Coffee Stores with Franchisor's Then-Current appearance and design standards and equipment specifications applicable to new Reborn Coffee Stores.

9.5. Death or Incapacity. In the event of the death or incapacity of an Owner, the spouse, heirs or personal representative of the deceased or incapacitated person, or the remaining shareholders, members, partners or owners (each a "**Successor**") shall have one hundred eighty (180) days from the date of such death or incapacity in which to (i) purchase the interest of the deceased or incapacitated person, or (ii) complete an Assignment of the interest of the deceased or incapacitated person to a qualified, approved third party, subject to the provisions of this Section 9. If a Successor has not purchased the interest of the deceased or incapacitated person or completed an Assignment of the interest of the deceased or incapacitated person to a qualified, approved third party within one hundred eighty (180) days from the date of death or incapacity, Franchisor may terminate this Agreement. For purposes of this Agreement, the term "**Incapacity**" means an inability due to medical reasons to devote full time and attention to operation of the Reborn Coffee Store or Area Developer rights for at least four months in the aggregate during any consecutive 12 month period during the Term, based upon the examination and findings of a physician selected by Franchisor. A period of Incapacity will continue without interruption unless and until the person suffering the Incapacity resumes his or her duties under this Agreement on a full time basis for 30 consecutive days.

9.6. Effective of Consent to Transfer. Franchisor's consent to a transfer is not a representation of the fairness of the terms of any contract between Area Developer and the assignee, a guarantee of the Reborn Coffee Store(s) or assignee's prospects of success, or a waiver of any claims Franchisor has against Area Developer (or it's owners) or of Franchisor's right to demand the assignee's full compliance with this Agreement.

10. TRANSFER BY AREA DEVELOPER IN BANKRUPTCY

If, for any reason, this Agreement is not terminated pursuant to Section 11.1 and this Agreement is assumed, or Assignment of the same to any person or Entity who has made a bona fide offer to accept an Assignment of this Agreement is contemplated, pursuant to the United States Bankruptcy Code, then notice of the proposed Assignment or assumption, setting forth (i) the name and address of the proposed assignee, and (ii) all of the terms and conditions of the proposed Assignment and assumption, shall be given to Franchisor within twenty (20) days after receipt of the proposed assignee's offer to accept such Assignment of this Agreement, and, in any event, within ten (10) days prior to the date application is made to a court of competent jurisdiction for authority and approval to enter into the Assignment and assumption, and Franchisor shall thereupon have the prior right and option, to be exercised by notice given at any time prior to the effective date of the proposed Assignment and assumption, to accept an Assignment of this Agreement to Franchisor itself upon the same terms and conditions and for the same consideration, if any, as set forth in the bona fide offer made by the proposed assignee, less any brokerage commissions which may be payable by Area Developer out of the consideration to be paid by the assignee for the Assignment of this Agreement.

11. DEFAULT AND TERMINATION

11.1. Termination In the Event of Area Developer's Bankruptcy or Insolvency. Area Developer shall be deemed to be in Default under this Agreement, and all rights granted to Area Developer of this Agreement shall automatically and immediately terminate without notice to Area Developer, (i) if Area Developer becomes insolvent or makes a general assignment for the benefit of creditors, (ii) if a petition in bankruptcy is filed under federal bankruptcy or insolvency laws by Area Developer or such a petition is filed against and not opposed by Area Developer, (iii) if Area Developer is adjudicated as bankrupt or insolvent, (iv) if a bill in equity or other proceeding for the appointment of a receiver of Area Developer or other custodian for any Reborn Coffee Store is filed and consented to by Area Developer, (v) if a receiver or other custodian (permanent or temporary) of Area Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction, (vi) if proceedings for a composition with creditors under any Applicable Law is instituted by or against Area Developer, (vii) if a final judgment in excess of one hundred thousand dollars ($100,000) against Area Developer or any Reborn Coffee Stores remains unsatisfied or is of record for thirty (30) days or longer (unless a supersedeas bond is filed), (viii) if Area Developer admits Area Developer is unable to generally pay Area Developer's debts as they become due, (ix) if execution is levied against Area Developer or any Reborn Coffee Store or property located thereon,(x) if suit to foreclose any lien or mortgage against any Reborn Coffee Store or the equipment of any Reborn Coffee Store is instituted against Area Developer and not dismissed within thirty (30) days, or (xi) if any Reborn Coffee Store shall be sold after levy thereupon by any sheriff, marshal, or constable.

11.2. Termination With Notice and Without Opportunity to Cure. Area Developer shall be in Default under this Agreement, and Franchisor may, at its option, terminate this Agreement and all rights granted under this Agreement, without affording Area Developer any opportunity to cure the Default, effective immediately upon receipt of notice by Area Developer (i) if Area Developer or an Owner is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the Reborn Coffee System, the Reborn Coffee Marks, the goodwill associated therewith, or Franchisor's interest therein, (ii) if Area Developer fails to comply with the Development Schedule, (iii) if any of the Franchise Agreements or any other agreement between Area Developer and Franchisor or its Affiliates are terminated due to a breach or Default by Area Developer, (iv) if any purported Assignment or transfer of any direct or indirect interest in this Agreement, in the Reborn Coffee Stores, or in all or substantially all of Area Developer's assets is made to any third party by Area Developer or an Owner without Franchisor's prior written consent, (v) if any transfer of the equity ownership interests of Area Developer or an Owner is made to any third party without Franchisor's prior written consent, (vi) if Area Developer or an Owner discloses or divulges the contents of Franchisor's Manuals, Trade Secrets or other Confidential Information provided to Area Developer by Franchisor, (vii) if an approved Assignment, as required by Section 9.5 of this Agreement, is not effected within the time provided following death or incapacity of an Owner, (viii) if Area Developer or an Owner fails to comply with the covenants in Section 13 of this Agreement or fails to obtain execution of and deliver the covenants required under Section 13.7 of this Agreement, (ix) if Area Developer or an Owner has made any material misrepresentations in connection with their application to Franchisor for the development rights granted by this Agreement, (x) if Area Developer or an Owner, after curing a Default pursuant to Section 11.3 of this Agreement, commits the same, similar, or different Default, whether or not cured after notice, (xi) if any Owner fails or refuses to deliver to Franchisor, within ten (10) days after Franchisor's written request, a Guarantee in substantially the form attached to this Agreement as Exhibit C and current financial statements as may from time to time be requested by Franchisor, (xii) if Area Developer, an Owner or an Affiliate fails to comply with any or all of the terms of this Agreement, or any other agreement between Franchisor, or its Affiliates, and Area Developer or an Owner beyond the applicable cure period, or (xiii) upon a breach of Area Developer's obligations under this Agreement or any other agreement between Area Developer and Franchisor, which by its nature is not capable of being cured by Area Developer.

11.3. Termination With Notice and Opportunity to Cure. Except as provided in Sections 11.1 and 11.2 of this Agreement, Area Developer shall have thirty (30) days after written notice from Franchisor within which to remedy any Default under this Agreement and to provide evidence thereof to Franchisor. If any such Default is not cured within the specified time, or such longer period as Applicable Law may require, this Agreement shall terminate without further notice to Area Developer effective immediately upon expiration of the thirty (30) day period or such longer period as Applicable Law may require. Area Developer shall be in Default pursuant to this Section 11.3 for failure to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be modified or supplemented by the Manuals, or for failure to carry out the terms of this Agreement in good faith.

11.4. Options At Termination. Upon any Default under Sections 11.2 or 11.3 of this Agreement, Franchisor may immediately take any one or more of the following actions, by written notice to Area Developer: (i) terminate this Agreement and all rights granted to Area Developer under this Agreement, (ii) accelerate or decelerate the Development Schedule, (iii) reduce the Minimum Development Obligation, (iv) eliminate or diminish Area Developer's rights with respect to the Development Area or the size of the Development Area, or (v) increase the fees to be paid by Area Developer to Franchisor.

11.5. Cross-Default. Any Default by Area Developer under the terms and conditions of this Agreement, any Franchise Agreement, or any other agreement between Franchisor, or its Affiliates, and Area Developer, shall be deemed to be a Default of each and every other such agreement. In the event of the termination of this Agreement for any cause, or the termination of any other agreement between Franchisor, or its Affiliates, and Area Developer, Franchisor may, at its option, terminate any or all of such other agreements.

12. OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted under this Agreement to Area Developer shall forthwith terminate, and the following provisions shall apply:

12.1. No Right to Open Additional Franchised Businesses. Upon termination or expiration of this Agreement: (i) Area Developer shall have no further right to develop any Reborn Coffee Stores, (ii) Area Developer shall have no further rights or obligations under this Agreement or the Franchise Agreements that were terminated, (iii) Area Developer shall have the right to continue to own and operate all Reborn Coffee Stores Opened by Area Developer prior to the termination date under Franchise Agreements with Franchisor that remain in full force and effect on the termination date, and (iv) Franchisor may thereafter develop, own and operate, and grant franchises to third parties to develop, own and operate Reborn Coffee Stores at any location within or outside of the Development Area, without restriction.

12.2. Purchase Reborn Coffee Stores Assets. Upon the expiration of this Agreement or the termination of this Agreement for any Default of Area Developer, Franchisor shall have the option, to be exercised by written notice to Area Developer within thirty (30) days after the Expiration Date or Termination Date, to purchase any and all assets of Area Developer related to the Reborn Coffee Stores, regardless of whether such Reborn Coffee Stores are under construction or are Open and operating, and all of assets of Area Developer related to the Reborn Coffee Stores that Franchisor elects to purchase (collectively the "**Reborn Coffee Stores Assets**"). The purchase price for the Assets (the "**Purchase Price**") shall be the "Fair Market Value" of the Reborn Coffee Stores Assets as determined under this Section 12.2. "**Fair Market Value**" means the price that a willing buyer would pay to a willing seller when neither is acting under compulsion and when both have reasonable knowledge of the relevant facts on the date the option is first exercisable (the "**Exercise Date**"). Franchisor and Area Developer shall use their best efforts to mutually agree upon the Fair Market Value. If they are unable to so agree within thirty (30) days after the Exercise Date, Franchisor shall appoint, within forty (40) days of the Exercise Date, one (1) appraiser, and Area Developer shall appoint within forty (40) days of the Exercise Date, one (1) appraiser. The two (2) appraisers shall within a period of five (5) additional days, agree upon and appoint an additional appraiser. The three (3) appraisers shall, within sixty (60) days after the appointment of the third appraiser, determine the Purchase Price in writing and submit their report to Franchisor and Area Developer. The Purchase Price shall be determined by disregarding the appraiser's valuation that diverges the greatest from each of the other two (2) appraisers' valuations, and the arithmetic mean of the remaining two (2) appraisers' valuations shall be the Purchase Price. Franchisor and Area Developer shall each pay for the services of the appraiser they select, plus one half (1/2) of the fee charged by the third appraiser, and one half (1/2) of all other costs relating to the determination of the Purchase Price. The Purchase Price as so determined shall be payable as Franchisor and Area Developer mutually agree. If they are unable to so agree within ten (10) days after final determination of the Purchase Price, fifty percent (50%) of the Purchase Price shall be payable in cash and the remaining fifty percent (50%) of the Purchase Price shall be paid in eighty-four (84) equal monthly payments and shall bear interest at a rate equal to the greater of the prime rate of interest, as published by the Western Edition of the Wall Street Journal, plus three percent (3%), OR ten percent (10%) per annum, but in no event in excess of the maximum rate permitted by Applicable Law. Payment of the portion of the Purchase Price not paid in cash shall be secured by a security interest in the Reborn Coffee Stores Assets. Any purchase of the Reborn Coffee Stores Assets shall include the assumption by Franchisor and the assignment by Area Developer, of all Leases for the Reborn Coffee Store that Franchisor elects to purchase.

12.3. Irreparable Injury to Franchisor. Area Developer agrees and acknowledges that Area Developer's failure to comply with the provisions of Section 12.2 will result in irreparable harm to Franchisor and to the Reborn Coffee Marks, and Area Developer agrees to pay all damages, expenses, court costs and reasonable attorneys' fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, and/or damages resulting from a violation of, the requirements of Section 12.2 of this Agreement.

12.4. Payment of Monies Due. Upon expiration or termination of this Agreement, Area Developer shall promptly pay all sums owing to Franchisor and its Affiliates. If this Agreement is terminated because of a Default by Area Developer, such sums also shall include all damages, costs, and expenses, including attorneys' fees, incurred by Franchisor as a result of the Default. Franchisor shall have the right to set off any amounts which Franchisor deems are payable to Franchisor by Area Developer.

12.5. Return of Materials and Other Confidential Information. Upon termination or expiration of this Agreement, Area Developer shall immediately deliver to Franchisor the Manuals and all other records, files, and any instructions containing Confidential Information which are in Area Developer's possession and all copies thereof (all of which Area Developer acknowledges and agrees is the property of Franchisor).

13. COVENANTS

13.1. No Prior Experience, Information or Knowledge. Area Developer specifically acknowledges and agrees that prior to becoming an area developer of Franchisor, Area Developer had no experience, information or knowledge whatsoever about a specialty tea or coffee shop or a Reborn Coffee Store and that Area Developer's knowledge of the Confidential Information was obtained solely from Franchisor, following Area Developer's training by Franchisor and Area Developer's subsequent operation of the Reborn Coffee Store under the Franchise Agreement.

Area Developer specifically acknowledges that, pursuant to this Agreement, Area Developer will receive valuable specialized training and Confidential Information, including, without limitation, Confidential Information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the Reborn Coffee System, which are unique and proprietary to Franchisor, derive independent economic value from not being generally known to the public and are the subject of Franchisor's efforts and that are reasonable under the circumstances to maintain their secrecy.

13.2. Non-Competition During Term of Agreement. Area Developer and each Owner covenants that during the Term, except as otherwise approved in writing by Franchisor, Area Developer and each Owner shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, or legal Entity (i) divert or attempt to divert any present or prospective Reborn Coffee customer to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with any Reborn Coffee Marks or the Reborn Coffee System or any parts thereof; or (ii) employ or seek to employ any person who is or has been within the previous thirty (30) days employed by Franchisor or an Affiliate of Franchisor as a salaried managerial employee, or otherwise directly or indirectly induce such person to leave his or her employment, or (iii) own (either beneficially or of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any Competitive Business, provided, however, the restrictions stated in this Section 13.2 shall not apply to any Owner after two (2) years from the date the Owner ceases to be an officer, director, shareholder, member, manager, trustee, owner, general partner, employee or otherwise associated in any capacity with Area Developer.

13.3. Non-Competition After Execution or Termination of Agreement. Except as Franchisor otherwise approves in writing, commencing upon the date of: (i) an Assignment permitted under Section 9 of this Agreement, (ii) the Expiration Date of this Agreement, (iii) the termination of this Agreement (regardless of the cause for termination), or (iv) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 13.3, and continuing for an uninterrupted period of two (2) years thereafter, Area Developer and each Owner shall not, own (either beneficially or of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any Competitive Business located within twenty (20) miles of any Reborn Coffee Store; provided, however, the restrictions stated in this Section 13.3 shall not apply to any Owner after two (2) years from the date the Owner ceases to be an officer, director, shareholder, member, manager, trustee, owner, general partner, employee or otherwise associated in any capacity with Area Developer in the Development Area.

13.4. Exceptions to Non-Compete Covenants. Sections 13.2 and 13.3 shall not apply to ownership by Area Developer or an Owner of a less than five percent (5%) beneficial interest in the outstanding equity securities of any Competitive Business registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

13.5. Reducing Scope of Covenants. Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 13.2 and 13.3, or any portion thereof, without Area Developer's consent, effective immediately upon receipt by Area Developer of written notice thereof, and Area Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable.

13.6. Enforceability of Covenants Not Affected by Area Developer Claims. The existence of any claims Area Developer may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 13. Area Developer shall pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 13.

13.7. Covenants from Individuals. Area Developer shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Section 13 (including covenants applicable upon the termination of a person's relationship with Area Developer) from all Owners. Every covenant required by this Section 13.7 shall be in a form acceptable to Franchisor, and shall include, without limitation, a designation of Franchisor as a third party beneficiary of the covenants with the independent right to enforce them.

13.8. Breach of Covenants Causes Irreparable Injury. Area Developer acknowledges that the violation of any covenant in this Section 13 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Area Developer consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

13.9. Effect of Applicable Law. In the event any portion of the covenants in this Section 13 violates Applicable Laws affecting Area Developer, or is held invalid or unenforceable in a final judgment to which Franchisor and Area Developer are parties, then the maximum legally allowable restriction permitted by Applicable Law shall control and bind Area Developer. The provisions of this Section 13 shall be in addition to and not in lieu of any other confidentiality obligation of Area Developer, or any other person, whether pursuant to another agreement or pursuant to Applicable Law.

13.10. Survival. The provisions of this Section 13 shall survive the expiration and termination of this Agreement and shall not limit, restrain or otherwise affect any right or cause of action which may accrue to Franchisor or any of its Affiliates for any infringement of, violation of, or interference with, this Agreement, or any Reborn Coffee Marks, the Reborn Coffee System or any part thereof, any Confidential Information, any Trade Secrets, or any other proprietary aspects of Franchisor's business.

14. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

14.1. No Fiduciary Relationship**.** This Agreement does not create a fiduciary relationship between the Parties. Area Developer shall be an independent contractor, and nothing in this Agreement is intended to constitute or appoint either Party an agent, legal representative, subsidiary, joint venturer, partner, employee, or Affiliate or servant of the other for any purpose whatsoever.

14.2. Public Notice of Independent Status. Area Developer shall conspicuously identify itself in all dealings with its customers, contractors, suppliers, public officials, and others, as an independent Area Developer of Franchisor, and shall place such notice of independent ownership on all forms. Franchisor shall have the right to specify such or similar language of any notice.

14.3. Independent Contractor. Area Developer acknowledges and agrees that it is not authorized to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligations in Franchisor's name, and that Franchisor shall in no event assume any liability or obligation for, or be deemed liable under this Agreement as a result of, any such action, nor shall Franchisor be liable by reason of any act or omission of Area Developer in its conduct of the operation of the Reborn Coffee Stores or for any claim or judgment arising therefrom against Area Developer or Franchisor.

14.4. Indemnification. Area Developer and its Owners and Affiliates (collectively, the "**Indemnitors**") shall jointly and severally indemnify, defend and hold harmless to the fullest extent permitted by Applicable Law, Franchisor, its Affiliates and their respective directors, officers, employees, shareholders and agents (collectively, the "**Indemnitees**"), from any and all "**Losses and Expenses**" (as defined below) incurred in connection with any litigation proceeding, procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether the same is reduced to judgment) and/or any settlement thereof (collectively, an "**Indemnifiable Claim**") which arises directly or indirectly from, as a result of, or in connection with Area Developer's operation of a Reborn Coffee Store and regardless of whether the Indemnifiable Claim or the Losses and Expenses resulted from any strict or vicarious liability imposed by law on Area Developer; provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of Franchisor (except to the extent that joint liability is involved, in which event the indemnification provided for in this Section 14.4 shall extend to any finding of comparative negligence or contributory negligence attributable to Area Developer). For the purpose of this Section 14.4, the term "**Losses and Expenses**" shall mean and include compensatory, exemplary, or punitive damages, fines and penalties, attorneys' fees, experts' fees, court costs, costs associated with investigating and defending against claims, settlement amounts, judgments, compensation for damages to a person or Entity's reputation or goodwill, and all other costs associated with any of the foregoing.

14.4.1. The Indemnitees shall give the Area Developer notice of any Indemnifiable Claim of which such Indemnitee is aware for which indemnification is sought under this Section 14.4 The notice shall specify whether the Indemnifiable Claim arises as a result of an Indemnifiable Claim by a third party against the Indemnitees (a "**Third Party Claim**") or whether the Indemnifiable Claim does not result from an Indemnifiable Claim by a third party against the Indemnitees (a "**Direct Claim**"), and shall also describe (to the extent that the information is available) the factual basis for the Indemnifiable Claim and the amount of the Indemnifiable Claim, if known.

14.4.2. With respect to Third Party Claims, the Indemnitors shall have the right, at their expense and at their election, to assume control of the negotiation, settlement and defense of Third Party Claims through counsel of their choice. The election of the Indemnitors to assume such control shall be made within thirty (30) days after Area Developer's receipt of notice of a Third Party Claim. If the Indemnitors elect to assume control, the Indemnitors shall do so at the Indemnitors' sole expense. The Indemnitees shall have the right to be informed and consulted with respect to the negotiation, settlement and defenses of the Third Party Claim and to retain counsel to act on the Indemnitees' behalf, at the Indemnitees' sole expense, unless Area Developer consents to the retention of the Indemnitees' counsel at the Indemnitors' expense or unless the Indemnitors and the applicable Indemnitee(s) are both named in any action or proceeding and the representation of both the Indemnitors and the Indemnitee(s) by the same counsel would be inappropriate because of any actual or potential differing interests between them (such as the availability of different defenses), in which case the Indemnitees shall have the right to retain separate attorneys at the Indemnitors' expense..

14.4.3. If the Indemnitors elect to assume control, but thereafter fail to defend the Third Party Claim within a reasonable time or with reasonable diligence or in good faith, the Indemnitees shall be entitled to assume control of the defense at the Indemnitor's expense and the Indemnitors shall be bound by the results obtained by the Indemnitees with respect to the Third Party Claim. If any Third Party Claim is of a nature that the Indemnitees are required by Applicable Law to make a payment to any claimant with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, the Indemnitees may make such payment and the Indemnitors shall, within thirty (30) days after demand by the Indemnitees, reimburse the Indemnitees for the amount of the payment. If the Indemnitees' liability under the Third Party Claim, as finally determined, is less than the amount paid by the Indemnitors to the Indemnitees, the Indemnitees shall, within thirty (30) days after receipt of the difference from the claimant, pay the difference to the Indemnitors.

14.4.4. If the Indemnitors fail to assume control of the defense of any Third Party Claim, the Indemnitees shall have the exclusive right to consent, settle or pay the amount claimed, at the Indemnitors' expense. Whether or not the Indemnitors assume control of the negotiation, settlement or defenses of any Third Party Claim, the Indemnitors shall not settle any Third Party Claim without the written consent of the Indemnitees. The Indemnitees and the Indemnitors shall cooperate fully with each other with respect to Third Party Claims, and shall keep each other fully advised with respect to Third Party Claims (including supplying copies of all relevant documentation promptly as they becomes available); provided, however, that the Indemnitees are not required to share attorney-client privileged communications between an Indemnitee and its attorney.

