FRANCHISE DISCLOSURE DOCUMENT

SilverLake Ramen Holdings, LLC
A California limited liability company
3530 Wilshire Blvd., Suite 1425
Los Angeles, California 90010
Phone: (213) 269-5323
Email: hq@silverlakeramen.com
Website: www.silverlakeramen.com

SilverLake Ramen Holdings, LLC offers franchises for the operation of a Japanese Noodle Bar that operates under the name SILVERLAKE RAMEN™ and features our secret recipe of tonkotsu ramen broth soup, boiled for many hours for richness and taste, for our Japanese ramen noodles coupled with the healthiest and freshest ingredients.

The total investment necessary to begin operation of a SILVERLAKE RAMEN™ restaurant is $660,850 to $1,346,950 (for a standard restaurant) or $615,850 to $1,091,950 (for a food court restaurant). This includes $50,950 to $64,950 that must be paid to the franchisor or affiliate.

The total investment necessary to begin operation of a 3 to 5 SILVERLAKE RAMEN™ restaurants under an Area Development Agreement is $725,850 to $1,456,950 (if the first restaurant developed is a standard restaurant) or $680,850 to $1,201,950 (if the first restaurant developed is a food court restaurant). This includes $115,950 to $174,950 that must be paid to the franchisor or affiliate.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the franchisor at 3530 Wilshire Blvd., Suite 1425, Los Angeles, California 90010 or by phone at (213) 269-5323.

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or accountant.

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

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

Issuance Date: March 14, 2025

How to Use this Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or EXHIBIT "F".
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 SILVERLAKE RAMEN™ restaurant in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a SILVERLAKE RAMEN™ franchisee?	Item 20 or EXHIBIT "F" lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

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

3. **General Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

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

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

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

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

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

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The franchised business offered under this Disclosure Document is for a Japanese Noodle Bar that operates under the name SILVERLAKE RAMEN™ (a "Restaurant").

To simplify the language in this Disclosure Document, "we," "us" and "the Company" mean SilverLake Ramen Holdings, LLC - the franchisor. "You" means the person who buys a SILVERLAKE RAMEN™ franchise - the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

Corporate Information

SilverLake Ramen Holdings, LLC is a California limited liability company that was organized on January 25, 2017. Our principal business address is 3530 Wilshire Blvd., Suite 1425, Los Angeles, California 90010. Our telephone number is (213) 269-5323. Our agents for service of process are disclosed in EXHIBIT "A" (for registration states) and EXHIBIT "B" (for other states). We do not do business under any names other than our corporate name "SilverLake Ramen Holdings, LLC" and our tradename "SilverLake Ramen".

Business History

Our founder, Jitaek Lim, opened the first Restaurant in Los Angeles, California in September 2012. Our company was established for purposes of offering franchises for SILVERLAKE RAMEN™ restaurants. We have offered franchises for Restaurants since April 2017. We have never offered franchises in any other line of business. We have never directly owned and operated a Restaurant. However, our founder has operated company-owned Restaurants since April 2017 through affiliated entities. We conduct no business activities other than offering Restaurant franchises and administering the franchise system. We have never directly owned and operated a Restaurant.

Predecessors, Parents and Affiliates

We do not have any predecessors or parent companies. We do not have any affiliates that: (a) offer (or have ever offered) franchises in this or any other line of business; or (b) provide products or services to our franchisees.

Description of Franchised Business

The franchised business is a Japanese Noodle Bar that sells Japanese Ramen Noodles, Donburi (Japanese Rice Bowls), Sushi Rolls, Japanese beer, Sake (hot/cold) and a variety of appetizers. Menu items are prepared according to our proprietary recipes and procedures and feature fresh, high-quality, traditional ingredients. Restaurants offer dine-in and take-out service. With our prior permission, franchisees may also offer catering and/or delivery service, subject to compliance with our associated policies and procedures set forth in the Manual. We may also mandate that franchisees offer catering and/or delivery service.

Our standard franchise model is for a Restaurant ranging in size from 1,500 to 2,500 square feet. On occasion, we have approved smaller format Restaurants suitable for development and operation within food courts in shopping malls ("Food Court Restaurants"). Food Court Restaurants range in size from 500 to 1,200 square feet and feature a limited menu offering.