14.4.5. With respect to Direct Claims, following receipt of notice from the Indemnitees of the Direct Claim, the Indemnitors shall have thirty (30) days to make such investigation of the Direct Claim as is considered necessary. For the purpose of the investigation, the Indemnitees shall make available to the Indemnitors the information relied upon by the Indemnitees to substantiate the Direct Claim, together with all other information that the Indemnitors may reasonably request. If the Indemnitors and the Indemnitees agree at or prior to the expiration of the thirty (30) day period (or any mutually agreed upon extension thereof) to the validity and amount of a Direct Claim, the Indemnitors shall immediately pay the Indemnitees the full agreed upon amount of the Direct Claim. If the Indemnitors fails to pay the same, the matter shall be resolved in the manner described in Section 15.

15. DISPUTE RESOLUTION

15.1. Mediation. The Parties shall endeavor to resolve any dispute arising out of or relating to this Agreement by mediation under procedures established by a reputable mediation program in Orange County, California, mutually acceptable to the Parties or, if the Parties cannot agree upon a mediation program within ten (10) days after a demand for mediation by either Party, under the mediation procedures established by the American Arbitration Association or its successor. Each Party shall pay fifty percent (50%) of the mediation expenses payable to the mediation program and all of its legal expenses for any mediation. If any dispute remains unresolved ninety (90)days after a demand for mediation by either Party, Franchisor and Area Developer shall each be free to pursue their respective legal remedies under Section 15.2.

15.2. Judicial Relief. The Parties agree that all disputes arising out of or relating to this Agreement shall be brought in the Superior Court of California, County of Orange, or the United States District Court of the Central District of California, Southern Division. To the fullest extent that the Parties may do so under Applicable Law, the Parties waive the defense of inconvenient forum to the maintenance of an action in these courts and agree not to commence any action of any kind except in these courts. California law shall govern the construction, interpretation, validity and enforcement of this Agreement, except to the extent the subject matter of the dispute arises exclusively under federal law, in which event federal law shall govern. In the event of any conflict of law, the laws of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the Reborn Coffee Stores are located outside of California and such provision would be enforceable under the laws of the state in which the Reborn Coffee Stores are located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Section is intended by the Parties to subject this Agreement to any franchise or similar law, rules, or regulation of any state to which it would not otherwise be subject.

15.3. Waivers. The Parties agree, to the extent permitted by Applicable Law, that any legal action of any kind by either Party arising out of or relating to this Agreement or its breach must be commenced by no later than the last to occur of the following: (i) one hundred eighty (180) days after obtaining knowledge of any facts which constituted or gave rise to the alleged violation or liability, or (ii) one year after the act, event, occurrence or transaction which constituted or gave rise to the alleged violation or liability. Franchisor and Area Developer, for themselves, and for and on behalf of the Franchisor's Affiliates and the Owners, respectively, hereby waive to the fullest extent permitted by Applicable Law, any right to, or claim for, punitive or exemplary damages against the other and agree that, in the event of a dispute between them, Franchisor and Area Developer shall each be limited to recovering only the actual damages proven to have been sustained by that Party, except as provided in Section 15.6.

15.4. Specific Performance. Franchisor and Area Developer acknowledge that each Party would be irreparably damaged if the provisions of this Agreement were not capable of being specifically enforced, and for this reason, Franchisor and Area Developer agree that the provisions of this Agreement shall be specifically enforceable. Franchisor and Area Developer further agree that any act or failure to act which does not strictly comply with the provisions and conditions of this Agreement may be specifically enforced or restrained, as applicable, and that the equitable relief provided for in this Agreement shall not in any way limit or deny any other remedy at law or in equity that either Franchisor or Area Developer might otherwise have.

15.5. Attorneys' Fees. In any legal action or proceeding brought to enforce any provision of this Agreement, the prevailing Party shall be entitled to recover from the other Party its reasonable attorneys' fees and costs in addition to any other relief that may be awarded by a court of competent jurisdiction.

15.6. Exclusive Remedy. In on the event a Party makes any claim or assertion that the other Party has unreasonably withheld, conditioned or delayed any consent, approval or authorization required under this Agreement, the Party making such claim hereby waives any such claim for damages and neither Party may claim any such damages by way of setoff, counterclaim or defense in connection therewith. Each Party's sole remedy for such a claim shall be an action or proceeding to enforce the provisions of this Agreement, for specific performance or for declaratory judgment.

15.7. Right of Parties Are Cumulative. Except as provided under Section 15.6, rights under this Agreement are cumulative, and Franchisee's and Franchisor's exercise or enforcement of any right or remedy under this Agreement will not preclude Franchisee's and Franchisor's exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

16. ANTI-TERRORISM LAWS

Area Developer shall comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Executive Order 13224 issued by the President of the United States, the USA Patriot Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war (the "Anti-Terrorism Laws"). In connection with its compliance, Area Developer certifies, represents and warrants that none of Area Developer's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Area Developer is not otherwise in violation of any of the Anti-Terrorism Laws. Any violation of the Anti-Terrorism Laws by Area Developer or Area Developer's employees or any "blocking" of Area Developer's assets under the Anti-Terrorism Laws constitute grounds for immediate termination of this Agreement and any other agreements Area Developer has entered into with Franchisor or any of its Affiliates, in accordance with the provisions of Section 11.2.

17. NOTICES

All notices or demands to be given under this Agreement shall be in writing and shall be served in person, by courier delivery for next business day delivery or by certified mail. Service shall be deemed conclusively made (i) at the time of service, if personally served, (ii) one (1) business day after delivery by the Party giving the notice, statement or demand if by courier for next business day delivery with a guaranteed tracking facility, and (iii) three (3) business days after placement in the United States mail by certified mail, return receipt requested, with postage prepaid. Notices and demands shall be given to the respective Parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other Party. Either Party may change its address for the purpose of receiving notices, demands and other communications provided by a written notice given in the manner aforesaid to the other Party.

18. OTHER PROVISIONS

18.1. Waiver and Delay. No waiver by Franchisor of any Default, or series of Defaults in performance by Area Developer, and no failure, refusal or neglect of Franchisor to exercise any right, power or option given to it hereunder or under any agreement between Franchisor and Area Developer, whether entered into before, after or contemporaneously with the execution of this Agreement, or to insist upon strict compliance with or performance of Area Developer's obligations under this Agreement or any Franchise Agreement or other agreement between Franchisor and Area Developer, whether entered into before, after or contemporaneously with the execution of this Agreement, shall constitute a waiver of the provisions of this Agreement with respect to any continuing or subsequent Default or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

18.2. Survival of Covenants. The covenants contained in this Agreement which, by their nature or terms, require performance by a Party after the expiration or termination of this Agreement shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

18.3. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Franchisor and shall be binding upon and inure to the benefit of Area Developer and its permitted successors and permitted assigns, subject to the prohibitions and restrictions against Assignment contained in this Agreement.

18.4. Joint and Several Liability. If Area Developer consists of more than one Owner, the obligations and liabilities of each such person or Entity to Franchisor are joint and several.

18.5. Entire Agreement. This Agreement, the Exhibits and the Franchise Agreements contain all of the terms and conditions agreed upon by the Parties concerning the subject matter of this Agreement. No other agreements concerning the subject matter of this Agreement, written or oral, shall be deemed to exist or to bind either of the Parties and all prior agreements, understandings and representations are merged into this Agreement and superseded by this Agreement. No director, manager, officer, employee, representative, agent, or advisor of Franchisor or any of its Affiliates has any authority to make any agreement, representation or promise not included in this Agreement and Area Developer agrees that it has executed this Agreement without reliance upon any representation or promise not included in this Agreement. This Agreement cannot be modified or changed except by written instrument signed by both of the Parties. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim any representations made in the franchise disclosure document.

18.6. Titles and Recitals. Sections and Section titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement. The Recitals set forth in Recitals A through C of this Agreement are true and correct and are hereby incorporated by reference into the body of this Agreement.

18.7. Gender and Construction. The terms of all Exhibits referenced herein attached to this Agreement are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full in this Agreement. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any Section in this Agreement may require. As used in this Agreement, the words “include,” “includes” or “including” are used in a non-exclusive sense and shall be interpreted to mean “including without limitation” or “including but not limited to”. Unless otherwise expressly provided in this Agreement to the contrary, any consent, approval, acceptance or authorization of Franchisor or Area Developer that may be required under this Agreement shall be in writing and shall not be unreasonably withheld, conditioned or delayed by the Party whose consent, approval, acceptance or authorization has been requested. On any occasion where Franchisor is required or permitted to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Franchisor's standards or satisfaction, Franchisor may do so in its sole subjective judgment and discretion. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by the Parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of both Parties. Franchisor and Area Developer intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable. To the extent there is any conflict between this Agreement and the Franchise Agreement, the Franchise Agreement shall control and govern.

18.8. Severability; Modification. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to Applicable Law. Whenever there is any conflict between any provisions of this Agreement and any present or future Applicable Law contrary to which the Parties have no legal right to contract, the latter shall prevail, but in that event, the provisions of this Agreement thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the Applicable Law. In the event that any part, Section, paragraph, sentence or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

18.9. Counterparts and Electronic Copies. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Signatures transmitted electronically or by facsimile will be deemed original signatures. Electronic copies of this Agreement shall constitute and be deemed an original copy of this Agreement for all purposes, provided that the electronic copies are fully executed, dated and identical in form to the original hard copy version of this Agreement.

18.10. Time of the Essence. Time is of the essence of this Agreement with respect to each and every provision of this Agreement in which time is a factor.

18.11. Acceptance of Conditions. Area Developer has read this Agreement and understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's standards of service and quality and the uniformity of those standards at all Reborn Coffee Tear Bars in order to protect and preserve the Reborn Coffee System and the goodwill of the Reborn Coffee Marks.

18.12. Counsel. The Parties acknowledge and agree that each Party has been represented by independent legal counsel of their choice in connection with this Agreement or has had the opportunity to have legal counsel review this Agreement and advise the Party regarding the same, but has voluntarily chosen not to do so.

18.13. No Representations. No representations have been made by Franchisor or its Affiliates or their respective officers, directors, shareholders, employees or agents, that are contrary to the terms contained in this Agreement. Area Developer shall remain duly organized and in Good Standing for as long as this Agreement is in effect.

18.14. Atypical Arrangements. Area Developer acknowledges and agrees that Franchisor may modify the offer of its franchises to other Reborn Coffee area developers and franchisees in any manner and at any time, which offers have or may have terms, conditions, and obligations which may differ from the terms, conditions, and obligations in this Agreement. Area Developer further acknowledges and agrees that Franchisor has made no warranty or representation, expressed or implied, that area development agreements or franchise agreements previously issued or issued after this Agreement by Franchisor do or will contain terms substantially similar to those contained in this Agreement. Franchisor may, in its business judgment and its sole and absolute discretion, due to local business conditions or otherwise, waive or modify comparable provisions of other Agreements previously executed or executed after the date of this Agreement with other Reborn Coffee area developers and franchisees in a non- uniform manner.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the Effective Date.

FRANCHISOR:

REBORN COFFEE FRANCHISE LLC,

A California limited liability company

By: ________________________

Name: ________________________

Title: ________________________

Address for Notices:

Reborn Coffee Franchise LLC
580 N. Berry St.
Brea, California 92821
Attention: Manager

AREA DEVELOPER:

____

a/an ________________________

By: ________________________

Name: ________________________

Title: ________________________

Address for Notices:

____
____
____

Attention: ________________________

REBORN COFFEE FRANCHISE LLC
AREA DEVELOPMENT AGREEMENT

EXHIBIT A
ENTITY INFORMATION DISCLOSURE

Area Developer represents and warrants that the following information is accurate and complete in all material respects:

1) Area Developer is a (check as applicable):

[ ] corporation
[ ] limited liability company
[ ] general partnership
[ ] limited partnership
[ ] Other (specify): ____

State of incorporation/organization: __________________________

2) Area Developer has the authority to execute, deliver, and perform its obligations under the Area Development Agreement and all related agreements and is duly organized or formed and validly existing in good standing under the laws of the jurisdiction of Area Developer's incorporation or formation.

3) Area Developer's statutory books, members agreement, shareholders agreement, or partnership agreement, as applicable, will recite that the Area Development Agreement restricts the issuance and transfer of any Equity in , and if applicable, all certificates and other documents representing Equity in the Entity will bear a legend referring to this Agreement's restrictions.

4) Area Developer shall provide to Franchisor concurrently with the execution of this Agreement true and accurate copies of its charter documents including Articles/Certificate of Incorporation/Organization, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution of this Agreement and any amendments to the foregoing (the "Entity Documents").

5) Area Developer promptly shall provide all additional information as Franchisor may from time to time request concerning all persons who may have any, direct or indirect, financial interest in Area Developer.

6) The name, address, and percentage ownership of each Owner is (use additional pages if necessary):

Name of Owner(s)	Adress	Percentage Ownership (or # of Shares)

7) The names, titles and addresses of the Owners who will be devoting their full time to the development of Reborn Coffee Stores are (use additional pages if necessary):

Name of Owner(s)	Title	Address

8) The address where Area Developer's financial records and Entity Documents are maintained is ____.

9) The Operating Partner is____.

IN WITNESS WHEREOF, the Parties have executed this Exhibit A on the Effective Date.

FRANCHISOR:
REBORN COFFEE FRANCHISE LLC,

A California limited liability company

By:
____

Name:
____

Title:
____

AREA DEVELOPER:

____

a/an ______________________________

By:
____

Name:
____

Title:
____

REBORN COFFEE FRANCHISE LLC
AREA DEVELOPMENT AGREEMENT

EXHIBIT B
DEVELOPMENT AREA, OBLIGATION, SCHEDULE, PERIODS AND FEES

A. The DEVELOPMENT AREA is defined as the territory within the boundaries described below:

____

____

____

____

If the Development Area is defined by streets, highways, freeways or other roadways then the boundary of the Development Area shall extend to the center line of each street, highway, freeway or other roadway.

B. MINIMUM DEVELOPMENT OBLIGATION: _____________ Reborn Coffee Stores.

C. DEVELOPMENT FEE: $_______________________________ (comprising of the Initial Franchise Fee of twenty thousand dollars ($20,000) for the first Reborn Coffee Store unit and ten thousand dollars ($10,000) for each additional Reborn Coffee Store unit to be developed and operated during the Term pursuant to the Minimum Development Obligation).

D. DEVELOPMENT SCHEDULE: ________ Reborn Coffee Stores must be Opened in ________months.

Development Period Ending	**Cumulative Number of Reborn Coffee Stores to Be in Operation**
Total	

IN WITNESS WHEREOF, the Parties have executed this Exhibit B on the Effective Date.

FRANCHISOR:	**AREA DEVELOPER**:
REBORN COFFEE FRANCHISE LLC,	______________________________
A California limited liability company	a/an ______________________________
By: ______________________________	By: ______________________________
Name: ______________________________	Name: ______________________________
Title: ______________________________	Title: ______________________________

EXHIBIT C
GUARANTEE OF AREA DEVELOPMENT AGREEMENT

The undersigned ("Guarantors") have requested REBORN COFFEE FRANCHISE LLC, a California limited liability company ("Franchisor"), to enter into that certain Area Development Agreement dated ____________________ (the "Area Development Agreement") with _________________________________, a ____________________ ("Area Developer"). In consideration for, and as an inducement to, Franchisor's execution of the Area Development Agreement, Guarantors hereby agree as follows:

1. "**Obligations**" means and includes any and all obligations of Area Developer arising under or pursuant to the Area Development Agreement and all other obligations, whether now existing or hereafter arising, of Area Developer to Franchisor of whatever nature.

2. Guarantors irrevocably and unconditionally, fully guarantees to Franchisor the prompt, full and complete payment of any and all Obligations of Area Developer to Franchisor and the performance of any and all obligations of Area Developer including, without limitation, obligations under the Area Development Agreement or any other agreement, instrument or document relating to, evidencing or securing any Obligations.

3. If Area Developer fails to pay any of the Obligations, Guarantors shall, within five (5) days after a written demand therefore has been given to Guarantors by Franchisor, pay all of the Obligations in like manner as if the Obligations constituted the direct and primary obligation of Guarantors. Guarantors agree that if any obligation, covenant or agreement contained in the Area Development Agreement is not observed, performed or discharged as required by the Area Development Agreement (taking into consideration any applicable cure periods), Guarantors shall, within five (5) days after a written demand therefore has been given to Guarantors by Franchisor, observe, perform or discharge such obligation, covenant or agreement in like manner as if the same constituted the direct and primary obligation of Guarantors.

4. No exercise or non-exercise by Franchisor of any right under this Guarantee, no dealing by Franchisor with Area Developer or any other person and no change,

impairment or suspension of any right or remedy of Franchisor shall in any way affect any Obligations of Guarantors under this Guarantee or give Guarantors any recourse against Area Developer. Without limiting the generality of the foregoing, Guarantors agree that, regardless of whether Franchisor gives notice thereof or obtains the consent of Guarantors thereto, Guarantors' liability under this Guarantee shall not be released, extinguished or otherwise reduced in any way by reason of (i) any amendment, modification, renewal, extension, substitution or replacement of the Area Development Agreement or of any of the Obligations, in whole or in part; (ii) any acceptance, enforcement or release by Franchisor of any security for the Area Development Agreement or of any of the Obligations, any addition, substitution or release of any of the Guarantors, or any enforcement, waiver, surrender, impairment, release, compromise or settlement of any matter with respect to the Area Development Agreement or the Obligations or any security therefore; (iii) any assignment of this Guarantee, in whole or in part by Franchisor, or any assignment or transfer of the Area Development Agreement (or any of them) by Franchisor or Area Developer; (iv) the invalidity or unenforceability of any provision of the Area Development Agreement or any of the Obligations; or (v) any failure, omission or delay of Franchisor in enforcing the Area Development Agreement, the Obligations or this Guarantee.

5. Guarantors waive and agree not to assert or take advantage of (i) any right to require Franchisor to proceed against Area Developer or any other person, firm or corporation or to proceed against or exhaust any security held by Franchisor at any time or to pursue any other remedy in Franchisor's power; (ii) any statute of limitations in any action under this Guarantee to collect any Obligations guaranteed hereby; (iii) any defense that may arise by reason of Area Developer's incapacity, lack of authority, insolvency or bankruptcy or Franchisor's failure to file or enforce a claim against the estate (either in bankruptcy or other proceeding) of Area Developer, any other or others; (iv) any defense arising out of any alteration of the Area Development Agreement or the Obligations; (v) notice of Area Developer's default in the payment or performance of any of the Obligations; (vi) demand, protest and notice of any kind including, without limitation, notice of acceptance, notice of the existence, creation or incurring of new or additional Obligations or obligations or of any action or non-action on the part of Area Developer, Franchisor, any endorser, creditor of Area Developer or Guarantors under this or any other instrument, or any other person, in connection with any obligation or evidence of Obligations held by Franchisor or in connection with any Obligations hereby guaranteed; (vii) all rights and defenses arising out of an election of remedies by Franchisor, even though that election of remedies, such as non-judicial foreclosure with respect to security for a guaranteed obligation, has

destroyed Guarantors' rights of subrogation and reimbursement against Area Developer by operation of Applicable Law or otherwise; (viii) any duty of Franchisor to disclose to Guarantors any facts that Franchisor may now or hereafter know about Area Developer, regardless of whether Franchisor has reason to believe that any such facts materially increase the risk beyond that which Guarantors intends to assumes or has reason to believe that such facts are unknown to Guarantors or has a reasonable opportunity to communicate such facts to Guarantors, it being understood and agreed that Guarantors is responsible to be and to keep informed of Area Developer's financial condition and of all circumstances bearing on the risk of nonpayment of any Obligations hereby guaranteed; and (ix) any right to the benefit of or to direct the application of any security held by Franchisor.

6. Until all Obligations to Franchisor are paid in full and fully performed, Guarantors shall have no right of subrogation and waive any right to enforce any remedy that Franchisor now has or may hereafter have against Area Developer. All existing or future indebtedness of Area Developer to Guarantors and any right to withdraw capital invested in Area Developer by Guarantors are hereby subordinated to all Obligations.

7. Guarantors' liabilities and all rights, powers and remedies of Franchisor under this Guarantee and under any other agreement now or at any time hereafter in force between Franchisor and Guarantors shall be cumulative and not alternative and such rights, powers and remedies shall be additional to all rights, powers and remedies given to Franchisor by Applicable Law. Without limiting the generality of anything contained herein, Guarantors waive and agree not to assert or take advantage of (i) all rights described in California Civil Code Section 2856(a)(1) through 2856(a)(2), inclusive, which includes, without limitation, any rights and defenses which are or may become available to Guarantors by reason of California Civil Code Sections 2787 through 2855, inclusive; and (ii) California Civil Code Sections 2899 and 3433.

8. The liability of Guarantors under this Guarantee shall be an absolute, direct, immediate and unconditional continuing guarantee of payment and performance and not of collection. Guarantors' obligations under this Guarantee are independent of Area Developer's obligations. This is a continuing Guarantee. It shall be irrevocable during the Term and through any extensions, amendments, modifications, substitutions or replacements of the Area Development Agreement and until all Obligations has been fully paid and the Obligations have been fully performed. In the event of any default under this Guarantee, a separate action

and/or successive actions may be brought and prosecuted against Guarantors regardless of whether action is brought against Area Developer or whether Area Developer is joined in any such action or actions. Franchisor may maintain successive actions for other defaults. Franchisor's rights under this Guarantee shall not be exhausted by Franchisor's exercise of any rights or remedies or by any such action or by any number of successive actions until and unless all Obligations have fully been paid and performed. The obligations of Guarantors shall be primary and are independent of the obligations of Area Developer and Franchisor may directly enforce its rights under this Guarantee without proceeding against or joining Area Developer or any other person or entity, or applying or enforcing any security of the Area Development Agreement.

9. Nether any provision of this Guarantee nor right of Franchisor under this Guarantee can be waived, nor can Guarantors be released from Guarantors' obligations under this Guarantee except by a written agreement executed by Franchisor. If any provision or portion of any provision of this Guarantee is found by a court of competent jurisdiction to be illegal or unenforceable, all other provisions shall, nevertheless, remain enforceable and effective. This Guarantee constitutes the entire agreement of Guarantors and Franchisor with respect to the subject matter hereof and no representation, understanding, promise or condition concerning the subject matter hereof shall bind Franchisor unless expressed herein.