If we award you a franchise, you must sign the form of franchise agreement attached to this Disclosure Document as EXHIBIT "C" (the "Franchise Agreement"). We refer to the franchised business you purchase as your "Restaurant" or your "Business". The Franchise Agreement grants you a license to use certain service marks, trademarks, trade names and logos, including the trademark SILVERLAKE RAMEN™ and the associated logo (collectively, the "Marks"). The Marks also include our distinctive trade dress used to identify a Restaurant or the products it sells. The Franchise Agreement also grants you a license to use our system we developed for the operation of a Restaurant (the "System"). Our confidential Brand Standards Manual (the "Manual") describes the operational aspects of a Restaurant. You will operate your Restaurant as an independent business using the Marks, the System, the information in the Manual, and the support, guidance and other methods and materials we provide.

Area Development Rights

If you satisfy our criteria for multi-unit developers, we may (but need not) offer you the right to sign the form of Area Development Agreement attached to this Disclosure Document as EXHIBIT "D" (the "ADA"). The ADA grants you the right and obligation to develop, open and operate multiple Restaurants within a defined "development territory" according to a predetermined "development schedule". You must develop, open and operate all of the Restaurants listed in the development schedule. We only grant area development rights to franchisees who commit to develop, open and operate a minimum of 2 Restaurants. You must sign a separate franchise agreement for each Restaurant you develop. Each franchise agreement will be our then-current form of franchise agreement, which may be different than the form of Franchise Agreement attached to this Disclosure Document.

Market and Competition

The target market for SILVERLAKE RAMEN™ customers includes members of the general public. The restaurant industry is well-developed and highly competitive. As a franchisee, you will compete with other restaurants, particularly those featuring ramen dishes. Some of these restaurants are independently owned and operated while others are regional or national chains. Some of our competitors operate under a franchise model. Sales are not seasonal.

Laws and Regulations

You must comply with all local, state and federal laws that apply to businesses generally, including laws governing discrimination and sexual harassment in the work place, minimum wage, smoking in public areas as well as EEOC and OSHA standards. The Americans with Disabilities Act of 1990 requires readily accessible accommodations for disabled people and may affect your building construction, site design, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. Building codes and requirements vary in different jurisdictions and it is important for you and your architect to be aware of and comply with all local laws.

You must comply with minimum wage laws that apply to businesses generally. Some states have enacted minimum wage laws specific to the food and beverage industry. California's Fast Food Minimum Wage law (AB 1228) applies to employees working in fast food restaurants that are part of a chain meeting certain criteria. AB 1228 establishes minimum standards for wages, working hours and other working conditions, including health and safety standards and training. Other states may enact similar legislation in the future.

The United States Department of Agriculture and the Food and Drug Administration regulate the manufacture, labeling and distribution of food products. There may also be local ordinances and regulations governing food storage, preparation and serving. The Food and Drug Administration regulates menu labeling for retail food establishments that are part of a chain of 20 or more locations operating under the same name, regardless of ownership. Many states have enacted similar state laws governing menu labeling and disclosure of nutritional content. Some state and federal laws prohibit false or misleading statements regarding the health or nutritional value of food or beverage items (such as "low calorie" or "fat free") on menus and in advertising.

You must comply with federal, state and local health and sanitation laws and licensure requirements applicable to food establishments, including laws that require food handlers to have certain inoculations and/or food service permits. Health laws are intended, in part, to reduce food borne illnesses and may cover such issues as:

- requiring employees to take a test and obtain a license as a food service worker
- having accessible sinks and bathrooms for certain size establishments
- inspections for cleanliness and sanitation standards, including equipment cleaning, food storage and packaging, ingredients utilized, refrigeration requirements, etc.

You must also obtain a liquor license and comply with all state and local laws regulating businesses that serve alcoholic beverages.

The Payment Card Industry Data Security Standard ("PCI") requires that all companies that process, store, or transmit credit or debit card information maintain a secure environment. PCI applies to all organizations or merchants, regardless of size or number of transactions, that accept, transmit or store any cardholder data.