10. All written notices permitted or required under this Guarantee shall be deemed given and delivered in accordance with <u>Section 17</u> of the Area Development Agreement. Notices to Guarantors shall be sent to the address set forth below each Guarantors' signature below.

11. This Guarantee may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Signatures transmitted electronically or by facsimile will be deemed original signatures. Electronic copies of this Guarantee shall constitute and be deemed an original copy of this Guarantee for all purposes, provided that such electronic copies are fully executed, dated and identical in form to the original hard copy version of this Guarantee.

12. This Guarantee shall be governed by and construed in accordance with the laws of the State of California. In the event of any conflict of law, the laws of California shall prevail, without regard to the application of California conflict of law rules. Nothing in this Section 12 is intended by the Parties to subject this Agreement to

any franchise or similar law, rules, or regulation of the state of California to which it would not otherwise be subject. Venue for purposes of any legal proceedings brought in connection with or arising out of this Guarantee shall be conclusively presumed to be in the State of California, County of Orange. Guarantors hereby submit to the jurisdiction of the United States District Court for the Central District of California.

Executed by or on behalf of Guarantors on the date set forth below.

By:
_______________________________________ Date: ____________________

Print Name:
____

By:
_______________________________________ Date: ____________________

Print Name:
____

EXHIBIT C
CONFIDENTIALITY AGREEMENT
(FOR FRANCHISEE CANDIDATE)

REBORN COFFEE FRANCHISE LLC
CONFIDENTIALITY AGREEMENT
(FOR FRANCHISEE CANDIDATE)

THIS CONFIDENTIALITY AGREEMENT (this "**Agreement**") is made this _____ day of ____________________, 20_____ (the "**Effective Date**"), by and between REBORN COFFEE FRANCHISE LLC, a California limited liability company ("**Franchisor**"), on the one hand, and ______________________________ , a ______________________________ ("**Candidate**"), on the other hand, who are also individually referred to in this Agreement as a "**Party**", and collectively referred to in this Agreement as "**Parties**". For purposes of this Agreement, the term "**Affiliate**" or "**Affiliates**," with respect to a Party to this Agreement, means any person or entity controlling, controlled by, or under common control with such applicable Party.

RECITALS

A. Franchisor and its Affiliates have developed and continue to develop the "**Reborn Coffee System**" for the establishment and operation of one or more quick-serve restaurants ("**Reborn Coffee Stores**") whose primary gross sales are from the sale of special coffees and teas (collectively, "**Reborn Coffee Products**"), using the trade name and service mark "**Reborn Coffee**" and other related trademarks, service marks, logos and commercial symbols (collectively, the "**Reborn Coffee Marks**"). The "**Reborn Coffee System**" also means the unique system developed by Franchisor and its Affiliates that includes the operations, operating methods, methodologies, processes and practices related to one or more Reborn Coffee Stores, authorized Reborn Coffee Products and/or Reborn Coffee Marks, including (i) the practices between Franchisor and one or more of its franchisees, (ii) interior and exterior Reborn Coffee Store designs and decor, (iii) items or elements of trade dress, (iv) specifications for products, equipment, fixtures and uniforms, (v) defined product offerings and menu items, (vi) recipes, formulations and ingredients, (vii) preparation methods, methodologies, processes and practices, (viii) specified pricing and promotions, (ix) operating and administrative procedures, (x) management and technical training programs, (xi) marketing and public relations programs, (xii) Franchisor's website, intranet and related content, (xiii) other items that may from time to time be created, conceived, produced, and/or developed in connection with one or more Reborn Coffee Stores, authorized Reborn Coffee Products and/or Reborn

Coffee Marks; all and in each case as Franchisor may add to, delete from, modify, supplement, or otherwise change from time to time.

B. Franchisor has expended and continues to expend significant and substantial time, skill, effort, and money to develop a distinctive franchise model for qualified franchisees to obtain the right to operate a Reborn Coffee Store using the Reborn Coffee Marks and certain aspects of the Reborn Coffee System.

C. Candidate desires to review confidential and proprietary information of Franchisor regarding the Reborn Coffee System to solely for purposes Candidate's evaluation a Candidate's desire to operate a Reborn Coffee Store franchise, and Franchisor may provide Candidate with certain confidential and proprietary information regarding the Reborn Coffee System prior to granting or declining to grant Candidate a franchise, subject to Candidate's strict compliance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES AND COVENANTS OF THE PARTIES STATED IN THIS AGREEMENT AND FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. INCORPORATION OF RECITALS

The recitals set forth above are true and correct and are hereby incorporated by reference into the body of this Agreement.

2. CONFIDENTITALITY AND USE OF CONFIDENTIAL INFORMATION

Candidate acknowledges and agrees:

2.1. <u>Confidential Information</u>. "**Confidential Information**" means any and all information, knowledge, and/or data, whether or not in writing, in electronic format, or in other tangible or intangible medium, concerning Franchisor, any or its Affiliates and/or any of their respective businesses, operations, practices, styles, products and/or services, that has been furnished or is to be furnished to Candidate by, or Candidate has otherwise obtained or obtains from, Franchisor, an Affiliate of Franchisor, or another person or entity. By way of illustration, but not limitation, "**Confidential Information**" includes information, knowledge and data relating to the Reborn Coffee System and elements or portions thereof, business operations, practices, styles, products, services, recipes, sources of materials and equipment, customer management, software, data, content, formulations, ingredients, compositions, patterns, compilations, programs, devices, processes, methods, methodologies, standards, business relationships, contact information for industry professionals, developmental or experimental products and services, improvements, discoveries, plans for research, potential new or supplemental products and services, websites and website content, advertisements, ancillary products and services, marketing and selling methods and/or plans, business plans, budgets and unpublished financial statements, licenses, prices and costs, vendors, collaborators, current customer and prospective customer names, addresses and contact information, information regarding credit extensions to customers, customer service purchasing histories, prices charged to customers, information regarding the skills and compensation of employees, contractors and other personnel of Franchisor, designs, drawings, specifications, source code, object code, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, trade secrets, sales and license techniques, inventions, copyrightable material, trademarkable material, intellectual property rights, trade secrets, databases, relationships between Franchisor and other persons or entities, knowledge or know-how, including knowledge or know-how concerning the methods of operation of one or more Reborn Coffee Stores, any other information or material considered proprietary by Franchisor whether or not designated as confidential information by Franchisor, any other information that is not generally known by the public or which derives independent economic value (actual or potential) from not being generally known to the public, and any other information which, given the circumstances surrounding its disclosure, would be considered confidential. "**Confidential Information**" also includes the manner in which any of the above-described items may be combined with any other information or products or synthesized or used by Candidate.

Confidential Information does not include any information that: (i) was in the lawful and unrestricted possession of Candidate prior to its disclosure by Franchisor without any duty or obligation of confidentiality; (ii) is or becomes generally available to the public by lawful acts other than those of Candidate after receiving it; (iii) has been received lawfully and in good faith by Candidate from a third party who did not derive it from Franchisor, an Affiliate of

Franchisor, or Candidate without any duty or obligation of confidentiality; or (iv) is shown by Candidate with documentary evidence acceptable to Franchisor to have been independently developed by Candidate without any use or access to any Confidential Information.

2.2. Valuable and Proprietary. Confidential Information: (i) has been developed by Franchisor and its Affiliates by the investment of significant time, skill, effort and money and is of substantial value to Franchisor and its Affiliates; (ii) it is not generally known by the public or parties other than Franchisor and its Affiliates and its franchisees; (iii) derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated or not associated with Franchisor; (iv) is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain the secrecy of the Confidential Information; and (v) is proprietary and constitutes a trade secret of Franchisor and its Affiliates.

2.3. Maintaining Confidentiality. Candidate will fully and strictly maintain the confidentiality of the Confidential Information, will exercise the highest degree of diligence in safeguarding the Confidential Information and will not disclose or reveal any Confidential Information or any part thereof to any person other than another person who is actively and directly participating in the acquisition of the franchise with Candidate, but only after first disclosing the identity of such person to Franchisor in writing and obtaining such person's signature on a Non-Disclosure Agreement providing the same terms and conditions as this Agreement and in a form satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them..

2.4. Reproduction and Use. Candidate will not directly or indirectly reproduce or copy or create any summary or extract of any Confidential Information or any part thereof, and will make no use of any Confidential Information for any purpose whatsoever unless and until Candidate becomes a franchisee of Franchisor, and then only in accordance with the provisions of Candidate's Franchise Agreement.

3. GENERAL

3.1. Injunction. Candidate recognizes the unique value of the Confidential Information and the elements of the Reborn Coffee System, and hereby agrees that any noncompliance with the terms of this Agreement or any unauthorized or improper use of any Confidential Information will cause irreparable damage to Franchisor and its Affiliates. Candidate therefore agrees that if Candidate should engage in any such unauthorized or improper use of any Confidential Information, Franchisor shall be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction without notice or the posting of any bond, in addition to any other remedies prescribed by law.

3.2. Heirs and Successors. This Agreement shall be binding upon and inure to the benefit of the Parties, their heirs, successors and assigns.

3.3. Entire Agreement. This Agreement represents the entire understanding between the Parties regarding the subject matter of this Agreement and supersedes all other negotiations, agreements, representations and covenants, oral or written. This Agreement may not be modified except by a written instrument signed by Franchisor and Candidate that expressly modifies this Agreement. The Parties intend this Agreement to be the entire integration of all of their agreements on this subject of any nature regarding the subject matter of this Agreement. No other agreements, representations, promises, commitments or the like, of any nature, exist between the Parties.

3.4. No Warranties. Candidate acknowledges and agrees that Franchisor has made no promises, representations or warranties to Candidate that are inconsistent with the terms of this Agreement or Franchisor's Franchise Disclosure Document concerning the profitability or likelihood of success of the Reborn Coffee Store, that Candidate has been informed by Franchisor that there can be no guaranty of success in the Reborn Coffee Store and that Candidate's business ability and aptitude are primary in determining Candidate's success.

3.5. No Right to Use the Reborn Coffee System or the Reborn Coffee Marks. This Agreement is not a Franchise Agreement or a license of any sort, and does not grant Candidate any right to use or to franchise or license the use of, any Confidential Information or the Reborn Coffee System or any part thereof, which right is expressly reserved by Franchisor.

3.6. Waiver. Failure by Franchisor to enforce any rights under this Agreement shall not be construed as a waiver of such rights. Any waiver, including a waiver of default, in any one instance shall not constitute a continuing waiver or a waiver in any other instance.

3.7. Validity. Any invalidity of any portion of this Agreement shall not affect the validity of the remaining portions of this Agreement, and unless substantial performance of this Agreement is frustrated by any such invalidity, this Agreement shall continue in full force and effect.

3.8. Headings and Gender. The headings herein are for purposes of convenience only and shall not be used in construing the provisions hereof. As used herein, the male gender shall include the female and neuter genders, the singular shall include the plural and the plural, the singular.

3.9. Attorneys' Fees. If Franchisor or any of its Affiliates becomes a party to any proceedings concerning this Agreement by reason of any act or omission of Candidate or any of its officers, directors, managers, employees, owners, personnel, advisors, agents or representatives, Candidate shall be liable to Franchisor and its Affiliates for the reasonable attorneys' fees and costs incurred by Franchisor and its Affiliates in such proceedings. If either Party commences a legal proceeding against the other Party to enforce this Agreement, the prevailing Party shall be entitled to have and recover from the other Party its reasonable attorneys' fees and costs.

3.10. Cumulative Remedies. Any specific right or remedy set forth in this Agreement, legal, equitable, or otherwise, shall not be exclusive, but shall be cumulative with all other rights or remedies set forth herein or allowed or allowable by law.

3.11. Notices. All notices or demands to be given under this Agreement shall be in writing and shall be served in person, by courier delivery for next business day delivery or by certified mail. Service shall be deemed conclusively made (i) at the time of service, if personally served, (ii) one (1) business day after delivery by the Party giving the notice, statement or demand if by courier for next business day delivery with a guaranteed tracking facility, and (iii) three (3) business days after placement in the United States mail by certified mail, return receipt requested, with postage prepaid. Notices and demands shall be given to the respective Parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other

Party. Either Party may change its address for the purpose of receiving notices, demands and other communications provided by a written notice given in the manner aforesaid to the other Party.

3.12. Governing Law. This Agreement takes effect upon its acceptance and execution by Franchisor in California, and shall be interpreted and construed under the laws of California.

3.13. Venue. The Parties agree that any action brought by either Party against the other in any court, whether federal or state, shall be brought within the city and county in which Franchisor has its principal place of business at the time the action is initiated, and the Parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

3.14. Counterparts and Electronic Copies. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Signatures transmitted electronically or by facsimile will be deemed original signatures. Electronic copies of this Agreement shall constitute and be deemed an original copy of this Agreement for all purposes, provided that such electronic copies are fully executed, dated and identical in form to the original hard copy version of this Agreement.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the Effective Date.

FRANCHISOR:	**CANDIDATE**:
REBORN COFFEE FRANCHISE LLC,	________________________________
A California limited liability company	a/an ____________________________
By: ________________________________	By: ________________________________
Name: ________________________________	Name: ________________________________
Title: ________________________________	Title: ________________________________

Address for Notices:

Reborn Coffee Franchise LLC
580 N. Berry St.
Brea, California 92821
Attention: Manager

Address for Notices:

____
____
____

Attention: ____________________________

EXHIBIT D
CONFIDENTIALITY AGREEMENT
(FOR CERTAIN EMPLOYEES OF FRANCHISEE)

REBORN COFFEE FRANCHISE LLC
CONFIDENTIALITY AGREEMENT
(FOR CERTAIN EMPLOYEES OF FRANCHISEE)

THIS CONFIDENTIALITY AGREEMENT (this "**Agreement**") is made this _____ day of ____________________, 20_____ (the "**Effective Date**"), by and between REBORN COFFEE FRANCHISE LLC, a California limited liability company ("**Franchisor**"), ______________________________ , a ______________________________ ("**Franchisee**"), and ______________________________ , an employee of Franchisee, ("**Employee**"). Franchisor, Franchisee and Employee are also individually referred to as a "**Party**", and collectively referred to as "**Parties**" in this Agreement. For purposes of this Agreement, the term "**Affiliate**" or "**Affiliates**," with respect to a Party to this Agreement, means any person or entity controlling, controlled by, or under common control with such applicable Party. For clarification, Franchisee is not an Affiliate of Reborn Coffee.

RECITALS

A. Franchisor and its Affiliates have developed and continue to develop the "Reborn Coffee System" for the establishment and operation of one or more quick-serve restaurants ("**Reborn Coffee Stores**") whose primary gross sales are from the sale of handcrafted fruit and milk-based tea drinks, iced tea, iced and cold brew coffee, smoothies, and slushies with add-on options and specialty fried food items currently consisting of Asian style and seasoned French fries, hand-battered popcorn chicken and shrimp items (collectively, "**Reborn Coffee Products**"), using the trade name and service mark "**Reborn Coffee**" and other related trademarks, service marks, logos and commercial symbols (collectively, the "**Reborn Coffee Marks**"). The "**Reborn Coffee System**" also means the unique system developed by Franchisor and its Affiliates that includes the operations, operating methods, methodologies, processes and practices related to one or more Reborn Coffee Stores, authorized Reborn Coffee Products and/or Reborn Coffee Marks, including (i) the practices between Franchisor and one or more of its franchisees, (ii) interior and exterior Reborn Coffee Store designs and decor, (iii) items or elements of trade dress, (iv) specifications for products, equipment, fixtures and uniforms, (v) defined product offerings and menu items, (vi) recipes, formulations and ingredients, (vii) preparation methods, methodologies, processes and practices, (viii) specified pricing and promotions, (ix) operating and administrative procedures, (x) management and technical training programs, (xi) marketing and public relations programs, (xii) Franchisor's website, intranet and related content, (xiii) other items that may from time to time be created, conceived, produced, and/or developed in connection with one or more Reborn Coffee Stores, authorized Reborn Coffee Products and/or Reborn Coffee Marks; all and in each case as Franchisor may add to, delete from, modify, supplement, or otherwise change from time to time.

B. Franchisor has expended and continues to expend significant and substantial time, skill, effort, and money to develop a distinctive franchise model for qualified franchisees to obtain the right to operate a Reborn Coffee Store using the Reborn Coffee Marks and certain aspects of the Reborn Coffee System.

C. Franchisor has and continues to protect the confidentiality of the Confidential Information (as defined in Section 2) by, among other things, (i) not revealing the confidential contents of the Confidential Information to unauthorized parties, (ii) requiring franchisees and employees of franchised and company-owned Reborn Coffee Stores to acknowledge and agree in writing that the Confidential Information is confidential, (iii) requiring franchisees and employees of franchised and company-owned Reborn Coffee Stores to agree in writing to maintain the confidentiality of the Confidential Information and to take reasonable measures to protect its confidentiality, (iv) monitoring electronic access to the Confidential Information by the use of passwords and other restrictions so that electronic access to the Confidential Information is limited to authorized parties, and (v) requiring franchisees and employees of franchised and company-owned Reborn Coffee Stores to return or destroy all Confidential Information to Franchisor upon the expiration and termination of their Franchise Agreements.

D. In connection with franchisee-owned Reborn Coffee Stores, Franchisor and Franchisee have entered into a Franchise Agreement under which Franchisor has granted Franchisee the right to operate a Reborn Coffee Store and to use certain elements of the Reborn Coffee System, certain Reborn Coffee Marks, the Manuals, and certain Confidential Information solely for purposes of Franchisee's operation of the Reborn Coffee Store.

E. In connection with franchisee-owned Reborn Coffee Stores, Franchisee is obligated under its Franchise Agreement with Franchisor to obtain a written agreement from each high-level employee employed by Franchisee, each independent contractor engaged by Franchisee, and other personnel of Franchisee who has access to any Confidential Information to (i) maintain the confidentiality of the Confidential Information, (ii) not use any Confidential Information other than in the course of his or her employment or engagement by Franchisee, and (iii) not disclose any of the Confidential Information to any unauthorized parties during the period of time that such Employee is providing services for Franchisee and forever after his or her employment or engagement by Franchisee ends.

F. During Employee's employment with Franchisee, and in connection with Employee's duties, Employee may desire or need to receive certain Confidential Information.

G. Franchisor and Franchisee is willing to provide certain Confidential Information to Employee, and Employee acknowledges and agrees that the receipt and use of Confidential Information will be subject to Employee's compliance with terms and conditions of this Agreement.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES AND COVENANTS OF THE PARTIES STATED IN THIS AGREEMENT AND FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. INCORPORATION OF RECITALS

The recitals set forth above are true and correct and are hereby incorporated by reference into the body of this Agreement.

2. CONFIDENTITALITY AND USE OF CONFIDENTIAL INFORMATION

Employee acknowledges and agrees:

2.1. No Prior Experience, Information or Knowledge. Prior to his or her employment by Franchisee, Employee had no experience, information or knowledge whatsoever regarding the Reborn Coffee System, the Reborn Coffee Marks, the Manuals, or any of the Confidential Information. Employee's knowledge of the Confidential Information was obtained and will be obtained only from Franchisor or Franchisee and only in the course of Employee's employment by Franchisee.

2.2. Confidential Information. "**Confidential Information**" means any and all information, knowledge, and/or data, whether or not in writing, in electronic format, or in other tangible or intangible medium, concerning Franchisor or any of its respective businesses, operations, practices, styles, products and/or services, that has been furnished or is to be furnished to Employee by, or Employee has otherwise obtained or obtains from Franchisor, Franchisee, or another person or entity. By way of illustration, but not limitation, "Confidential Information" includes information, knowledge and data relating to the Reborn Coffee System and elements or portions thereof, business operations, practices, styles, products, services, recipes, sources of materials and equipment, customer management, software, data, content, formulations, ingredients, compositions, patterns, compilations, programs, devices, processes, methods, methodologies, standards, business relationships, contact information for industry professionals, developmental or experimental products and services, improvements, discoveries, plans for research, potential new or supplemental products and services, websites and website content, advertisements, ancillary products and services, marketing and selling methods and/or plans, business plans, budgets and unpublished financial statements, licenses, prices and costs, vendors, collaborators, current customer and prospective customer names, addresses and contact information, information regarding credit extensions to customers, customer service purchasing histories, prices charged to customers, information regarding the skills and compensation of employees, contractors and other personnel of Franchisor, designs, drawings, specifications, source code, object code, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, trade secrets, sales and license techniques, inventions, copyrightable material, trademarkable material, intellectual property rights, trade secrets, databases, relationships between Franchisor and other persons or entities, knowledge or know-how, including knowledge or know-how concerning the methods of operation of one or more Reborn Coffee Stores, the Manuals, any other information or material considered proprietary by Franchisor whether or not designated as confidential information by Franchisor, any other information that is not generally known by the public or which derives independent economic value (actual or potential) from not being generally known to the public, and any other information which, given the circumstances surrounding its disclosure, would be considered confidential. "Confidential Information" also includes the manner in which any of the above described items may be combined with any other information or products or synthesized or used by Franchisor, Franchisee, or Employee.

Confidential Information does not include any information that: (i) was in the lawful and unrestricted possession of Employee prior to its disclosure by or on behalf of Franchisor or Franchisee without any duty or obligation of confidentiality; (ii) is or becomes generally available to the public by lawful acts other than those acts of Employee after receiving it; (iii) has been received lawfully and in good faith by Employee from a third party who did not derive it from Franchisor, Franchisee, or Employee without any duty or obligation of confidentiality; or (iv) is shown by Employee with documentary evidence acceptable to Franchisor to have been independently developed by Employee without any use or access to any Confidential Information.

2.3. Valuable and Proprietary. Confidential Information: (i) has been developed by Franchisor and its Affiliates by the investment of significant time, skill, effort and money and is of substantial value to Franchisor; (ii) it is not generally known by the public or parties other than Franchisor, its Affiliates, and franchisees; (iii) derives independent economic value (actual or potential) from not being generally known to the public or persons not associated with Franchisor; (iv) is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain the secrecy of the Confidential Information; and ; and (v) is proprietary and constitutes a trade secret of Franchisor and its Affiliates.

2.4. Scope and Extent of Confidential Information. Notwithstanding anything to the contrary in this Agreement, Franchisor and Franchisee will have full and absolute discretion to determine the scope and extent of Employee that will be provided to and that Franchisor does not have any obligation to provide any Confidential Information to Employee.

2.5. No Warranty. Any and all information, including Confidential Information, provided by or on behalf of Franchisor is and will be provided "as is", "where is" with no representation or warranty of any kind, express or implied, including any warranty of merchantability, fitness or non-infringement, and all such warrantees are hereby disclaimed by Franchisor and Franchisee and waived by Employee.