There may be other local, state and/or federal laws or regulations that apply to your Restaurant. We strongly suggest that you investigate these laws before buying this franchise.

ITEM 2 BUSINESS EXPERIENCE

<u>Jitaek Lim: Chief Executive Officer, Chief Financial Officer and Secretary</u>

Jitaek Lim has served as our Chief Executive Officer, Chief Financial Officer and Secretary since January 2017. He also serves as the Chief Executive Officer, Chief Financial Officer, Secretary and Director for the following affiliates that own and operate our company-owned Restaurants:

Affiliate Name	Restaurant Location	Time Period
Mainichi Menya, Inc.	13299 S. Teal Ridge Way, Ste PD-J1 Riverton, Utah 84096	August 2022 to present
SL Ramen Santa Monica Inc.	1319 3rd Street Santa Monica, California 90401	February 2018 to present
Jiro Ramen, Inc.*	2212 Sunset Blvd. Los Angeles, California 90026	April 2016 to present
Silverlake Ramen, Inc.	2927 W. Sunset Blvd. Los Angeles, California 90026	June 2014 to present

* Until September 2023, the Restaurant owned and operated by Jiro Ramen, Inc. offered take-out service only and was materially different than the franchised Restaurant offered under this Disclosure Document. In September 2023, the restaurant was closed and now operates as a "test kitchen" (it no longer sells to the public).

<u>Young H. Park: General Counsel</u>

Young Park has served as our General Counsel since March 2017. He is a licensed attorney and has been an active member of the California bar since March 1997.

ITEM 3 LITIGATION

<u>*Eun Jung Kim v. Silverlake Ramen Holdings, LLC et al., Case # 21STCV376078*</u>

On October 12, 2021, Eun Jung Kim ("<u>Plaintiff</u>") filed a lawsuit against us and certain of our owners (including Jitaeik Lim and Young Park) in Los Angeles Superior Court (Central District). The lawsuit relates to a buyout of Plaintiff's (a) 35% membership interest in Silverlake Ramen Holdings, LLC (the franchisor) and (b) 30% ownership interest in SL Ramen Santa Monica Inc. (owner and operator of our company-owned Restaurant in Santa Monica), which took place in 2021 when the other members exercised their right to purchase Plaintiff's ownership interests in accordance with the Second Amended Operating Agreement (the "<u>Operating Agreement</u>"). Plaintiff contested the buyout on the grounds that the Operating Agreement is invalid as a whole, or in the alternative, the buyout was legally ineffective. Plaintiff asserted the following causes of action: breach of fiduciary duty (direct claim and derivative claim); breach of the implied covenant of good faith and fair dealing; fraudulent conversion; unjust enrichment; and violation of California's Revised Uniform Limited Liability Company Act, Unfair Competition Law and Penal Code §496. Plaintiff sought an accounting, declaratory relief (confirming she continues to own 35% of the membership interests in the franchisor entity) and an unspecified amount of monetary damages. We filed a Motion to Compel Arbitration in accordance with the Operating Agreement and the parties subsequently stipulated to submitting the matter to arbitration. On June 17, 2023, we filed a counterclaim against Plaintiff for breach of fiduciary duty and unjust enrichment due to Plaintiff's alleged failure to pay a franchise fee for the Concord Restaurant owned by Plaintiff and usurping of a corporate opportunity with respect to a proposed Restaurant that was intended to be established in Denver, Colorado as a Silverlake Ramen Restaurant. Our counterclaim sought damages in an amount not less than $500,000, subject to proof at arbitration. The parties settled the matter on July 25, 2023 by entering into a Settlement Agreement and Mutual Release, pursuant to which: (a) Plaintiff agreed to sell the membership interests in the franchisor and Santa Monica Restaurant to Mr. Lim at fair market value; (b) Plaintiff executed assignment documents to assign all of Plaintiff's membership interests to Mr. Lim; and (c) the parties dismissed all claims with prejudice and mutually released each other from any claims (other than the obligations in the Settlement Agreement).