2.6. Maintaining Confidentiality. Employee will fully and strictly maintain the confidentiality of the Confidential Information, exercise the highest degree of diligence in safeguarding the Confidential Information, and in any event not less than a commercially reasonable standard of care under the circumstances.

2.7. Use and Reproduction. Regarding the use and reproduction of Confidential Information, Employee will not without Franchisor's or Franchisee's prior written consent, directly or indirectly:

(i) disclose or reveal any Confidential Information or any part thereof to any person other than Franchisee or another person employed by Franchisee while as an employee of Franchisee, and will then do so only to the degree necessary to carry out Employee's duties as an employee of Franchisee; or

(ii) alter any proprietary notices contained in any Confidential Information; or

(iii) reproduce or copy or create any summary or extract of any Confidential Information or any part thereof.

If Employee creates any documents or other embodiments that contains any Confidential Information if and as permitted under this Agreement, such documents and embodiments will be considered part of the Confidential Information, and Employee will identify the confidential and proprietary nature of the Confidential Information.

2.8. Improvements. If Employee creates, conceives or develops, using Confidential Information, whether solely or jointly with others, any ideas, concepts, information, know-how, formulations, recipes, inventions, original works of authorship, specifications, developments, techniques, processes, practices, methods, methodologies, improvements, derivative works, trade secrets, or other proprietary or intellectual property rights, whether or not patentable, protectable or registrable or reduced to practice, in any form or medium, in connection with and directly pertaining to Reborn Coffee Products and as a result of Confidential Information (collectively, "**Improvements**"), Employee will promptly notify Franchisor and provide Franchisor with all information, data, documentation, specimen, and samples related to any and all Improvements. All Improvements will be the sole property of Franchisor and Franchisor will be the sole owner of all related intellectual property rights. Employee hereby assigns, and hereby agrees to assign, to Franchisor any and all rights, title and interests Employee may have or acquire in the Improvements, including all intellectual property rights related to the Improvements or any part thereof, and Employee hereby waives and releases all rights of restraint and moral rights therein and thereto. Employee will assist Franchisor in obtaining and enforcing the intellectual property rights to any Improvement in any and all countries and will execute and provide Franchisor with all documentation requested by Franchisor for obtaining and enforcing those rights. Employee hereby irrevocably designates and appoints Franchisor and its designees as Employee's agent and attorney-in-fact to execute and file any documentation and to do all other lawful acts to further the prosecution and issuance of intellectual property rights related to any Improvement. If the foregoing assignment of the Improvements to Franchisor in the foregoing provisions is found to be invalid or otherwise unenforceable, Employee hereby grants to Franchisor a worldwide, perpetual, exclusive, fully-paid, royalty-free, transferable, unrestricted license to the Improvements, including the right to use, modify, create derivative works and improvements, grant sublicenses, and otherwise fully commercially exploit any and all Improvements.

2.9. Compelled Disclosure by Law. If Employee receives a request to disclose any Confidential Information pursuant to a subpoena, order or written request issued by a court of competent jurisdiction or by a government agency or if Employee is otherwise obligated to disclose any Confidential Information under applicable law, rule or regulation, (each, a "**Law**"), Employee will, to the extent not prohibited by Law, (i) provide Franchisor and Franchisee with written notice thereof as soon as possible, (ii) except to the extent prohibited by Law, furnish only such portion of the Confidential Information which is legally required to be furnished, and (iii) except to the extent prohibited by Law, reasonably cooperate with Franchisor and Franchisee to obtain such protective order or other assurance that confidential treatment will be accorded to such Confidential Information.

2.10. Restrictions. Employee specifically acknowledges and agrees Employee may receive valuable specialized training and Confidential Information, including, without limitation, Confidential Information regarding the trade secrets, proprietary information, intellectual property rights, operational, sales, promotional, and marketing methods and techniques of Franchisor and the Reborn Coffee System, which are unique and proprietary to Franchisor, derive independent economic value from not being generally known to the public and are the subject of Franchisor's efforts and that are reasonable under the circumstances to maintain their secrecy. Employee therefore covenants that Employee shall not, either directly or indirectly, or through, on behalf of, or in conjunction with any person, or legal entity:

(i) divert or attempt to divert any present or prospective Franchisor client, business partner, supplier, manufacturer, vendor or franchisee to any competitor, by direct or indirect inducement or otherwise; or

(ii) do or perform any act injurious or prejudicial to the goodwill associated with any Reborn Coffee Marks or the Reborn Coffee System or any part thereof; or

(iii) employ or seek to employ any person who is or has been within the previous thirty (30) days employed by Franchisor or its franchisees as a salaried managerial employee, or otherwise directly or indirectly induce the person to leave his or her employment; or

(iv) own (either beneficially or of record), engage in or render services to without Franchisor's prior written consent, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any tea, coffee, or smoothie shop or other type of business that prepares, offers and sells teas, smoothies, slushies or other specialty beverages as its primary menu item and any business that looks like, copies, imitates, or operates with similar trade dress or décor to the Reborn Coffee Store; or

(v) create, conceive, produce or reproduce, copy, engineer or reverse engineer, formulate or re-formulate, make any improvement or enhancement upon, make any derivative works, or otherwise create or develop, or attempt to do any of the foregoing, any Reborn Coffee Products; or

(vi) bypass or circumvent or attempt to bypass or circumvent Franchisor by communicating with or having any business dealings, relationships or arrangements with any of Franchisor's suppliers, manufacturers, or vendors (collectively, "**Reborn Coffee Suppliers**") in connection with any Reborn Coffee Products. Without limiting the foregoing, by illustration, this restrictive covenant includes, but is not limited to, seeking to establish any verbal or written agreement or other relationship or arrangement with any Reborn Coffee Supplier for the purpose of or with the effect of bypassing or circumventing Franchisor.

3. TERM AND TERMINATION

3.1. Term. This Agreement will remain in effect while Employee is employed by Franchisee, or while any Confidential Information is knowingly in the possession or control of Employee, whichever is later.

3.2. Termination. Immediately upon (i) the termination of this Agreement or (ii) at any other time if so requested by Franchisor, Employee will: (a) immediately cease and desist use of all Confidential Information; and (b) return to Franchisor or destroy all Confidential Information, including all reproductions, embodiments, summaries, and extracts thereof in the possession or control of Employee, including such items created by, on behalf of or for Employee.

4. GENERAL

4.1. Injunctive Relief and Remedies. Employee recognizes the unique value of the Confidential Information and the elements of the Reborn Coffee System, and hereby agrees that Employee's noncompliance with the terms of this Agreement or any unauthorized or improper use of any Confidential Information by Employee will cause irreparable damage to Franchisor and Franchisee. Employee therefore agrees that if Employee should engage in any unauthorized or improper use or disclosure of any Confidential Information, Franchisor and Franchisee, independently, will be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction without notice or the posting of any bond, to prevent any unauthorized or improper use or disclosure of the Confidential Information in addition to any other remedies prescribed by law. Due to the irreparable damage that would result to Franchisor and Franchisee from any violation of this Agreement, Employee acknowledges and agrees that any claim Employee believes he or she may have against Franchisor or Franchisee will be deemed to be a matter separate and apart from Employee's obligations under this Agreement and will not entitle Employee to violate or justify any violation of any provisions of this Agreement. Franchisor and Franchisee shall have the independent right to enforce the terms of this Agreement against Employee.

4.2. Heirs and Successors. This Agreement shall be binding upon and inure to the benefit of the Parties, their heirs, successors and assigns.

4.3. Entire Agreement. This Agreement represents the entire understanding between the Parties regarding the subject matter of this Agreement and supersedes all other negotiations, agreements, representations and covenants, oral or written. This Agreement may not be modified except by a written instrument signed by Reborn Coffee, Franchisee and Employee that expressly modifies this Agreement. The Parties intend this Agreement to be the entire integration of all of their agreements on this subject of any nature regarding the subject matter of this Agreement. No other agreements, representations, promises, commitments or the like, of any nature, exist between the Parties.

4.4. No Right to Use Reborn Coffee Marks or Reborn Coffee System. This Agreement is not a license of any sort, and does not grant Employee any right to use or to license the use of, any Confidential Information or the Reborn Coffee System or any part thereof, which right is expressly reserved by Franchisor.

4.5. Waiver. Failure by Franchisor or Franchisee to enforce any rights under this Agreement shall not be construed as a waiver of such rights. Any waiver, including a waiver of default in any one instance, shall not constitute a continuing waiver or a waiver in any other instance.

4.6. Validity. Any invalidity of any portion of this Agreement shall not affect the validity of the remaining portions, and unless substantial performance of this Agreement is frustrated by any such invalidity, this Agreement shall continue in full force and effect.

4.7. Headings and Gender. The headings in this Agreement are for purposes of convenience only and shall not be used in construing the provisions of this Agreement. As used in this Agreement, the male gender shall include the female and neuter genders, the singular shall include the plural and the plural, the singular.

4.8. Attorneys' Fees. If Franchisor or Franchisee becomes a Party to any proceedings concerning this Agreement by reason of any act or omission of Employee, Employee shall be liable to Franchisor and Franchisee for the reasonable attorneys' fees and costs incurred by Franchisor and Franchisee in the proceedings. If any Party (including any third party beneficiary) to this Agreement commences any legal proceeding against another Party to enforce this Agreement, the prevailing Party shall be entitled to recover from the other Party its reasonable attorneys' fees and costs of suit.

4.9. Cumulative Remedies. Any specific right or remedy set forth in this Agreement, legal, equitable, or otherwise, shall not be exclusive, but shall be cumulative with all other rights or remedies set forth herein or allowed or allowable by law.

4.10. Notices. All notices or demands to be given under this Agreement shall be in writing and shall be served in person, by courier delivery for next business day delivery or by certified mail. Service shall be deemed conclusively made (i) at the time of service, if personally served, (ii) one (1) business day after delivery by the Party giving the notice, statement or demand if by courier for next business day delivery with a guaranteed tracking facility, and (iii) three (3) business days after placement in the United States mail by certified mail, return receipt requested, with postage prepaid. Notices and demands shall be given to the respective Parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other Party. Either Party may change its address for the purpose of receiving notices, demands and other communications provided by a written notice given in the manner aforesaid to the other Party.

4.11. Governing Law. This Agreement takes effect upon its acceptance and execution by the Parties in California, and shall be interpreted and construed under the laws of California. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the Reborn Coffee Store is located outside of California and such provision would be enforceable under the laws of the state in which the Reborn Coffee Store is located, then such provision shall be interpreted and construed under the laws of that state.

4.12. Venue. The Parties agree that any action brought by either Party against the other in any court, whether federal or state, shall be brought within the State of California in the county in which Franchisor has its principal place of business at the time the action is initiated, or as otherwise selected by Franchisor in its sole and absolute discretion, and the Parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

4.13. Counterparts and Electronic Copies. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Signatures transmitted electronically or by facsimile will be deemed original signatures.

Electronic copies of this Agreement shall constitute and be deemed an original copy of this Agreement for all purposes, provided that such electronic copies are fully executed, dated and identical in form to the original hard copy version of this Agreement.

(Signature Page Follows)

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

FRANCHISOR:
REBORN COFFEE FRANCHISE LLC,

A California limited liability company

By: ______________________________

Name: ______________________________

Title: ______________________________

FRANCHISEE:

____

a/an ______________________________

By: ______________________________

Name: ______________________________

Title: ______________________________

EMPLOYEE:

By: ______________________________

Name: ______________________________

Title: ______________________________

Address for Notices:

Reborn Coffee Franchise LLC
580 N. Berry St.
Brea, California 92821
Attention: Manager

Address for Notices:

____
____
____

Attention: ______________________________

EXHIBIT E
GENERAL RELEASE AGREEMENT

REBORN COFFEE FRANCHISE LLC
GENERAL RELEASE AGREEMENT

THIS GENERAL RELEASE AGREEMENT (this "**Agreement**") is made this _____ day of ____________________, 20_____ (the "**Effective Date**"), by and between REBORN COFFEE FRANCHISE LLC, a California limited liability company ("**Franchisor**"), on the one hand, and ____________________________, a ______________________________ ("**Franchisee**"), and ____________________________ ("**Owner**"), on the other hand and who together are also referred to in this Agreement as the "**Releasing Parties**". Franchisor, Franchisee and Owner are also individually referred to as a "**Party**", and collectively referred to as "**Parties**" in this Agreement.

RECITALS

A. Franchisor and Franchisee are Parties to the Franchise Agreement dated ____________________ (the "**Franchise Agreement**") for the Reborn Coffee Store (the "**Reborn Coffee Store**") located at ____ (the "**Franchised Location**").

B. Franchisee desires to enter into a ____.

C. This Agreement has been requested at a juncture in the relationship of the Parties where Franchisor is considering either a change or an expansion of the relationship between the Parties and/or their affiliates. Franchisor is unwilling to make the anticipated change or expansion of the relationship of the Parties unless it is certain that it is proceeding with a "clean slate" and that there are no outstanding grievances or Claims against it. The Releasing Parties, therefore, give this Agreement as consideration for receiving the agreement of Franchisor to an anticipated change or expansion of the relationship between the Parties. The Releasing Parties acknowledges that this Agreement is intended to wipe the slate clean.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES AND COVENANTS OF THE PARTIES STATED IN THIS AGREEMENT AND FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set forth under this Section 1. Terms not defined under this Section 1 shall have the meanings specified elsewhere in the text of this Agreement.

"**Claims**" means all actual and alleged claims, actions, rights and causes of action, rights to terminate and rescind, suits, appeals, attorneys' fees, Losses, liabilities, rights, debts, dues, sums of money, accounts, reckonings, costs, expenses, liens, bonds, bills, specialties, covenants, contracts (whether written or oral), agreements (whether written or oral), obligations, responsibilities, promises, warranties, responsibilities, variances, controversies, trespasses, violations, charges, damages, judgments, extents, executions, cross claims, third party claims, and demands, of every kind and nature whatsoever, whether now known or unknown, foreseen or unforeseen, matured, or unmatured, suspected or unsuspected, in law, admiralty, or equity.

"**Constituents**" means past, present and future affiliates, subsidiaries, divisions, partners, members, trustees, receivers, executors, representatives, administrators, owners, shareholders, distributors, parents, predecessors, officers, directors, agents, managers, principals, employees, insurers, successors, assigns, representatives and attorneys and the past, present and future officers, directors, agents, managers, principals, members, employees, insurers, successors, assigns, representatives and attorneys of each of the foregoing.

"**Excluded Matters**" means Franchisor's continuing contractual obligations which arise or continue under and pursuant to the Franchise Documents on and after the date of this Agreement (this Agreement is not intended to terminate or amend the Franchise Agreement; this Agreement is intended to relieve Franchisor and its Constituents of responsibility for its or their failure, if any, to have timely performed or completed obligations which by the terms of the Franchise Agreement were to have been performed or completed prior to the Effective Date).

"**Franchisor Released Parties**" means Franchisor and each of its Constituents.

"**Losses**" means all damages, debts, liabilities, accounts, suits, awards, judgments, payments, diminutions in value and other losses, costs and expenses, however suffered or characterized, all interest thereon, all costs and expenses of investigating any Claim, reference proceeding, lawsuit or arbitration and any appeal therefrom, all actual attorneys' fees incurred in connection therewith, whether or not such Claim, reference proceeding, lawsuit or arbitration is ultimately defeated and, all amounts paid incident to any compromise or settlement of any such Claim, reference proceeding, lawsuit or arbitration.

2. RELEASE AND WAIVER OF CLAIMS

2.1. Release of Claims. The Releasing Parties, for themselves and their Constituents, hereby release and forever discharge the Franchisor Released Parties from any and all Claims, whether known or unknown, based upon anything that has occurred or existed, or failed to occur or exist, from the beginning of time to the Effective Date, except for the Excluded Matters and obligations under this Agreement.

2.2. Waiver of Section 1542 of the California Civil Code.

2.2.1. The Releasing Parties, for themselves and their Constituents, acknowledge that they are familiar with Section 1542 of the California Civil Code, which reads as follows: "**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party**".

2.2.2. With respect to those claims being released pursuant to Section 2.1, the Releasing Parties, for themselves and their Constituents, acknowledge that they are releasing unknown claims and waive all rights they have or may have under Section 1542 of the California Civil Code or any other statute or common law principle of similar effect. For purposes of this Section 2.2, Releasing Parties shall be considered to be the releasing party of the Franchisor Released Parties, and each of them. The Releasing Parties acknowledge that this general release extends to claims which the Releasing Parties do not know or suspect to exist in favor of Releasing Parties at the time of executing this Agreement, which if known by Releasing Parties may have materially affected their decision to enter into this Agreement. It is understood by Releasing Parties that the facts under which this Agreement is given may hereafter turn out to be other than or different from the facts known or believed to be true. The Releasing

Parties therefore, expressly assume the risk of the facts turning out to be so different and agree that this Agreement shall be in all respects effective and not subject to termination or rescission by any such difference in facts.

3. REPRESENTATIONS, WARRANTIES, COVENANTS NOT TO SUE, AND INDEMNITY

3.1. Representations and Warranties. The Releasing Parties hereby represent and warrant to the Franchisor that, in entering into this Agreement, they (i) are doing so freely and voluntarily upon the advice of counsel and business advisor of their own choice (or declined to do so, free from coercion, duress or fraud); (ii) have read and fully understand the terms and scope of this Agreement; (iii) realize that it is final and conclusive, and intends to be final and conclusive, as to the matters set forth in this Agreement; and have not assigned, transferred, or conveyed to any third party all or any part of or partial or contingent interest in any of the Claims which are released by this Agreement now or in the future, that they are aware of no third party who contends or claims otherwise, and that they shall not purport to assign, transfer, or convey any such claim hereafter.

3.2. Covenants Not to Sue. To the extent permitted by law, the Releasing Parties hereby covenants and agrees not to file, commence or initiate any suits, grievances, demands or causes of action against the Franchisor Released Parties based upon or relating to any of the claims released and forever discharged pursuant to this Agreement. The Releasing Parties agrees that, to the extent permitted by law, if they commence, or persuade or instruct any third party to commence, any such action despite the provisions of this Agreement, they shall pay all reasonable costs and attorneys' fees actually incurred by the Franchisor Released Parties in defending against such claims, demands or causes of action, together with such and further damages as may result, directly or indirectly, from that breach.

3.3. Indemnity. Without in any way limiting any of the rights and remedies otherwise available to the Franchisor Released Parties, the Releasing Parties shall defend, indemnify and hold harmless each Franchisor Released Party from and against all Claims whether or not involving third-party Claims, arising directly or indirectly from or in connection with (i) the assertion by or on behalf of the Releasing Parties or their Constituents of any Claim or other matter released pursuant to this Agreement, (ii) the assertion by any third party of any Claim or demand against any Franchisor Released Party which Claim or demand arises directly or indirectly from, or in connection with, any Claims or other matters released pursuant to this Agreement; and (iii) any breach of representations, warranties or covenants hereunder by the Releasing Parties or their Constituents.

4. GENERAL

4.1. Modification. This Agreement cannot be modified, altered or otherwise amended except by an agreement in writing signed by all of the Parties hereto.

4.2. Entire Agreement. This Agreement, and the other agreements referred to in this Agreement, and any other agreement that may be executed by the Parties concurrently with the execution of this Agreement, set forth the entire agreement and understanding of the Parties with regard to the subject matter of this Agreement and any agreement, representation or understanding, express or implied, heretofore made by the Parties or exchanged between the Parties are hereby waived and canceled. This Agreement supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter.

4.3. Counterparts and Electronic Copies. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Signatures transmitted electronically or by facsimile will be deemed original signatures. Electronic copies of this Agreement shall constitute and be deemed an original copy of this Agreement for all purposes, provided that such electronic copies are fully executed, dated and identical in form to the original hard copy version of this Agreement.

4.4. Heirs and Successors. This Agreement shall be binding upon and inure to the benefit of the Parties to this Agreement and their respective successors and permitted assigns.

4.5. Not Construed Against Drafter. The rule that an agreement is to be construed against the party drafting the agreement is hereby waived by the Parties hereto, and shall have no applicability in construing this Agreement or the terms of this Agreement.

4.6. Validity. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

4.7. Opportunity to Consult Legal Counsel. Each of the Parties acknowledges that it had the right and opportunity to seek independent legal counsel of its own choosing in connection with the execution of this Agreement, and each of the Parties represents that it has either done so or that it has voluntarily declined to do so, free from coercion, duress or fraud.

4.9. Governing Law and Venue. This Agreement shall be interpreted and construed under the laws of California. In the event of any conflict of law, the law of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the Reborn Coffee Store is located outside of California and such provision would be enforceable under the laws of the state in which the Reborn Coffee Store is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Section 4.9 is intended by the Parties to subject this Agreement to any franchise or similar law, rules, or regulation of the state of California to which it would not otherwise be subject. The Parties agree that any action brought by either Party against the other in any court, whether federal or state, shall be brought in Orange County, California, and the Parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

(Signature Page Follows)

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

FRANCHISOR:
REBORN COFFEE FRANCHISE LLC,

A California limited liability company

By:
____

Name:
____

Title:
____

FRANCHISEE:

____

a/an ______________________________

By: ______________________________

Name:
____

Title:
____

OWNER:

By: ______________________________

Name:
______________________________,
an individual

EXHIBIT F
STATE SPECIFIC ADDENDA TO DISCLOSURE DOCUMENT

CALIFORNIA

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

The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, California Corporations Code Section 31000 et seq., and the California Franchise Relations Act, California Business and Professions Code Section 20000 et seq. To the extent that this Disclosure Document and/or Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

California Business and Professions Code §§ 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

Under both the California Franchise Relations Act and the Franchise Investment Law, a provision in a Franchise Agreement that requires you to waive your rights under either or both of these laws is void. Any release of claims that the franchisor asks you to sign will specifically exclude claims under these franchise laws.

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

The Franchise Agreement contains a covenant not to compete that continues after the termination of the franchise. This provision may not be enforceable under California law.

Section 31125 of the California Corporations Code requires the franchisor to give the franchisee a special disclosure document before soliciting a proposed material modification of an existing franchise.

Neither the franchisor, nor any person or franchise broker in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The franchise agreement requires binding arbitration. The arbitration will occur in Orange County, California, and the arbitrators have the discretion to assess the costs of arbitration, including reasonable arbitrators' and attorneys' fees in proportions as the arbitrators may determine. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

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

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

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

The Franchise Agreement contains a provision limiting the statute of limitations to one year. Under California Corporations Code section 31512, this provision is not enforceable in California as California Corporations Code section 31303 provides for a four-year statute of limitations and section 31304 provides for a two-year statute of limitations.

Our website address is www.reborncoffee.com. Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

<u>EXHIBIT G</u>
FINANCIAL STATEMENTS

GUARANTEE OF PERFORMANCE

For value received, Reborn Coffee, Inc. (the "Guarantor"), located at 580 N. Berry St., Brea, CA 92821, absolutely and unconditionally guarantees to assume the duties and obligations of Reborn Coffee Franchise, LLC, located at 580 N. Berry St., Brea, CA 92821 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2024 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Brea, California on the 23 day of October, 2024.

Reborn Coffee, Inc.

By:____
Name: Jay Kim
Title: Chief Executive Officer

Report of Independent Registered Public Accounting Firm

To the Board of Directors
and Stockholders of Reborn Coffee, Inc. and Subsidiaries

Opinion on the Consolidated Financial Statements'

We have audited the accompanying consolidated balance sheet of Reborn Coffee, Inc. and Subsidiaries (the "Company") as of December 31, 2023, the related statement of operations, stockholders' equity (deficit), and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States. The financial statements of the Company as of December 31, 2022 and for the year then ended were audited by other auditors whose report dated April 11, 2023 expressed an unqualified opinion on those statements.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company's significant operating losses raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

- **Going Concern –** As discussed in Note 2 to the consolidated financial statements, the Company has a going concern due to negative working capital and losses from operations which raises substantial doubt about its ability to continue as a going concern. Auditing management's evaluation of a going concern can be a significant judgment given the fact that the Company uses management estimates on future revenues and expenses, which are difficult to substantiate. To evaluate the appropriateness of the going concern, we examined and evaluated the financial information along with management's plans to mitigate the going concern and management's disclosure on going concern.

/s/ BCRG Group

BCRG Group (PCAOB ID 7158)

We have served as the Company's auditor since 2024.
Irvine, CA

July 8, 2024

REBORN COFFEE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

December 31,	*2023*	*2022*
ASSETS		
Current assets:		
Cash and cash equivalents	$ 164,301	$ 3,019,035
Accounts receivable, net of allowance for doubtful accounts of $0 and $0, respectively	56,938	780
Inventories, net	185,061	132,343
Prepaid expense and other current assets	359,124	477,850
Total current assets	765,424	3,630,008
Property and equipment, net	3,494,050	1,581,805
Operating lease right-of-use asset	4,566,968	3,010,564
Other assets	425,712	235,164
Total assets	**$ 9,252,154**	**$ 8,457,541**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 632,753	$ 87,809
Accrued expenses and current liabilities	611,290	233,053
Loans payable to financial institutions	791,352	44,664
Loan payable to other	609,027	-
Loan payable to shareholder	100,000	-
Current portion of loan payable, emergency injury disaster loan (EIDL)	30,060	30,060
Current portion of loan payable, payroll protection program (PPP)	45,678	45,678
Current portion of operating lease liabilities	1,003,753	624,892
Total current liabilities	3,823,913	1,066,156
Loans payable to financial institutions, less current portion	335,147	6,234
Loan payable, emergency injury disaster loan (EIDL), less current portion	469,940	469,940
Loan payable, payroll protection program (PPP), less current portion	51,595	98,697
Operating lease liabilities, less current portion	3,725,153	2,529,985
Total liabilities	8,405,748	4,171,012
Commitments and Contingencies		
Stockholders' equity		
Common Stock, $0.0001 par value, 40,000,000 shares authorized; and 14,929,390 and 13,162,723 shares issued and outstanding at December 31, 2023 and 2022, respectively	1,493	1,316
Preferred Stock, $0.0001 par value, 1,000,000 shares authorized; no shares issued and outstanding at December 31, 2023 and 2022	-	-
Additional paid-in capital	17,601,837	16,317,014
Accumulated deficit	(16,756,924)	(12,031,801)
Total stockholders' equity	846,406	4,286,529
Total liabilities and stockholders' equity	**$ 9,252,154**	**$ 8,457,541**

See accompanying notes to consolidated financial statements.

REBORN COFFEE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended December 31,	*2023*	*2022*
Net revenues:		
Stores	$ 5,266,783	$ 3,184,491
Wholesale and online	241,356	56,032
Total net revenues	5,508,139	3,240,523
Operating costs and expenses:		
Product, food and drink costs—stores	1,782,681	1,092,573
Cost of sales—wholesale and online	105,714	24,542
General and administrative	8,162,523	5,663,950
Total operating costs and expenses	10,050,918	6,781,065
Loss from operations	(4,542,779)	(3,540,542)
Other income (expense):		
Other income (expense)	(8,942)	16,440
Interest expense	(129,480)	(29,195)
Loss on the sale of building	(36,094)	-
Total other income (expense), net	(174,516)	(12,755)
Loss before income taxes	(4,717,295)	(3,553,297)
Provision for income taxes	7,828	1,600
Net loss	**$ (4,725,123)**	**$ (3,554,897)**
Loss per share:		
Basic and diluted	$ (0.36)	$ (0.29)
Weighted average number of common shares outstanding:		
Basic and diluted	13,230,613	12,173,031

See accompanying notes to consolidated financial statements.

REBORN COFFEE, INC. AND SUBSIDIARIES
CONSOLIDATED SHAREHOLDERS' EQUITY

	Common Stock		*Preferred Stock*		*Additional Paid-in*	*Subscription of Common*	*Accumulated*	*Total Shareholders'*
	Shares	*Amount*	*Shares*	*Amount*	*Capital*	*Stock*	*Deficit*	*Equity*
Balance as of December 31, 2021	11,634,523	1,163	-	-	$ 9,674,037	-	(8,476,904)	1,198,295
Net loss	-	-	-	-	-	-	(3,554,897)	(3,554,897)
Stock compensation – issuance for services	88,200	9	-	-	440,991	-	-	441,000
Common stock issued	1,440,000	144	-	-	7,199,856	-	-	7,200,000
Offering costs associated with issuance of common stock in the Initial Public Offering			-		(997,870)			(997,870)
Balance as of December 31, 2022	13,162,723	$ 1,316	-	$ -	$16,317,014	$ -	$(12,031,801)	$ 4,286,529
Net loss	-	-	-	-	-	-	(4,725,123)	(4,725,123)
Stock compensation – issuance for services	100,000	10	-	-	284,990	-	-	285,000
Common stock issued – conversion from the credit line	1,666,667	167	-	-	999,833	-	-	1,000,000
Balance as of December 31, 2023	14,929,390	$ 1,493	-	$ -	$17,601,837	$ -	$(16,756,924)	$ 846,406

See accompanying notes to consolidated financial statements.

REBORN COFFEE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31,	*2023*	*2022*
Cash flows from operating activities:		
Net loss	$ (4,725,123)	$ (3,554,897)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock compensation	285,000	441,001
Operating lease	256,618	21,065
Depreciation	262,019	210,616
Changes in operating assets and liabilities:		
Accounts receivable	(56,158)	(780)
Inventories	(52,718)	(43,466)
Prepaid expense and other current assets	(71,822)	(521,176)
Accounts payable	544,944	42,062
Accrued expenses and current liabilities	378,237	108,518
Net cash used in operating activities	(3,179,003)	(3,297,058)
Cash flows from investing activities:		
Purchases of property and equipment	(2,413,257)	(681,531)
Net cash used in investing activities	(2,413,257)	(681,531)
Cash flows from financing activities:		
Proceeds from issuance of common stock	-	7,200,000
Payment for offering costs	-	(997,870)
Proceeds from Line of Credit	1,000,000	685,961
Repayment of Line of Credit	-	(685,961)
Proceeds from loans	1,784,628	262,215
Repayments of loans	(47,102)	(355,783)
Repayments of equipment loan payable	-	(15,989)
Net cash provided by financing activities	2,737,526	6,092,573
Net (decrease) increase in cash	(2,854,734)	2,113,984
Cash at beginning of period	3,019,035	905,051
Cash at end of period	$ 164,301	$ 3,019,035
Supplemental disclosures of non-cash financing activities:		
Conversion of credit line to common stock issuances	$ 1,000,000	$
Supplemental disclosure of cash flow information:		
Cash paid during the years for:		
Interest	$ 129,000	$ 8,500
Income taxes	$ 800	$ 1,600

See accompanying notes to consolidated financial statements.

REBORN COFFEE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

Reborn Coffee, Inc. ("Reborn") was incorporated in the State of Florida in January 2018. In July 2022, Reborn was migrated from Florida to Delaware, and filed a certificate of incorporation with the Secretary of State of the State of Delaware having the same capitalization structure as the Florida predecessor entity. Reborn has the following wholly owned subsidiaries:

- ***Reborn Global Holdings, Inc.*** ("Reborn Holdings"), a California Corporation incorporated in November 2014. Reborn Holdings is engaged in the operation of wholesale distribution and retail coffee stores in California to sell a variety of coffee, tea, Reborn brand name water and other beverages along with bakery and dessert products.

- ***Reborn Coffee Franchise, LLC*** (the "Reborn Coffee Franchise"), a California limited liability corporation formed in December 2020, is a franchisor providing premier roaster specialty coffee to franchisees or customers. Reborn Coffee Franchise continues to develop the Reborn Coffee system for the establishment and operation of Reborn Coffee stores using one or more Reborn Coffee marks. Reborn Coffee Franchise does not have any franchisee as of December 31, 2023.

- ***Reborn Realty, LLC*** (the "Reborn Realty"), a California limited liability corporation formed in March 2023, is an entity which acquired a real property located at 596 Apollo Street, Brea, California.

- ***Reborn Coffee Korea, Inc.*** (the "Reborn Korea") **–** a Korea corporation located in Daejon, South Korea formed in October 2023, is a wholly owned subsidiary of Reborn with one retail coffee store under the brand name of Reborn Coffee.

- ***Reborn Malaysia, Inc.*** (the "Reborn Malaysia") **–** a Malaysian corporation located in Kuala Lumpur, Malaysia formed in October 2023, is majority owned subsidiary, with 60% ownership, of Reborn with one retail coffee store under the brand name of Reborn Coffee.

Reborn Coffee, Inc., Reborn Global Holdings, Inc., Reborn Coffee Franchise, LLC, Reborn Realty, LLC, Reborn Korea and Reborn Malaysia will be collectively referred as the "Company".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting

The consolidated financial statements include Reborn Coffee, Inc. and its wholly owned subsidiaries as of and for the years ended December 31, 2023 and 2022.

Basis of Presentation and Consolidation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") as promulgated in the United States of America. The consolidated financial statements include Reborn Coffee, Inc. and its wholly owned subsidiaries. All intercompany accounts, transactions, and profits have been eliminated upon consolidation.

Minority Interest

Reborn owns 60% of Reborn Malaysia located in Kuala Lumpur with one retail coffee store under the brand name of Reborn Coffee. For the year ended December 31, 2023, minority interest was not material as the store in Malaysia opened in November 2023.

Going Concern

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates, among other things, the realization of assets and satisfaction of liabilities in the normal course of business. The Company had an accumulated deficit of $16,756,924 at December 31, 2023, and had a net loss of $4,725,123 for the year ended December 31, 2023 and net cash used in operating activities of $3,179,003 for the year ended December 31, 2023. These matters raise substantial doubt about the Company's ability to continue as a going concern.

To support our existing and planned business model, the Company needs to raise additional capital to fund our future operations. The Company has not experienced any difficulty in raising funds through loans, and has not experienced any liquidity problems in settling payables in the normal course of business and repaying loans when they fall due. Successful renewal of our loans, however, is subject to numerous risks and uncertainties. In addition, the increasingly competitive industry conditions under which we operate may negatively impacted our results of operations and cash flows. Additional debt financing is anticipated to fund the Company's operations in near future. However, there are no current agreements or understandings with regard to the form, time or amount of such financing and there is no assurance that any of this financing can be obtained or that the Company can continue as a going concern.

Segment Reporting

FASB ASC Topic 280, Segment Reporting, requires public companies to report financial and descriptive information about their reportable operating segments. The Company's management identifies operating segments based on how the Company's management internally evaluate separate financial information, business activities and management responsibility. At the current time, the Company has only one reportable segment, consisting of both the wholesale and retail sales of coffee, water, and other beverages. The Company's franchisor subsidiary was not material as of and for the years ended December 31, 2023 and 2022.

We shall generate revenues from two geographic areas, consisting of North America and Asia. The following enterprise-wide disclosure is prepared on a basis consistent with the preparation of the consolidated financial statements. The following table contains certain financial information by geographic area:

Years Ended December 31,	*2023*	*2022*
Net Sales:		
North America	$ 5,422,149	$ 3,240,523
Asia	85,990	-
Total net sales	$ 5,508,139	$ 3,240,523

December 31,	*2023*	*2022*
Long-lived asset, net:		
North America	$ 2,162,263	$ 1,581,805
Asia	1,331,787	-
Total long-lived asset, net	$ 3,494,050	$ 1,581,805

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") requires the Company to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and the accompanying notes. Such estimates include accounts receivables, accrued liabilities, income taxes, long-lived assets, and deferred tax valuation allowances. These estimates generally involve complex issues and require management to make judgments, involve analysis of historical and future trends that can require extended periods of time to resolve, and are subject to change from period to period. In all cases, actual results could differ materially from estimates.

Foreign Currency Translations

The Company has wholly owned subsidiaries in foreign countries, South Korea and Malaysia. Fluctuations in foreign currency impact the amount of total assets, liabilities, earnings and cash flows that the Company report for foreign subsidiaries upon the translation of these amounts into U.S. Dollars for, and as of the end of, each reporting period. In particular, the strengthening of the U.S. Dollar generally will reduce the reported amount of our foreign-denominated cash, cash equivalents, total revenues and total expense that we translate into U.S. Dollars and report in the Company's consolidated financial statements for, and as of the end of, each reporting period. However, a majority of the Company's consolidated revenue is denominated in U.S. Dollars, and therefore, the Company's revenue is not directly subject to foreign currency risk.

In accordance with FASB ASC 830, "Foreign Currency Matters", when an operation has transactions denominated in a currency other than its functional currency, they are measured in the functional currency. Changes in the expected functional currency cash flows caused by changes in exchange rates are included in net income for the period.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers. The Company's net revenue primarily consists of revenues from its retail stores and wholesale and online store. Accordingly, the Company recognizes revenue as follows:

- **Retail Store Revenue**

  Retail store revenues are recognized when payment is tendered at the point of sale. Retail store revenues are reported net of sales, use or other transaction taxes that are collected from customers and remitted to taxing authorities. Sales taxes that are payable are recorded as accrued as other current liabilities. Retail store revenue makes up approximately 96% of the Company's total revenue.

- **Wholesale and Online Revenue**

  Wholesale and online revenues are recognized when the products are delivered, and title passes to the customers or to the wholesale distributors. When customers pick up products at the Company's warehouse, or distributed to the wholesale distributors, the title passes, and revenue is recognized. Wholesale revenues make up approximately 4% of the Company's total revenue.

- **Royalties and Other Fees**

  Franchise revenues consists of royalty fee and other franchise fees. Royalty fee is based on a percentage of franchisee's weekly gross sales revenue at 5%. The Company recognizes the fee as the underlying sales occur. The Company recorded revenue from royalties of $0 for the years ended December 31, 2023 and 2022. Other fees are earned as incurred and the Company did not have any other fee revenue for the years ended December 31, 2023 and 2022.

Cost of Sales

Product, food and drink costs – stores and cost of sales – wholesale and online primarily include the costs of ingredients of food and beverage sold and related supplies used in customer service. The wholesale and online sales also include costs of packaging and shipping.

Shipping and Handling Costs

The Company incurred freight out costs, which are primarily included in the Company's cost of sales – wholesale and online. Freight in costs, when attached to a specific purchase, are included as a component of the cost of the purchased goods and materials items and allocated to accounts in accordance with the nature of the goods. When the freight in costs are not allocable to an individual purchase or are more significant, they are recorded to a freight and shipping account within cost of sales.

General and Administrative Expense

General and administrative expense includes store-related expense as well as the Company's corporate headquarters' expenses. These include rent and utilities, payroll and benefits, and depreciation expenses.

Advertising Expense

Advertising costs are expensed as incurred. Advertising expenses amounted to $71,072 and $52,688 for the years ended December 31, 2023 and 2022, respectively, and is recorded under general and administrative expenses in the accompanying consolidated statements of operations.

Pre-opening Costs

Pre-opening costs for new stores consist primarily of payroll and recruiting expense, training, marketing, rent, travel, and supplies, and are expensed as incurred.

Accounts Receivable

Accounts receivables are stated net of allowance for doubtful accounts. The allowance for doubtful accounts is determined primarily on the basis of past collection experience and general economic conditions. The Company determines terms and conditions for its customers based on volume transacted by the customer, customer creditworthiness and past transaction history. At December 31, 2023 and 2022, allowance for doubtful accounts was zero. The Company does not have any off-balance sheet exposure related to its customers.

Inventories

Inventories consisted primarily of coffee beans, drink products, and supplies which are recorded at cost or at net realizable value.

Property and Equipment

Property and equipment are recorded at cost. Maintenance and repairs are charged to expense as incurred. Depreciation and amortization are provided using both the straight-line and declining balance methods over the following estimated useful lives:

Furniture and fixtures	5-7 Years
Store construction	Lesser of the lease term or the estimated useful lives of the improvements, generally 6 years
Leasehold improvement	Lesser of the lease term or the estimated useful lives of the improvements, generally 6 years

When assets are retired or disposed of, the cost and accumulated depreciation thereon are removed, and any resulting gains or losses are included in the consolidated statements of operations. Leasehold improvements are amortized using the straight-line method over the estimated life of the asset, not to exceed the length of the lease. Repair and maintenance costs are expensed as incurred.

Operating Leases

The Company adopted FASB Accounting Standards Codification, or ASC, Topic 842, Leases ("ASC 842") which requires the recognition of the right-of-use assets and relating operating and finance lease liabilities on the balance sheet. Under ASC 842, all leases are required to be recorded on the balance sheet and are classified as either operating leases or finance leases. The lease classification affects the expense recognition in the income statement. Operating lease charges are recorded entirely in operating expenses. Finance lease charges are split, where amortization of the right-of-use asset is recorded in operating expenses and an implied interest component is recorded in interest expense (Note 11).

Earnings Per Share

Financial Accounting Standard Board ("FASB") Accounting Standards Codification ("ASC") Topic 260, Earnings Per Share, requires a reconciliation of the numerator and denominator of the basic and diluted earnings (loss) per share (EPS) computations.

Basic earnings (loss) per share are computed by dividing net earnings available to common shareholders by the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed similar to basic earnings per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. In periods where losses are reported, the weighted-average number of common stock outstanding excludes common stock equivalents, because their inclusion would be anti-dilutive.

The Company did not have any dilutive shares for the years ended December 31, 2023 and 2022.

Long-lived Assets

In accordance with FASB ASC Topic 360, Property, Plant, and Equipment, the Company reviews for impairment of long-lived assets and certain identifiable intangibles whenever events or circumstances indicate that the carrying amount of assets may not be recoverable. The Company considers the carrying value of assets may not be recoverable based upon our review of the following events or changes in circumstances: the asset's ability to continue to generate income from operations and positive cash flow in future periods; loss of legal ownership or title to the assets; significant changes in our strategic business objectives and utilization of the asset; or significant negative industry or economic trends. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset are less than its carrying amount. As of December 31, 2023 and 2022, the Company was not aware of any events or changes in circumstances that would indicate that the long-lived assets are impaired.

Fair Value of Financial Instruments

The Company records its financial assets and liabilities at fair value, which is defined under the applicable accounting standards as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measure date. The Company uses valuation techniques to measure fair value, maximizing the use of observable outputs and minimizing the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs include management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. The inputs are unobservable in the market and significant to the instrument's valuation.

As of December 31, 2023 and 2022, the Company believes that the carrying value of accounts receivable, accounts payable, accrued expenses, and other current assets and liabilities approximate fair value due to the short maturity of theses financial instruments. The financial statements do not include any financial instruments at fair value on a recurring or non-recurring basis.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk are accounts receivable arising from its normal business activities. The Company performs ongoing credit evaluations to its customers and establishes allowances when appropriate.

The Company purchases from various vendors for its operations. For the years ended December 31, 2023 and 2022, no purchases from any vendors accounted for a significant amount of the Company's bean coffee purchases.

Related Parties

Related parties are any entities or individuals that, through employment, ownership, or other means, possess the ability to direct or cause the direction of management and policies of the Company.

Significant Recent Developments Regarding COVID-19

The novel coronavirus ("COVID-19") pandemic has significantly impacted health and economic conditions throughout the United States and globally, as public concern about becoming ill with the virus has led to the issuance of recommendations and/or mandates from federal, state and local authorities to practice social distancing or self-quarantine. The Company is continually monitoring the outbreak of COVID-19 and the related business and travel restrictions and changes to behavior intended to reduce its spread, and its impact on operations, financial position, cash flows, inventory, supply chains, purchasing trends, customer payments, and the industry in general, in addition to the impact on its employees. We have experienced significant disruptions to our business due to the COVID-19 pandemic and related suggested and mandated social distancing and shelter-in-place orders.

Recent Accounting Pronouncement

In June 2016, the FASB issued Accounting Standards Update No. 2016-13, "Financial Instruments - Credit Losses (Topic 326)" ("ASU 2016-13"). ASU 2016-13 revises the methodology for measuring credit losses on financial instruments and the timing of when such losses are recorded. Originally, ASU 2016-13 was effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. In November 2019, FASB issued ASU 2019-10, "Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)." This ASU defers the effective date of ASU 2016-13 for public companies that are considered smaller reporting companies as defined by the SEC to fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company is planning to adopt this standard in the first quarter of fiscal 2023. The Company evaluated and concluded that no material effects of adopting the provisions of ASU No. 2016-13 on its consolidated financial statements.

Other recently issued accounting updates are not expected to have a material impact on the Company's consolidated financial statements.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

December 31,	*2023*	*2022*
Furniture and equipment	$ 2,552,021	$ 1,203,737
Leasehold improvement	1,037,277	639,602
Store construction	361,575	251,745
Store	663,651	300,000
Vehicle	103,645	57,859
Total property and equipment	4,718,169	2,452,943
Less accumulated depreciation	(1,224,119)	(871,138)
Total property and equipment, net	**$ 3,494,050**	**$ 1,581,805**

Depreciation expense on property and equipment amounted to approximately $262,000 and $211,000 for the years ended December 31, 2023 and 2022, respectively.

4. LOANS PAYABLE TO FINANCIAL INSITUTIONS

Loans payable to financial institutions consisted of the following:

December 31,	*2023*	*2022*
Loan agreement with principal amount of $140,954 and repayment rate of 20.5% for a total of $124,430. The loan payable matures in February 2024	$ -	$ 50,898
Loan agreements with principal amount of $960,777 and repayment rate of 14.75% to 20.0% for a total of $845,484. The loans payable mature on various dates in 2025.	1,005,442	-
Loan agreement with principal amount of $140,954 with an interest rate of 30.0% per annum with a maturity date on May 31, 2024	121,058	-
Total loan payable	1,126,499	50,898
Less: current portion	(791,352)	(44,664)
Total loan payable, net of current	**$ 335,147**	**$ 6,234**

5. LOAN PAYABLE TO OTHER

Loans payable to others consisted of the following:

December 31,	*2023*	*2022*
Loan agreement with principal amount of $140,954 and repayment rate of 20.5% for a total of $124,430. The loan payable matures in February 2024	$ 300,000	$ -
Loan agreements with principal amount of $960,777 and repayment rate of 14.75% to 20.0% for a total of $845,484. The loans payable mature on various dates in 2025.	309,027	-
Total loan payable	609,027	-
Less: current portion	(609,027)	-
Total loan payable, net of current	**$ -**	**$ -**

December 2023 - $300,000

On December 27, 2023, the Company entered into a short-term borrowing agreement with a private party for a principal amount of $300,000 with a monthly interest of $9,000. The loan payable matures on March 31, 2024.

December 2023 – Prime Capital

The Company time to time borrows from a lender, Prime Capital, as a short-term loan with interest at 12%. The loan is due upon demand.

6. LOAN PAYABLE TO SHAREHOLDER

In October 2023. the Company borrowed $100,000 from the shareholder and Chairman of the Company, Farooq M. Arjomand. The amount is due upon demand and bears no interest.

7. LOAN PAYABLE, EMERGENCY INJURY DISASTER LOAN (EIDL)

Loans payable, Emergency Injury Disaster Loan (EIDL) consisted of the following:

December 31,		*2023*		*2022*
May 16, 2020 ($150,000) - Loan agreement with principal amount of $150,00 with an interest rate of 3.75% and maturity date on May 16, 2050	$	150,000	$	150,000
June 28, 2021 ($350,000) – Loan agreement with principal amount of $350,000 with an interest rate of 3.75% and maturity date on May 18, 2050		350,000		350,000
Total long-term loan payable, emergency injury disaster loan (EIDL)		500,000		500,000
Less - current portion		(30,060)		(30,060)
Total loan payable, emergency injury disaster loan (EIDL), less current portion	**$**	**469,940**	**$**	**469,940**

The following table provides future minimum payments:

For the years ended December 31,		*Amount*
2024	$	30,060
2025		30,060
2026		30,060
2027		30,060
2028		30,060
Thereafter		349,700
Total	**$**	**500,000**

May 16, 2020 – $150,000

On May 16, 2020, the Company executed the standard loan documents required for securing a loan (the "EIDL Loan") from the SBA under its Economic Injury Disaster Loan ("EIDL") assistance program in light of the impact of the COVID-19 pandemic on the Company's business. As of December 31, 2022, the loan payable, Emergency Injury Disaster Loan noted above is not in default.

Pursuant to that certain Loan Authorization and Agreement (the "SBA Loan Agreement"), the Company borrowed an aggregate principal amount of the EIDL Loan of $150,000, with proceeds to be used for working capital purposes. Interest accrues at the rate of 3.75% per annum and will accrue only on funds actually advanced from the date of each advance. Installment payments, including principal and interest, are due monthly beginning May 16, 2021 (twelve months from the date of the SBA Loan) in the amount of $731. The balance of principal and interest is payable thirty years from the date of the SBA Loan. In connection therewith, the Company also received a $10,000 grant, which does not have to be repaid. During the year ended December 31, 2020, $10,000 was recorded in Economy injury disaster loan (EIDL) grant income in the Statements of Operations. The schedule of payments on this loan was later deferred to commence 24 months from the date of loan, which was May 2022.

In connection therewith, the Company executed (i) a loan for the benefit of the SBA (the "SBA Loan"), which contains customary events of default and (ii) a Security Agreement, granting the SBA a security interest in all tangible and intangible personal property of the Company, which also contains customary events of default (the "SBA Security Agreement").

June 28, 2021 – $350,000

On June 28, 2021, the Company executed the standard loan documents required for securing a loan (the "EIDL Loan") from the SBA under its Economic Injury Disaster Loan ("EIDL") assistance program in light of the impact of the COVID-19 pandemic on the Company's business. As of December 31, 2022, the loan payable, Emergency Injury Disaster Loan noted above is not in default.

Pursuant to that certain Amended Loan Authorization and Agreement (the "SBA Loan Agreement"), the Company borrowed an aggregate principal amount of the EIDL Loan of $500,000, with proceeds to be used for working capital purposes. Interest accrues at the rate of 3.75% per annum and will accrue only on funds actually advanced from the date of each advance. Installment payments, including principal and interest, are due monthly beginning April 16, 2022 (twenty four months from the original date of the SBA Loan) in the amount of $2,505. The balance of principal and interest is payable thirty years from the original date of the SBA Loan.

8. LOAN PAYABLE, PAYROLL PROTECTION LOAN PROGRAM (PPP)

Loans payable, Payroll Protection Loan Program (PPP) consisted of the following:

December 31,	*2023*	*2022*
Loan payable from Payroll protection program (PPP)	$ 97,273	$ 144,375
Less - current portion	(45,678)	(45,678)
Total loan payable, payroll protection program (PPP), less current portion	**$ 51,595**	**$ 98,697**

The Paycheck Protection Program Loan (the "PPP Loan") is administered by the U.S. Small Business Administration (the "SBA"). The interest rate of the loan is 1.00% per annum and accrues on the unpaid principal balance computed on the basis of the actual number of days elapsed in a year of 360 days. Commencing seven months after the effective date of the PPP Loan, the Company is required to pay the Lender equal monthly payments of principal and interest as required to fully amortize any unforgiven principal balance of the loan by the two-year anniversary of the effective date of the PPP Loan (the "Maturity Date"). The PPP Loan contains customary events of default relating to, among other things, payment defaults, making materially false or misleading representations to the SBA or the Lender, or breaching the terms of the PPP Loan. The occurrence of an event of default may result in the repayment of all amounts outstanding under the PPP Loan, collection of all amounts owing from the Company, or filing suit and obtaining judgment against the Company. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loan granted under the PPP. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds for payment of payroll costs and any payments of mortgage interest, rent, and utilities. Recent modifications to the PPP by the U.S. Treasury and Congress have extended the time period for loan forgiveness beyond the original eight-week period, making it possible for the Company to apply for forgiveness of its PPP loan.

9. INCOME TAX

Total income tax (benefit) expense consists of the following:

For the Years Ended December 31,	*2023*	*2022*
Current provision (benefit):		
Federal	$ -	$ -
State	7,828	1,600
Total current provision (benefit)	7,828	1,600
Deferred provision (benefit):		
Federal	-	-
State	-	-
Total deferred provision (benefit)	-	-
Total tax provision (benefit)	**$ 7,828**	**$ 1,600**

A reconciliation of the Company's effective tax rate to the statutory federal rate is as follows:

December 31,	*2023*	*2022*
Statutory federal rate	21.00%	21.00%
State income taxes net of federal income tax benefit and others	6.98%	6.98%
Permanent differences for tax purposes and others	0.00%	0.00%
Change in valuation allowance	-27.98%	-27.98%
Effective tax rate	**0%**	**0%**

The income tax benefit differs from the amount computed by applying the U.S. federal statutory tax rate of 21% and California state income taxes of 6.98% due to the change in the valuation allowance.

December 31,	***2023***	***2022***
Deferred tax assets:		
Net operating loss	$ 3,507,307	$ 2,515,031
Other temporary differences	-	-
Total deferred tax assets	3,507,307	2,515,031
Less – valuation allowance	(3,507,307)	(2,515,031)
Total deferred tax assets, net of valuation allowance	**$ -**	**$ -**

Deferred income taxes reflect the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The components of deferred tax assets and liabilities are as follows:

As of December 31, 2023, the Company had available net operating loss carryovers of approximately $3,507,000. Per the Tax Cuts and Jobs Act (TCJA) implemented in 2018, the two-year carryback provision was removed and now allows for an indefinite carryforward period. The carryforwards are limited to 80% of each subsequent year's net income. As a result, net operating loss may be applied against future taxable income and expires at various dates subject to certain limitations. The Company has a deferred tax asset arising substantially from the benefits of such net operating loss deduction and has recorded a valuation allowance for the full amount of this deferred tax asset since it is more likely than not that some or all of the deferred tax asset may not be realized.

The Company files income tax returns in the U.S. federal jurisdiction and California and is subject to income tax examinations by federal tax authorities for tax year ended 2018 and later and subject to California authorities for tax year ended 2017 and later. The Company currently is not under examination by any tax authority. The Company's policy is to record interest and penalties on uncertain tax positions as income tax expense. As of December 31, 2023 and December 32, 2021, the Company has no accrued interest or penalties related to uncertain tax positions.

As of December 31, 2023, the Company had cumulative net operating loss carryforwards for federal tax purposes of approximately $3,507,000. In addition, the Company had state tax net operating loss carryforwards of the same amount. The carryforwards may be applied against future taxable income and expires at various dates subject to certain limitations.

10. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company entered into the following operating facility leases:

Brea *(Corporate office 1)* - On September 1, 2018, the Company entered into an operating facility lease for its corporate office located in Brea, California with a term of 72 months and an option to extend. The lease started on September 2018 and expires in August 2024.

Brea (Corporate office 2) – On June 28, 2023, the Company entered into an operating facility lease for its corporate office located in Brea, California with term of 36 months at $21,500 per month. The lease started on July 2023 and expires in June 2029.

La Floresta - On July 25, 2016, the Company entered into an operating facility lease for its store located at La Floresta Shopping Village in Brea, California with a term of 60 months and an option to extend. The lease started in July 2016 and expiration date was extended to November 2024.

La Crescenta - On May 2017, the Company entered into an operating facility lease for its store located in La Crescenta, California with 120 months term with option to extend. The lease started on May 2017 and expires in May 2027. The Company entered into non-cancellable lease agreement for a coffee shop approximately 1,607 square feet located in La Crescenta, California commencing in May 2017 and expiring in April 2027. The monthly lease payment under the lease agreement approximately $6,026.

Corona Del Mar - On January 18, 2023, the Company renewed its retail store in Corona Del Mar, California. As part of that lease renewal, the Company renewed the original operating lease with 60 months term with an option to extend. The lease expires in January 2028. The monthly lease payment under the renewed lease agreement is approximately $5,001.

Laguna Woods - On February 12, 2021, the Company entered into an operating facility lease for its store located at Home Depot Center in Laguna Woods, California with a term of 60 months and an option to extend. The lease started in June 2021 and expires in May 2026.

Manhattan Village - On March 1, 2022, the Company entered into an operating facility lease for its store located at Manhattan Beach, California with 60 months term with option to extend. The lease started in March 2022 and expires in February 2027.

Cabazon - On May 2017, the Company entered into an operating facility lease for its store located in Cabazon, California with 120 months term with option to extend. The lease started in November 2022 and expires in October 2032. The Company entered into non-cancellable lease agreement for a coffee shop approximately 1,734 square feet located in Cabazon, California commencing in November 2022 and expiring in November 2032. The monthly lease payment under the lease agreement is approximately $6,521.

Huntington Beach - On October 7, 2022, the Company entered into an operating facility lease for its store located at Huntington Beach, California with a 124 months term with option to extend. The lease started in November 2021 and expires in February 2032.

Santa Anita - On December 22, 2020, the Company entered into an operating facility lease for its store located at Arcadia, California with 36 months term with option to extend. The lease started in February 2021 and expires in January 2024.

Riverside - On February 4, 2021, the Company entered into an operating facility lease for its store located at Galleria at Tyler in Riverside, California with a term of 84 months and an option to extend. The lease started in April 2021 and expires in March 2028.

San Francisco - On December 22, 2020, the Company entered into an operating facility lease for its store located at Stonestown Galleria in San Francisco, California with a term of 84 months with an option to extend. The lease started in June 2021 and expires in April 2028.

Intersect in Irvine - On October 1, 2022 the Company entered into a percentage base lease agreement for the store located in Irvine, California with 9 months term with option to extend. The lease started in October 2022 and expires on December 31, 2023 with an execution of extension. The rate to be used is 10% and it's based on monthly gross sales.

Diamond Bar – On March 20, 2023, the Company entered into an operating facility lease for its store located at Diamond Bar, California which matures on March 31, 2027. The monthly lease payment under the lease agreement is approximately $5,900.

Anaheim - On March 3, 2023, the Company entered into an operating facility lease for its store located at Anaheim, California with 120 months term with option to extend. The lease started in March 2023 and expires in February 2033.

Operating lease right-of-use ("ROU") assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Generally, the implicit rate of interest in arrangements is not readily determinable and the Company utilizes its incremental borrowing rate in determining the present value of lease payments. The Company's incremental borrowing rate is a hypothetical rate based on its understanding of what its credit rating would be. The operating lease ROU asset includes any lease payments made and excludes lease incentives. Our variable lease payments primarily consist of maintenance and other operating expenses from our real estate leases. Variable lease payments are excluded from the ROU assets and lease liabilities and are recognized in the period in which the obligation for those payments is incurred. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

The Company has lease agreements with lease and non-lease components. The Company has elected to account for these lease and non-lease components as a single lease component.

In accordance with ASC 842, the components of lease expense were as follows:

Years ended December 31,	***2023***	***2022***
Operating lease expense	$ 1,315,541	$ 899,304
Total lease expense	$ 1,315,541	$ 899,304

In accordance with ASC 842, other information related to leases was as follows:

Years ended December 31,	***2023***	***2022***
Operating cash flows from operating leases	$ 1,300,280	$ 903,393
Cash paid for amounts included in the measurement of lease liabilities	$ 1,300,280	$ 903,393
Weighted-average remaining lease term—operating leases		5.6 years
Weighted-average discount rate—operating leases		10.7%

In accordance with ASC 842, maturities of operating lease liabilities as of December 31, 2023 were as follows:

For the years ended December 31,	**Operating Lease**
2024	$ 1,464,379
2025	1,328,666
2026	1,137,189
2027	677,224
2028	410,673
Thereafter	1,553,692
Total undiscounted cash flows	$ 6,571,823
Reconciliation of lease liabilities:	
Weighted-average remaining lease terms	5.6 Years
Weighted-average discount rate	10.7%
Present values	$ 4,728,906
Lease liabilities—current	1,003,753
Lease liabilities—long-term	3,725,153
Lease liabilities—total	$ 4,728,906
Difference between undiscounted and discounted cash flows	**$ 1,842,917**

Contingencies

The Company is subject to various legal proceedings from time to time as part of its business. As of December 31, 2023, the Company was not currently party to any legal proceedings or threatened legal proceedings, the adverse outcome of which, individually or in the aggregate, it believes would have a material adverse effect on its business, financial condition and results of operations.

11. SHAREHOLDERS' EQUITY

Common Stock

The Company has authorization to issue and have outstanding at any one time 40,000,000 share of common stock with a par value of $0.0001 per share. The shareholders of common stock shall be entitled to one vote per share and dividends declared by the Company's Board of Directors.

Preferred Stock

The Company has authorization to issue and have outstanding at any one time 1,000,000 share of preferred stock with a par value of $0.0001 per share, in one or more classes or series within a class as may be determined by our board of directors, who establish, from time to time, the number of shares to be included in each class or series, fix the designation, powers, preferences and rights of the shares of each such class or series and any qualifications, limitations or restrictions thereof. Any preferred stock so issued is senior to other existing classes of common stock with respect to the payment of dividends or amounts upon liquidation or dissolution. As of December 31, 2023 and 2022, no shares of our preferred stock had been designated any rights and we had no shares of preferred stock issued and outstanding.

Issuance of Common Stock in Settlement of Antidilution Provisions

In May 2018, the Company entered into a share exchange agreement wherein Capax, Inc., the predecessor entity of Reborn Coffee, Inc. ("Capax") effectively merged with Reborn Global Holdings, Inc. to form the Company. In this share exchange agreement, the preexisting shareholder of Capax were provided covenants that for a period of one year following the date upon which the Company is approved for quotation or trading on a public exchange ("IPO"), the percentage of ownership of the prior shareholders of Capax would not be less than the 5% of the total number of shares of voting common stock outstanding of the Company that they owned following the share exchange. In the event the ownership of the pre-merger shareholders of Capax fell below 5%, the Company was obligated to issue that number of shares of common stock to those shareholders which would increase the ownership of all of the Pre-Merger Shareholders to five percent (5%) of the total outstanding voting common shares of the Company. During the year ended December 31, 2021, the Company issued 325,495 shares of common stock under these provisions.

On January 25, 2022, the Company modified this agreement with the preexisting shareholders to effectively end the antidilution protection at the time of a successful IPO, eliminating the one-year period following an IPO as provided under the original agreement. The shareholders would be entitled to additional protection through the IPO date should the Company issue any additional shares between December 31, 2021 and the IPO date. The Company has not issued any additional shares subsequent to December 31, 2021.

Initial Public Offering

In August 2022, the Company consummated its initial public offering (the "IPO") of 1,440,000 shares of its common stock at a public offering price of $5.00 per share, generating gross proceeds of $7,200,000. Net proceeds from the IPO were approximately $6.2 million after deducting underwriting discounts and commissions and other offering expenses of approximately $998,000.

The Company had granted the underwriters a 45-day option to purchase up to 216,000 additional shares (equal to 15% of the shares of common stock sold in the offering) to cover over-allotments. In addition, the Company had agreed to issue to the representative of the several underwriters warrants to purchase the number of shares of common stock in the aggregate equal to five percent (5%) of the shares of common stock to be issued and sold in the IPO. The warrants are exercisable for a price per share equal to 125% of the public offering price. No over-allotment option or representative's warrants have been exercised.

Stock Compensation

The Company issued a total of 100,000 shares of common stock to employees and consultants for compensation. These shares were valued at $2.85 per share for total stock-based compensation expense of $285,000. These shares were fully vested at issuance and as such the related stock-based compensation was recognized immediately.

Dividend policy

Dividends are paid at the discretion of the Board of Directors. There were no dividends declared for the years ended December 31, 2023 and 2022, respectively.

12. EARNINGS PER SHARE

The Company calculates earnings per share in accordance with FASB ASC 260, Earnings Per Share, which requires a dual presentation of basic and diluted earnings per share. Basic earnings per share are computed using the weighted average number of shares outstanding during the fiscal year. Potentially dilutive common shares consist of stock options outstanding (using the treasury method).

The following table sets forth the computation of basic and diluted net income per common share:

Years Ended December 31,	***2023***	***2022***
Net Loss	$ (4,725,123)	$ (3,554,897)
Weighted Average Shares of Common Stock Outstanding		
Basic	13,230,613	12,173,031
Diluted	13,230,613	12,173,031
Earnings Per Share - Basic		
Basic	(0.36)	(0.29)
Diluted	(0.36)	(0.29)

13. RELATED PARTY TRANSACTIONS

The Company had the following related party transactions:

- In October 2023. the Company borrowed $100,000 from the shareholder and Chairman of the Company, Farooq M. Arjomand. The amount is due upon demand and bears no interest.
- In June 2023, the Company entered into a facility lease agreement for corporate office located in Brea, California with DRE, Inc., a company owned by the Board of Director of the Company. The lease has 60 months term and expires in June 2029.

14. SUBSEQUENT EVENTS

The Company evaluated all events or transactions that occurred after December 31, 2023 up through the date the consolidated financial statements were available to be issued. Based upon the evaluation, except as disclosed below or within the footnotes, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the consolidated financial statements as of and for the year ended December 31, 2023 except as follows:

- On January 10, 2024, the Company entered into a securities subscription agreement (“Subscription Agreement”) with Farooq M. Arjomand (the “Investor”), the Chairman of the Company’s Board of Directors and an “accredited investor,” as defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the “Securities Act”). Pursuant to the Subscription Agreement, the Company offered and sold to the Investor a total of 1,666,667 shares of the Company’s common stock, par value $0.0001 (the “Common Stock”), at a purchase price of $0.60 per share, for aggregate gross proceeds of approximately $1 million. The Company intends to use the net proceeds from the sale of the Common Stock for working capital and other general corporate purposes.

- On January 12, 2024, the Company filed a Certificate of Amendment (the "Certificate of Amendment") to the Company's Certificate of Incorporation to effect a reverse stock split of its issued Common Stock in the ratio of 1-for-8 (the "Reverse Stock Split"). The Company anticipates the Common Stock will begin trading on the Nasdaq Capital Market on a Reverse Stock Split-adjusted basis at the market open on Monday, January 22, 2024.

- On February 12, 2024, the Company entered into a Pre-Paid Advance Agreement (the "PPA") with EF Hutton YA Fund, LP, a Delaware limited partnership (the "Investor"). In accordance with the terms of the PPA, on February 12, 2024, the Investor advanced to the Company a pre-paid advance of $1,100,000 (the "Pre-Paid Advance"). The Pre-Paid Advances was purchased by the Investor at 90% of the face amount. If and when requested by the Investor in writing (a "Purchase Notice") while the Pre-Paid Advance is outstanding, the Investor may require the Company to issue and sell shares of the Company's common stock, par value $0.0001, per share ("common stock") to the Investor (a "PPA Advance") and the amounts outstanding under each Pre-Paid Advance will be correspondingly reduced upon the issuance by the Company of common stock to the Investor, at a price per share equal to the lower of: (a) 100% of the volume weighted average price (as reported during regular trading hours by Bloomberg) (the "VWAP") of the Company's common stock on the trading day immediately preceding the closing of the Pre-Paid Advance (the "Fixed Price") or (b) 87% of the lowest daily VWAP of the shares during the five trading days immediately prior to each Purchase Notice, subject to the Floor Price. The "Floor Price" is equal to $0.46. Interest will accrue on the outstanding balance of any Pre-Paid Advance at 0%, subject to an increase to 18% upon events of default described in the PPA. The Pre-Paid Advance matures within one year.

- On February 29, 2024, the Company closed a private placement transaction (the "Offering") with Mr. Scott Lee, an "accredited investor," as defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the "Securities Act") (the "Investor"). In connection with the Offering, the Company entered into a securities subscription agreement ("Subscription Agreement") with the Investor pursuant to which the Company offered and sold to the Investor a total of 444,445 shares (the "Shares") of the Company's common stock, par value $0.0001 (the "Common Stock"), at a purchase price of $2.25 per share, for aggregate gross proceeds of approximately $1 million. The Company intends to use the net proceeds from the sale of the Shares for working capital and general corporate purposes.

- In March 2024, the Company closed stores located in Irvine, Cabazon and San Francisco, California.

- On May 20, 2024, the Company issued a convertible promissory note (the "Promissory Note") in the original principal amount of $800,000 and related warrant (the "Warrant") to purchase 175,000 shares (the "Warrant Shares") of the Company's common stock, par value per share $0.0001 ("Common Stock"), to EF HUTTON YA FUND, LP (the "Holder"), a fund managed by Yorkville Advisors Global, LLC. The Holder paid a purchase price of $720,000 to the Company for the Promissory Note and the Warrant, less a $36,000 financial advisory fee paid to EF Hutton LLC on behalf of the Company.

- In end of May 2024, the Company closed store located in San Francisco, California.

Report of Independent Registered Public Accounting Firm

To the Board of Directors
and Stockholders of Reborn Coffee, Inc. and Subsidiaries

Opinion on the Consolidated Financial Statements`

We have audited the accompanying consolidated balance sheets of Reborn Coffee, Inc. and subsidiaries (the “Company”) as of December 31, 2022 and 2021, and the related statements of operation, stockholders’ equity (deficit), and cash flows for each of the two years in the period ended December 31, 2022, and the related notes and schedules (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph – Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 2 to the consolidated financial statements, the Company has incurred recurring losses and at December 31, 2022, had an accumulated deficit of $12,031,801. For the year ending December 31, 2022, the Company sustained a net loss of $3,554,897. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might become necessary should the Company be unable to continue as a going concern.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Kreit & Chiu CPA LLP
(Formerly known as Paris, Kreit & Chiu CPA LLP)

We have served as the Company’s auditor since 2020.
New York, NY
PCAOB ID 6651

April 11, 2023

Consolidated Balance Sheet

December 31,	*2022*	*2021*
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,019,035	$ 905,051
Accounts receivable, net of allowance for doubtful accounts of $0 and $0, respectively	780	-
Inventories, net	132,343	88,877
Prepaid expense and other current assets	477,850	191,838
Total current assets	3,630,008	1,185,766
Property and equipment, net	1,581,805	1,110,890
Operating lease right-of-use asset	3,010,564	2,466,873
Other assets	235,164	-
Total assets	**$ 8,457,541**	**$ 4,763,529**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 87,809	$ 45,748
Accrued expenses and current liabilities	233,053	124,535
Loans payable to financial institutions	44,664	98,475
Current portion of loan payable, emergency injury disaster loan (EIDL)	30,060	7,957
Current portion of loan payable, payroll protection program (PPP)	45,678	42,345
Current portion of equipment loan payable	-	15,989
Current portion of operating lease liabilities	624,892	578,419
Total current liabilities	1,066,156	913,468
Loans payable to financial institutions, less current portion	6,234	23,228
Loan payable, emergency injury disaster loan (EIDL), less current portion	469,940	492,043
Loan payable, payroll protection program (PPP), less current portion	98,697	124,793
Operating lease liabilities, less current portion	2,529,985	2,011,702
Total liabilities	4,171,012	3,565,234
Commitments and Contingencies		
Stockholders' equity		
Common Stock, $0.0001 par value, 40,000,000 shares authorized; 13,163,126 and 11,634,523 shares issued and outstanding at December 31, 2022 and 2021, respectively	1,316	1,163
Preferred Stock, $0.0001 par value, 1,000,000 shares authorized; no shares issued and outstanding at December 31, 2022 and 2021	-	-
Additional paid-in capital	16,317,014	9,674,036
Accumulated deficit	(12,031,801)	(8,476,904)
Total stockholders' equity	4,286,529	1,198,295
Total liabilities and stockholders' equity	**$ 8,457,541**	**$ 4,763,529**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations

Years Ended December 31,	*2022*	*2021*
Net revenues:		
Stores	$ 3,184,491	$ 2,204,201
Wholesale and online	56,032	75,871
Total net revenues	3,240,523	2,280,072
Operating costs and expenses:		
Product, food and drink costs—stores	1,092,573	821,713
Cost of sales—wholesale and online	24,542	33,231
General and administrative	5,663,950	3,988,805
Total operating costs and expenses	6,781,065	4,843,749
Loss from operations	(3,540,542)	(2,563,677)
Other income (expense):		
Other income	16,440	7,631
Paycheck protection program (PPP) loan forgiven income	-	115,000
Interest expense	(29,195)	(16,172)
Loss on extinguishment of debt	-	(982,383)
Total other income (expense), net	(12,755)	(875,924)
Loss before income taxes	(3,553,297)	(3,439,601)
Provision for income taxes	1,600	800
Net loss	**$ (3,554,897)**	**$ (3,440,401)**
Loss per share:		
Basic and diluted	$ (0.29)	$ (0.32)
Weighted average number of common shares outstanding:		
Basic and diluted	12,173,031	10,724,944

See accompanying notes to consolidated financial statements.

Consolidated Shareholders' Equity

	Common Stock		*Preferred Stock*		*Additional Paid-in*	*Subscription of Common*	*Accumulated*	*Total Shareholders'*
	Shares	***Amount***	***Shares***	***Amount***	***Capital***	***Stock***	***Deficit***	***Equity***
Balance as of December 31, 2020	10,443,721	1,044	-	-	4,733,064	(450,000)	(5,036,504)	(752,396)
Net loss	-	-	-	-	-	-	(3,440,401)	(3,440,401)
Conversion of debt into common stock	402,954	40	-	-	2,014,726	-	-	2,014,766
Stock issued for store acquisition	232,558	23	-	-	149,977	-	-	150,000
Stock compensation – issuance for services	110,000	11	-	-	549,989	-	-	550,000
Common stock issued	31,875	3	-	-	(3)	-	-	-
Payments received from prior year subscription			-			450,000		450,000
Stock subscription	413,415	42	-	-	2,226,284	-	-	2,226,326
Balance as of December 31, 2021	11,634,523	$ 1,163	-	$ -	$ 9,674,037	$ -	$ (8,476,904)	$ 1,198,295
Net loss	-	-	-	-	-	-	(3,554,897)	(3,554,897)
Stock compensation – issuance for services	88,200	9	-	-	440,991	-	-	441,000
Common stock issued	1,440,000	144	-	-	7,199,856	-	-	7,200,000
Offering costs associated with issuance of common stock in the Initial Public Offering	-	-	-	-	(997,870)	-	-	(997,870)
Balance as of December 31, 2022	13,162,723	$ 1,316	-	$ -	$16,317,014	$ -	$(12,031,801)	$ 4,286,529

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years Ended December 31,	*2022*	*2021*
Cash flows from operating activities:		
Net loss	$ (3,554,897)	$ (3,440,401)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock compensation	441,001	550,000
Operating lease	21,065	65,545
Depreciation	210,616	174,696
Loss on extinguishment of debt	-	982,383
Forgiveness of Paycheck protection program (PPP) loan	-	(115,000)
Changes in operating assets and liabilities:		
Accounts receivable	(780)	3,853
Inventories	(43,466)	(73,598)
Prepaid expense and other current assets	(521,176)	(132,059)
Accounts payable	42,062	(27,571)
Accrued expenses and current liabilities	108,518	62.332
Net cash used in operating activities	(3,297,058)	(1,949,820)
Cash flows from investing activities:		
Purchases of property and equipment	(681,531)	(348,224)
Reacquisition of store	-	(150,000)
Net cash used in investing activities	(681,531)	(498,224)
Cash flows from financing activities:		
Proceeds from issuance of common stock	7,200,000	2,688,874
Payment for offering costs	(997,870)	-
Proceeds from Line of Credit	685,961	-
Repayment of Line of Credit	(685,961)	-
Proceeds from loans	262,215	1,028,027
Repayments of loans	(355,783)	(473,187)
Repayments of equipment loan payable	(15,989)	(19,187)
Net cash provided by financing activities	6,092,573	3,224,527
Net increase in cash	2,113,984	776,483
Cash at beginning of period	905,051	128,568
Cash at end of period	$ 3,019,035	$ 905,051
Supplemental disclosures of non-cash financing activities:		
Issuance of common shares for repurchase of lease and leasehold improvements	$ -	$ 150,000
Conversion of debt to common stock issuances	$ -	$ 2,014,766
Forgiveness of paycheck protection program (PPP) loan	$ -	$ 115,000
Issuance of common shares for service	$ 441,000	$ 550,000
Supplemental disclosure of cash flow information:		
Cash paid during the years for:		
Interest	$ 8,530	$ 16,172
Income taxes	$ 1,600	$ 800
Lease liabilities and assets	$ 926,626	$ 544,873

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

Reborn Coffee, Inc. ("Reborn") was incorporated in the State of Florida in January 2018. In July 2022, Reborn was migrated from Florida to Delaware, and filed a certificate of incorporation with the Secretary of State of the State of Delaware having the same capitalization structure as the Florida predecessor entity. Reborn has the following wholly owned subsidiaries:

- ***Reborn Global Holdings, Inc.*** ("Reborn Holdings"), a California Corporation incorporated in November 2014. Reborn Holdings is engaged in the operation of wholesale distribution and retail coffee stores in California to sell a variety of coffee, tea, Reborn brand name water and other beverages along with bakery and dessert products.

- ***Reborn Coffee Franchise, LLC*** (the "Reborn Coffee Franchise"), a California limited liability corporation formed in December 2020, is a franchisor providing premier roaster specialty coffee to franchisees or customers. Reborn Coffee Franchise continues to develop the Reborn Coffee system for the establishment and operation of Reborn Coffee stores using one or more Reborn Coffee marks. Reborn Coffee Franchise does not have any franchisee as of December 31, 2022.

Reborn Coffee, Inc., Reborn Global Holdings, Inc., and Reborn Coffee Franchise, LLC will be collectively referred as the "Company".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting

The consolidated financial statements include Reborn Coffee, Inc. and its wholly owned subsidiaries as of and for the years ended December 31, 2022 and 2021.

Basis of Presentation and Consolidation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") as promulgated in the United States of America. The consolidated financial statements include Reborn Coffee, Inc. and its wholly owned subsidiaries. All intercompany accounts, transactions, and profits have been eliminated upon consolidation.

Going Concern

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates, among other things, the realization of assets and satisfaction of liabilities in the normal course of business. The Company had an accumulated deficit of $12,031,801 at December 31, 2022, and had a net loss of $3,554,897 for the year ended December 31, 2022 and net cash used in operating activities of $3,297,058 for the year ended December 31, 2022. These matters raise substantial doubt about the Company's ability to continue as a going concern.

To support our existing and planned business model, the Company needs to raise additional capital to fund our future operations. The Company has not experienced any difficulty in raising funds through loans, and has not experienced any liquidity problems in settling payables in the normal course of business and repaying loans when they fall due. Successful renewal of our loans, however, is subject to numerous risks and uncertainties. In addition, the increasingly competitive industry conditions under which we operate may negatively impacted our results of operations and cash flows. Additional debt financing is anticipated to fund the Company's operations in near future. However, there are no current agreements or understandings with regard to the form, time or amount of such financing and there is no assurance that any of this financing can be obtained or that the Company can continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") requires the Company to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and the accompanying notes. Such estimates include accounts receivables, accrued liabilities, income taxes, long-lived assets, and deferred tax valuation allowances. These estimates generally involve complex issues and require management to make judgments, involve analysis of historical and future trends that can require extended periods of time to resolve, and are subject to change from period to period. In all cases, actual results could differ materially from estimates.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*. The Company's net revenue primarily consists of revenues from its retail stores and wholesale and online store. Accordingly, the Company recognizes revenue as follows:

- **Retail Store Revenue**

  Retail store revenues are recognized when payment is tendered at the point of sale. Retail store revenues are reported net of sales, use or other transaction taxes that are collected from customers and remitted to taxing authorities. Sales taxes that are payable are recorded as accrued as other current liabilities. Retail store revenue makes up approximately 98% of the Company's total revenue.

- **Wholesale and Online Revenue**

  Wholesale and online revenues are recognized when the products are delivered, and title passes to the customers or to the wholesale distributors. When customers pick up products at the Company's warehouse, or distributed to the wholesale distributors, the title passes, and revenue is recognized. Wholesale revenues make up approximately 2% of the Company's total revenue.

- **Royalties and Other Fees**

  Franchise revenues consists of royalty fee and other franchise fees. Royalty fee is based on a percentage of franchisee's weekly gross sales revenue at 5%. The Company recognizes the fee as the underlying sales occur. The Company recorded revenue from royalties of $0 for the years ended December 31, 2022 and 2021. Other fees are earned as incurred and the Company did not have any other fee revenue for the years ended December 31, 2022 and 2021.

- **Customer Loyalty Program**

  The Company has a loyalty program whereby a customer receives a discounted or free beverage after a number of prior purchases. The costs of providing the reward are recognized when incurred and there is no revenue allocated for original purchases to the provision of the reward since the program is not significant and the usage is uncertain.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cost of Sales

Product, food and drink costs – stores and cost of sales – wholesale and online primarily include the costs of ingredients of food and beverage sold and related supplies used in customer service. The wholesale and online sales also include costs of packaging and shipping.

Shipping and Handling Costs

The Company incurred freight out costs, which are primarily included in the Company's cost of sales – wholesale and online. Freight in costs, when attached to a specific purchase, are included as a component of the cost of the purchased goods and materials items and allocated to accounts in accordance with the nature of the goods. When the freight in costs are not allocable to an individual purchase or are more significant, they are recorded to a freight and shipping account within cost of sales.

General and Administrative Expense

General and administrative expense includes store-related expense as well as the Company's corporate headquarters' expenses. These include rent and utilities, payroll and benefits, and depreciation expenses.

Advertising Expense

Advertising costs are expensed as incurred. Advertising expenses amounted to $52,688 and $82,351 for the years ended December 31, 2022 and 2021, respectively, and is recorded under general and administrative expenses in the accompanying consolidated statements of operations.

Pre-opening Costs

Pre-opening costs for new stores consist primarily of payroll and recruiting expense, training, marketing, rent, travel, and supplies, and are expensed as incurred.

Accounts Receivable

Accounts receivables are stated net of allowance for doubtful accounts. The allowance for doubtful accounts is determined primarily on the basis of past collection experience and general economic conditions. The Company determines terms and conditions for its customers based on volume transacted by the customer, customer creditworthiness and past transaction history. At December 31, 2022 and 2021, allowance for doubtful accounts was $0 and $0, respectively. The Company does not have any off-balance sheet exposure related to its customers.

Inventories

Inventories consisted primarily of coffee beans, drink products, and supplies which are recorded at cost or at net realizable value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment are recorded at cost. Maintenance and repairs are charged to expense as incurred. Depreciation and amortization are provided using both the straight-line and declining balance methods over the following estimated useful lives:

Furniture and fixtures	5-7 Years
Store construction	Lesser of the lease term or the estimated useful lives of the improvements, generally 6 years
Leasehold improvement	Lesser of the lease term or the estimated useful lives of the improvements, generally 6 years

When assets are retired or disposed of, the cost and accumulated depreciation thereon are removed, and any resulting gains or losses are included in the consolidated statements of operations. Leasehold improvements are amortized using the straight-line method over the estimated life of the asset, not to exceed the length of the lease. Repair and maintenance costs are expensed as incurred.

Operating Leases

The Company adopted FASB Accounting Standards Codification, or ASC, Topic 842, Leases ("ASC 842") which requires the recognition of the right-of-use assets and relating operating and finance lease liabilities on the balance sheet. Under ASC 842, all leases are required to be recorded on the balance sheet and are classified as either operating leases or finance leases. The lease classification affects the expense recognition in the income statement. Operating lease charges are recorded entirely in operating expenses. Finance lease charges are split, where amortization of the right-of-use asset is recorded in operating expenses and an implied interest component is recorded in interest expense (Note 11).

Earnings Per Share

Financial Accounting Standard Board ("FASB") Accounting Standards Codification ("ASC") Topic 260, Earnings Per Share, requires a reconciliation of the numerator and denominator of the basic and diluted earnings (loss) per share (EPS) computations.

Basic earnings (loss) per share are computed by dividing net earnings available to common shareholders by the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed similar to basic earnings per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. In periods where losses are reported, the weighted-average number of common stock outstanding excludes common stock equivalents, because their inclusion would be anti-dilutive.

The Company did not have any dilutive shares for the years ended December 31, 2022 and 2021.

Segment Reporting

FASB ASC Topic 280, Segment Reporting, requires public companies to report financial and descriptive information about their reportable operating segments. The Company's management identifies operating segments based on how the Company's management internally evaluate separate financial information, business activities and management responsibility. At the current time, the Company has only one reportable segment, consisting of both the wholesale and retail sales of coffee, water, and other beverages. The Company's franchisor subsidiary was not material as of and for the years ended December 31, 2022 and 2021.

Long-lived Assets

In accordance with FASB ASC Topic 360, Property, Plant, and Equipment, the Company reviews for impairment of long-lived assets and certain identifiable intangibles whenever events or circumstances indicate that the carrying amount of assets may not be recoverable. The Company considers the carrying value of assets may not be recoverable based upon our review of the following events or changes in circumstances: the asset's ability to continue to generate income from operations and positive cash flow in future periods; loss of legal ownership or title to the assets; significant changes in our strategic business objectives and utilization of the asset; or significant negative industry or economic trends. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset are less than its carrying amount. As of December 31, 2022 and 2021, the Company was not aware of any events or changes in circumstances that would indicate that the long-lived assets are impaired.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Fair Value of Financial Instruments

The Company records its financial assets and liabilities at fair value, which is defined under the applicable accounting standards as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measure date. The Company uses valuation techniques to measure fair value, maximizing the use of observable outputs and minimizing the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs include management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. The inputs are unobservable in the market and significant to the instrument's valuation.

As of December 31, 2022 and 2021, the Company believes that the carrying value of accounts receivable, accounts payable, accrued expenses, and other current assets and liabilities approximate fair value due to the short maturity of theses financial instruments. The financial statements do not include any financial instruments at fair value on a recurring or non-recurring basis.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk are accounts receivable arising from its normal business activities. The Company performs ongoing credit evaluations to its customers and establishes allowances when appropriate.

The Company purchases from various vendors for its operations. For the years ended December 31, 2022 and 2021, no purchases from any vendors accounted for a significant amount of the Company's bean coffee purchases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related Parties

Related parties are any entities or individuals that, through employment, ownership, or other means, possess the ability to direct or cause the direction of management and policies of the Company.

Significant Recent Developments Regarding COVID-19

The novel coronavirus ("COVID-19") pandemic has significantly impacted health and economic conditions throughout the United States and globally, as public concern about becoming ill with the virus has led to the issuance of recommendations and/or mandates from federal, state and local authorities to practice social distancing or self-quarantine. The Company is continually monitoring the outbreak of COVID-19 and the related business and travel restrictions and changes to behavior intended to reduce its spread, and its impact on operations, financial position, cash flows, inventory, supply chains, purchasing trends, customer payments, and the industry in general, in addition to the impact on its employees. We have experienced significant disruptions to our business due to the COVID-19 pandemic and related suggested and mandated social distancing and shelter-in-place orders.

Recent Accounting Pronouncement

In June 2016, the FASB issued Accounting Standards Update No. 2016-13, "Financial Instruments - Credit Losses (Topic 326)" ("ASU 2016-13"). ASU 2016-13 revises the methodology for measuring credit losses on financial instruments and the timing of when such losses are recorded. Originally, ASU 2016-13 was effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. In November 2019, FASB issued ASU 2019-10, "Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)." This ASU defers the effective date of ASU 2016-13 for public companies that are considered smaller reporting companies as defined by the SEC to fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company is planning to adopt this standard in the first quarter of fiscal 2023. The Company evaluated and concluded that no material effects of adopting the provisions of ASU No. 2016-13 on its consolidated financial statements.

Other recently issued accounting updates are not expected to have a material impact on the Company's consolidated financial statements.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

December 31,	*2022*	*2021*
Furniture and equipment	$ 1,203,737	$ 779,649
Leasehold improvement	639,602	639,602
Store construction	251,745	52,161
Store	300,000	300,000
Vehicle	57,859	-
Total property and equipment	2,452,943	1,771,412
Less accumulated depreciation	(871,138)	(660,522)
Total property and equipment, net	**$ 1,581,805**	**$ 1,110,890**

Depreciation expense on property and equipment amounted to approximately $210,616 and $174,696 for the years ended December 31, 2022 and 2021, respectively.

4. LOANS PAYABLE TO FINANCIAL INSTITUTIONS

Loans payable to financial institutions consist of the following:

December 31,	*2022*	*2021*
July 2021 - Loan agreement with principal amount of $90,000 and repayment rate of 19% for a total of $101,700. The loan payable matures on January 31, 2023 and was fully paid off in 2022.	-	52,819
August 2021 - Loan agreement with principal amount of $72,500 and a repayment rate of 18.5% for a total of $81,925. The loan payable matures on February 10, 2023 and was fully paid off in 2022.	-	36,502
August 2021 - Loan agreement with principal amount of $67,500 and repayment rate of 18.5% for a total of $76,275. The loan payable matures on February 11, 2023 and was fully paid off in 2022.	-	32,382
August 2022 - Loan agreement with principal amount of $100,000 and repayment rate of 20.5% for a total of $124,430. The loan payable matures on February 2, 2024.	50,898	-
Less: current portion	(44,664)	(98,475)
Total loan payable, net of current	**$ 6,234**	**$ 23,228**

4. LOANS PAYABLE TO FINANCIAL INSTITUTIONS (continued)

July 2021 - $ 101,700 loan payable

In July 2021, the Company entered into a loan agreement with Square Capital in the principal amount of $90,000 with loan cost $11,700. The loan payable has a maturity date on January 31, 2023. As of December 31, 2022 and December 31, 2021, there was a balance outstanding of $0 and $52,819, respectively.

August 2021 - $81,925 loan payable

In August 2021, the Company entered into a loan agreement with Square Capital in the principal amount of $72,500 with loan cost $9,425. The loan payable has a maturity date on February 10, 2023. As of December 31, 2022 and December 31, 2021, there was a balance outstanding of $0 and $36,502, respectively.

August 2021 - $76,275 loan payable

In August 2021, the Company entered into a loan agreement with Square Capital in the principal amount of $67,500 with loan cost $8,775. The loan payable has a maturity date on February 11, 2023. As of December 31, 2022 and December 31, 2021, there was a balance outstanding of $0 and $32,382, respectively.

August 2022 - $112,215 loan payable

In August 2022, the Company entered into a loan agreement with Square Capital in the principal amount of $100,000 with loan cost $12,215. The loan payable has a maturity date on February 2, 2024. As of December 31, 2022, there was a balance outstanding of $50,898.

5. LOAN PAYABLE, EMERGENCY INJURY DISASTER LOAN (EIDL)

December 31,	*2022*	*2021*
May 16, 2020 ($150,000) - Loan agreement with principal amount of $150,00 with an interest rate of 3.75% and maturity date on May 16, 2050	$ 150,000	$ 150,000
June 28, 2021 ($350,000) – Loan agreement with principal amount of $350,000 with an interest rate of 3.75% and maturity date on May 18, 2050	350,000	350,000
Total long-term loan payable, emergency injury disaster loan (EIDL)	500,000	500,000
Less - current portion	(30,060)	(7,957)
Total loan payable, emergency injury disaster loan (EIDL), less current portion	**$ 469,940**	**$ 492,043**

The following table provides future minimum payments:

For the years ended December 31,	*Amount*
2023	$ 30,060
2024	30,060
2025	30,060
2026	30,060
2027	30,060
Thereafter	349,700
Total	**$ 500,000**

May 16, 2020 – $150,000

On May 16, 2020, the Company executed the standard loan documents required for securing a loan (the “EIDL Loan”) from the SBA under its Economic Injury Disaster Loan (“EIDL”) assistance program in light of the impact of the COVID-19 pandemic on the Company’s business. As of December 31, 2022, the loan payable, Emergency Injury Disaster Loan noted above is not in default.

Pursuant to that certain Loan Authorization and Agreement (the “SBA Loan Agreement”), the Company borrowed an aggregate principal amount of the EIDL Loan of $150,000, with proceeds to be used for working capital purposes. Interest accrues at the rate of 3.75% per annum and will accrue only on funds actually advanced from the date of each advance. Installment payments, including principal and interest, are due monthly beginning May 16, 2021 (twelve months from the date of the SBA Loan) in the amount of $731. The balance of principal and interest is payable thirty years from the date of the SBA Loan. In connection therewith, the Company also received a $10,000 grant, which does not have to be repaid. During the year ended December 31, 2020, $10,000 was recorded in Economy injury disaster loan (EIDL) grant income in the Statements of Operations. The schedule of payments on this loan was later deferred to commence 24 months from the date of loan, which was May 2022.

In connection therewith, the Company executed (i) a loan for the benefit of the SBA (the “SBA Loan”), which contains customary events of default and (ii) a Security Agreement, granting the SBA a security interest in all tangible and intangible personal property of the Company, which also contains customary events of default (the “SBA Security Agreement”).

June 28, 2021 – $350,000

On June 28, 2021, the Company executed the standard loan documents required for securing a loan (the “EIDL Loan”) from the SBA under its Economic Injury Disaster Loan (“EIDL”) assistance program in light of the impact of the COVID-19 pandemic on the Company’s business. As of December 31, 2022, the loan payable, Emergency Injury Disaster Loan noted above is not in default.

Pursuant to that certain Amended Loan Authorization and Agreement (the "SBA Loan Agreement"), the Company borrowed an aggregate principal amount of the EIDL Loan of $500,000, with proceeds to be used for working capital purposes. Interest accrues at the rate of 3.75% per annum and will accrue only on funds actually advanced from the date of each advance. Installment payments, including principal and interest, are due monthly beginning April 16, 2022 (twenty four months from the original date of the SBA Loan) in the amount of $2,505. The balance of principal and interest is payable thirty years from the original date of the SBA Loan.

6. LOAN PAYABLE, PAYROLL PROTECTION LOAN PROGRAM (PPP)

December 31,	2022	2021
Loan payable from Payroll protection program (PPP)	$ 144,375	$ 167,138
Less - current portion	(45,678)	(42,345)
Total loan payable, payroll protection program (PPP), less current portion	**$ 98,697**	**$ 124,793**

The Paycheck Protection Program Loan (the "PPP Loan") is administered by the U.S. Small Business Administration (the "SBA"). The interest rate of the loan is 1.00% per annum and accrues on the unpaid principal balance computed on the basis of the actual number of days elapsed in a year of 360 days. Commencing seven months after the effective date of the PPP Loan, the Company is required to pay the Lender equal monthly payments of principal and interest as required to fully amortize any unforgiven principal balance of the loan by the two-year anniversary of the effective date of the PPP Loan (the "Maturity Date"). The PPP Loan contains customary events of default relating to, among other things, payment defaults, making materially false or misleading representations to the SBA or the Lender, or breaching the terms of the PPP Loan. The occurrence of an event of default may result in the repayment of all amounts outstanding under the PPP Loan, collection of all amounts owing from the Company, or filing suit and obtaining judgment against the Company. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loan granted under the PPP. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds for payment of payroll costs and any payments of mortgage interest, rent, and utilities. Recent modifications to the PPP by the U.S. Treasury and Congress have extended the time period for loan forgiveness beyond the original eight-week period, making it possible for the Company to apply for forgiveness of its PPP loan.

7. INCOME TAX

Total income tax (benefit) expense consists of the following:

For the Years Ended December 31,	2022	2021
Current provision (benefit):		
Federal	$ -	$ -
State	1,600	800
Total current provision (benefit)	1,600	800
Deferred provision (benefit):		
Federal	-	-
State	-	-
Total deferred provision (benefit)	-	-
Total tax provision (benefit)	**$ 1,600**	**$ 800**

7. INCOME TAX (continued)

A reconciliation of the Company's effective tax rate to the statutory federal rate is as follows:

Description	***December 31, 2022***	***December 31, 2021***
Statutory federal rate	21.00%	21.00%
State income taxes net of federal income tax benefit and others	6.98%	6.98%
Permanent differences for tax purposes and others	0.00%	0.00%
Change in valuation allowance	-27.98%	-27.98%
Effective tax rate	**0%**	**0%**

The income tax benefit differs from the amount computed by applying the U.S. federal statutory tax rate of 21% and California state income taxes of 6.98% due to the change in the valuation allowance.

Deferred tax assets	***December 31, 2022***	***December 31, 2021***
Deferred tax assets:		
Net operating loss	$ 2,515,031	$ 1,768,839
Other temporary differences	-	-
Total deferred tax assets	2,515,031	1,768,839
Less – valuation allowance	(2,515,031)	(1,768,839)
Total deferred tax assets, net of valuation allowance	**$ -**	**$ -**

Deferred income taxes reflect the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The components of deferred tax assets and liabilities are as follows:

As of December 31, 2021, the Company had available net operating loss carryovers of approximately $1,769,000. Per the Tax Cuts and Jobs Act (TCJA) implemented in 2018, the two-year carryback provision was removed and now allows for an indefinite carryforward period. The carryforwards are limited to 80% of each subsequent year's net income. As a result, net operating loss may be applied against future taxable income and expires at various dates subject to certain limitations. The Company has a deferred tax asset arising substantially from the benefits of such net operating loss deduction and has recorded a valuation allowance for the full amount of this deferred tax asset since it is more likely than not that some or all of the deferred tax asset may not be realized.

The Company files income tax returns in the U.S. federal jurisdiction and California and is subject to income tax examinations by federal tax authorities for tax year ended 2018 and later and subject to California authorities for tax year ended 2017 and later. The Company currently is not under examination by any tax authority. The Company's policy is to record interest and penalties on uncertain tax positions as income tax expense. As of December 31, 2022 and December 31, 2021, the Company has no accrued interest or penalties related to uncertain tax positions.

As of December 31, 2022, the Company had cumulative net operating loss carryforwards for federal tax purposes of approximately $2,515,000. In addition, the Company had state tax net operating loss carryforwards of approximately $2,515,000. The carryforwards may be applied against future taxable income and expires at various dates subject to certain limitations.

8. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company entered into the following operating facility leases:

Brea - On September 1, 2018, the Company entered into an operating facility lease for its corporate office located in Brea, California with a term of 72 months and an option to extend. The lease started on September 2018 and expires in August 2024.

La Floresta - On July 25, 2016, the Company entered into an operating facility lease for its store located at La Floresta Shopping Village in Brea, California with a term of 60 months and an option to extend. The lease started in July 2016 and expiration date was extended to November 2024.

La Crescenta - On May 2017, the Company entered into an operating facility lease for its store located in La Crescenta, California with 120 months term with option to extend. The lease started on May 2017 and expires in May 2027. The Company entered into non-cancellable lease agreement for a coffee shop approximately 1,607 square feet located in La Crescenta, California commencing in May 2017 and expiring in April 2027. The monthly lease payment under the lease agreement approximately $6,026.

Corona Del Mar - On January 18, 2023, the Company renewed its retail store in Corona Del Mar, California. As part of that lease renewal, the Company renewed the original operating lease with 60 months term with an option to extend. The lease expires in January 2028. The monthly lease payment under the renewed lease agreement is approximately $5,001.

Laguna Woods - On February 12, 2021, the Company entered into an operating facility lease for its store located at Home Depot Center in Laguna Woods, California with a term of 60 months and an option to extend. The lease starts in June 2021 and expires in May 2026.

Manhattan Village - On March 1, 2022, the Company entered into an operating facility lease for its store located at Manhattan Beach, California with 60 months term with option to extend. The lease starts in March 2022 and expires in February 2027.

Cabazon - On May 2017, the Company entered into an operating facility lease for its store located in Cabazon, California with 120 months term with option to extend. The lease started in November 2022 and expires in October 2032. The Company entered into non-cancellable lease agreement for a coffee shop approximately 1,734 square feet located in Cabazon, California commencing in November 2022 and expiring in November 2032. The monthly lease payment under the lease agreement is approximately $6,521.

Glendale – On October 27, 2020, The Company entered a 7-year operating facility lease for its store located at the Glendale Galleria in Glendale, California. The lease started in November 2020 and expires in October 2027.

Santa Anita - On December 22, 2020, the Company entered into an operating facility lease for its store located at Arcadia, California with 36 months term with option to extend. The lease starts in February 2021 and expires in January 2024.

Riverside - On February 4, 2021, the Company entered into an operating facility lease for its store located at Galleria at Tyler in Riverside, California with a term of 84 months and an option to extend. The lease started in April 2021 and expires in March 2028.

San Francisco - On December 22, 2020, the Company entered into an operating facility lease for its store located at Stonestown Galleria in San Francisco, California with a term of 84 months with an option to extend. The lease starts in June 2021 and expires in April 2028.

Irvine - On October 1, 2022 the Company entered into a percentage base lease agreement for the store located in Irvine, California with 9 months term with option to extend. The lease started in October 2022 and expires on June 30, 2023. The rate to be used is 10% and it’s based on monthly gross sales.

8. COMMITMENTS AND CONTINGENCIES (continued)

Operating lease right-of-use ("ROU") assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Generally, the implicit rate of interest in arrangements is not readily determinable and the Company utilizes its incremental borrowing rate in determining the present value of lease payments. The Company's incremental borrowing rate is a hypothetical rate based on its understanding of what its credit rating would be. The operating lease ROU asset includes any lease payments made and excludes lease incentives. Our variable lease payments primarily consist of maintenance and other operating expenses from our real estate leases. Variable lease payments are excluded from the ROU assets and lease liabilities and are recognized in the period in which the obligation for those payments is incurred. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

The Company has lease agreements with lease and non-lease components. The Company has elected to account for these lease and non-lease components as a single lease component.

In accordance with ASC 842, the components of lease expense were as follows:

Year ended December 31,	*2022*	*2021*
Operating lease expense	$ 949,769	$ 663,670
Total lease expense	$ 949,769	$ 663,670

In accordance with ASC 842, other information related to leases was as follows:

Year ended December 31,	*2022*	*2021*
Operating cash flows from operating leases	$ 926,626	$ 544,873
Cash paid for amounts included in the measurement of lease liabilities	$ 926,626	$ 544,873
Weighted-average remaining lease term—operating leases		3.8 Years
Weighted-average discount rate—operating leases		9.7%

In accordance with ASC 842, maturities of operating lease liabilities as of December 31, 2022 were as follows:

For the years ended December 31,	**Operating Lease**
2023	$ 1,045,907
2024	976,495
2025	838,463
2026	773,306
2027	492,712
Thereafter	997,604
Total undiscounted cash flows	$ 5,124,486
Reconciliation of lease liabilities:	
Weighted-average remaining lease terms	3.8 Years
Weighted-average discount rate	9.7%
Present values	$ 3,154,877
Lease liabilities—current	624,892
Lease liabilities—long-term	2,529,985
Lease liabilities—total	$ 3,154,877
Difference between undiscounted and discounted cash flows	$ 1,969,609

Contingencies

The Company is subject to various legal proceedings from time to time as part of its business. As of December 31, 2022, the Company was not currently party to any legal proceedings or threatened legal proceedings, the adverse outcome of which, individually or in the aggregate, it believes would have a material adverse effect on its business, financial condition and results of operations.

9. SHAREHOLDERS' EQUITY

Common Stock

The Company has authorization to issue and have outstanding at any one time 40,000,000 share of common stock with a par value of $0.0001 per share. The shareholders of common stock shall be entitled to one vote per share and dividends declared by the Company's Board of Directors.

Preferred Stock

The Company has authorization to issue and have outstanding at any one time 1,000,000 share of preferred stock with a par value of $0.0001 per share, in one or more classes or series within a class as may be determined by our board of directors, who establish, from time to time, the number of shares to be included in each class or series, fix the designation, powers, preferences and rights of the shares of each such class or series and any qualifications, limitations or restrictions thereof. Any preferred stock so issued is senior to other existing classes of common stock with respect to the payment of dividends or amounts upon liquidation or dissolution. As of December 31, 2022 and 2021, no shares of our preferred stock had been designated any rights and we had no shares of preferred stock issued and outstanding.

Issuance of Common Stock in Settlement of Antidilution Provisions

In May 2018, the Company had entered into a share exchange agreement wherein Capax, Inc., the predecessor entity of Reborn Coffee, Inc. ("Capax") effectively merged with Reborn Global Holdings, Inc. to form the Company. In this share exchange agreement, the preexisting shareholder of Capax were provided covenants that for a period of one year following the date upon which the Company is approved for quotation or trading on a public exchange ("IPO"), the percentage of ownership of the prior shareholders of Capax would not be less than the 5% of the total number of shares of voting common stock outstanding of the Company that they owned following the share exchange. In the event the ownership of the pre-merger shareholders of Capax fell below 5%, the Company was obligated to issue that number of shares of common stock to those shareholders which would increase the ownership of all of the Pre-Merger Shareholders to five percent (5%) of the total outstanding voting common shares of the Company. During the year ended December 31, 2021, the Company issued 325,495 shares of common stock under these provisions.

On January 25, 2022, the Company modified this agreement with the preexisting shareholders to effectively end the antidilution protection at the time of a successful IPO, eliminating the one-year period following an IPO as provided under the original agreement. The shareholders would be entitled to additional protection through the IPO date should the Company issue any additional shares between December 31, 2021 and the IPO date. The Company has not issued any additional shares subsequent to December 31, 2021.

Initial Public Offering

In August 2022, the Company consummated its initial public offering (the "IPO") of 1,440,000 shares of its common stock at a public offering price of $5.00 per share, generating gross proceeds of $7,200,000. Net proceeds from the IPO were approximately $6.2 million after deducting underwriting discounts and commissions and other offering expenses of approximately $998,000.

The Company had granted the underwriters a 45-day option to purchase up to 216,000 additional shares (equal to 15% of the shares of common stock sold in the offering) to cover over-allotments. In addition, the Company had agreed to issue to the representative of the several underwriters warrants to purchase the number of shares of common stock in the aggregate equal to five percent (5%) of the shares of common stock to be issued and sold in the IPO. The warrants are exercisable for a price per share equal to 125% of the public offering price. No over-allotment option or representative's warrants have been exercised.

9. SHAREHOLDERS' EQUITY (continued)

Stock Compensation

The Company issued a total of 88,200 shares of common stock to employees and consultants for compensation. These shares were valued at $5.00 per share for total stock-based compensation expense of $441,000. These shares were fully vested at issuance and as such the related stock-based compensation was recognized immediately.

Dividend policy

Dividends are paid at the discretion of the Board of Directors. There were no dividends declared for the years ended December 31, 2022 and 2021, respectively.

10. EARNINGS PER SHARE

The Company calculates earnings per share in accordance with FASB ASC 260, Earnings Per Share, which requires a dual presentation of basic and diluted earnings per share. Basic earnings per share are computed using the weighted average number of shares outstanding during the fiscal year. Potentially dilutive common shares consist of stock options outstanding (using the treasury method).

The following table sets forth the computation of basic and diluted net income per common share:

Years Ending December 31,	***2022***	***2021***
Net Loss	$ (3,554,897)	$ (3,440,401)
Weighted Average Shares of Common Stock Outstanding		
Basic	12,173,031	10,724,944
Diluted	12,173,031	10,724,944

Years Ending December 31,	***2022***	***2021***
Earnings Per Share - Basic		
Net Loss Per Share	(0.29)	(0.32)
Earnings Per Share - Diluted		
Net Loss Per Share	(0.29)	(0.32)

11. SUBSEQUENT EVENTS

The Company evaluated all events or transactions that occurred after December 31, 2022 up through the date the consolidated financial statements were available to be issued. Based upon the evaluation, except as disclosed below or within the footnotes, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the consolidated financial statements as of and for the year ended December 31, 2022.

In January 2023, the Company closed a store located in Glendale, California.

In January 2023, the Company completed an acquisition of a café located in Irvine, California, under an asset purchase agreement entered on October 5, 2022. The purchase price of $250,000 was paid in 2022 and included in prepaid expenses and other current assets in the December 31, 2022 consolidated balance sheet.

In February 2023, the Company opened a store located in Huntington Beach, California and the store is under a 10-year operating lease which expires in February 2032.

In February 2023, the Company formed a subsidiary in Korea, "Reborn Coffee Korea, Inc.", under the Company's international expansion plan. Initial investment capital of $138,000 was made to Reborn Coffee Korea, Inc. by the Company.

EXHIBIT H
STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

REBORN COFFEE FRANCHISING LLC
STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection & Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677	California Commissioner of Financial Protection & Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2722	Commissioner of Securities, Department of Commerce & Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA	Indiana Secretary of State Securities Division, E-111 302 West Washington Street, Room E- 111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360	Maryland Securities Commissioner at the Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN	Consumer Protection Division, Antitrust and Franchising Unit Michigan Department of Attorney General 670 G. Mennen Williams Building 525 West Ottawa Lansing, Michigan 48933 (517) 373-7177	Michigan Department of Commerce Corporations and Securities Bureau P.O. Box 30054 6546 Mercantile Way Lansing, Michigan 48909
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-4026	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-4026
NEW YORK	New York State Department of Law Bureau of Investor Protection 28 Liberty St. 21st Fl New York, NY 10005 (212) 416-8222	Secretary of the State of New York 99 Washington Ave. Albany, New York 12231

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NORTH DAKOTA	Office of the Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, North Dakota 58505 (701) 328-2910	Office of the Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, North Dakota 58505 (701) 328-2910
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387
RHODE ISLAND	Director, Securities Division State of Rhode Island Department of Business Regulation in the Service of Process, Disclosure Document and State Administrators Sections Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, RI 02920 (401) 462 9582	Securities Division Department of Business Regulation, Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, RI 02920 (401) 462 9582
SOUTH DAKOTA	Division of Securities 118 West Capitol Pierre, South Dakota 57501 (605) 773-4013	Division of Securities 118 West Capitol Pierre, South Dakota 57501 (605) 773-4013
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Ninth Floor 1300 East Main Street Richmond, Virginia 23219 (804) 371-9672	Clerk, State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9672
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, Washington 98501
WISCONSIN	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue Suite 300 Madison, Wisconsin 53703	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue Suite 300 Madison, Wisconsin 53703

<u>EXHIBIT I</u>
OPERATIONS MANUAL TABLE OF CONTENTS

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EXHIBIT J
LIST OF CURRENT FRANCHISEES

None.

EXHIBIT K
LIST OF FRANCHISEES WHO HAVE LEFT

None.

EXHIBIT L
RECEIPTS

REBORN COFFEE FRANCHISE LLC
FRANCHISOR RECEIPT

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

If Reborn Coffee Franchise LLC offers you a franchise, Reborn Coffee Franchise LLC must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan, New York and Rhode Island require that we give you this Disclosure Document at the earlier of 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Reborn Coffee Franchise LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to The Federal Trade Commission, Washington D.C. 20580 and the appropriate State Agency Identified on Exhibit H.

The franchisor is Reborn Coffee Franchise LLC, located at 580 N. Berry St., Brea, California, 92841; Telephone (909) 234-9949.

Issuance Date: July 23, 2024

The name, principal business address and telephone number of each Franchise Seller offering the Franchise: Jay Kim; 580 N. Berry St., Brea, California, 92841; Telephone (909) 234-9949.

We authorize the persons and/or entities listed on Exhibit H to receive service of process for us.

I have received a Disclosure Document dated July 23, 2024. This Disclosure Document includes the following Exhibits:

Exhibit A: Franchise Agreement and Attachments

Exhibit B: Area Development Agreement and Attachments

Exhibit C: Franchisee Disclosure Questionnaire

Exhibit D: Confidentiality Agreement for Franchisee Candidate

Exhibit E: Confidentiality Agreement for Employees of Franchisee

Exhibit F: General Release Agreement

Exhibit G: State Specific Addenda

Exhibit H: Closing Questionnaire

Exhibit I: Financial Statements

Exhibit J: State Administrators and Agents for Service of Process

Exhibit K: Table of Contents of Operations Manual

Exhibit L: Receipts

______________________________ ______________________________

Date Franchisee

Please sign this copy of the Receipt, date your signature, and return it to: Jay Kim, Reborn Coffee Franchise LLC, 580 N. Berry St., Brea, California, 92841; Telephone (909) 234-9949.

REBORN COFFEE FRANCHISE LLC
FRANCHISEE RECEIPT

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Date	Franchisee

Keep this copy for your records. This Disclosure Document may be available in several formats including on paper or in pdf format.