Except for the 1 action listed above, 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

At the time you sign the Franchise Agreement, you pay us a non-refundable $40,000 initial franchise fee in one lump sum. In 2024, we discounted the initial franchise fee to $30,000 for an existing franchisee who already owns other Restaurants. The initial franchise fee is otherwise uniformly imposed (except as discussed below for area developers).

Development Services Fee

At the time you sign the Franchise Agreement, you pay us a non-refundable $2,950 development services fee in one lump sum in exchange for the site selection assistance and support we provide, including: (a) visiting the site to conduct an initial site survey and demographic analysis of the site; and (b) providing ongoing support during the development and site selection process. In 2024, we waived the development services fee for an existing franchisee who already owns other Restaurants. The development services fee is otherwise uniformly imposed.

Initial Training Program Fees and Expenses

We provide an initial training program that includes 2 distinct phases:

- "Phase 1 Training" includes 30 days of training conducted at our corporate headquarters and a company-owned Restaurant
- "Phase 2 Training" includes 21 days of onsite training and opening assistance conducted at your Restaurant

We provide Phase 1 Training for up to 2 people at no additional charge. With our prior approval, you may send more than 2 people to Phase 1 Training. If we allow you to do so, we reserve the right to charge you an additional Phase 1 training fee of $700 for each additional person you send.

At the time you sign the Franchise Agreement, you pay us a $5,000 Phase 2 training fee in one lump sum. If your Restaurant is located more than 50 miles from our corporate headquarters, you must also reimburse us for all Travel Expenses (defined in Note 2 of Item 6) incurred by our trainers to provide Phase 2 Training. This reimbursement obligation is in addition to the $5,000 Phase 2 training fee. We estimate the total amount of the reimbursable Travel Expenses will range from $2,000 to $10,000 (although you will not be charged for these expenses if your Restaurant is located within 50 miles of our corporate headquarters). The Phase 2 training fee and Travel Expense reimbursements are uniformly imposed and non-refundable.

Startup Package

We are the exclusive supplier for certain items you must purchase, including employee uniforms and certain branded items, such as plates and bowls bearing our trademark. You must purchase your initial supply of these items from us prior to opening (the "Startup Package"). The purchase price ranges from $3,000 to $7,000 (exclusive of shipping and taxes) and varies depending on the size of your Restaurant. Payment is due in one lump sum 10 days after invoicing. The purchase price is uniformly imposed and non-refundable. At any time, we reserve the right to require that you purchase some or all of the items included within the Startup Package directly from the third-party suppliers that we designate.

Development Fee

If you sign an ADA, you pay us a development fee in one lump sum that includes the initial franchise fee for all Restaurants you commit to develop. The initial franchise fee varies depending on the number of Restaurants you commit to develop as further described in the table below:

Number of Restaurants	Initial Franchise Fee
2 Restaurants	$40,000 per Restaurant
3 to 4 Restaurants	$35,000 per Restaurant
5 or more Restaurants	$30,000 per Restaurant

The development fee is calculated as the number of Restaurants you commit to develop multiplied by the applicable initial franchise fee. We expect most area developers will purchase the right to develop between 3 and 5 Restaurants, which results in development fees ranging from $105,000 (3 X $35,000) to $150,000 (5 X $30,000). Development fees are non-refundable and uniformly imposed.

ITEM 6 OTHER FEES

TYPE OF FEE [1]	AMOUNT [2, 3]	DUE DATE	REMARKS
Royalty Fee	5% of Gross Sales	5th business day after end of each bimonthly reporting period	Our current reporting periods run from (a) the 1st through the 15th day of the month and (b) the 16th through the last day of the month. The royalty fee is due on the 5th business day after the end of each reporting period. We may change the reporting period and royalty fee due date upon 30 days' prior notice. You must provide us with weekly Gross Sales reports.
Brand Fund Fee	Up to 2% of Gross Sales (not currently charged)	Same as royalty fee	You must contribute this amount to the Brand Fund we administer. You have no voting rights pertaining to the administration of the Brand Fund, the creation or placement of advertising, or the amount of the brand fund fee.
Local Marketing Commitment	Up to 2% of Gross Sales (currently 1%)	Monthly, as incurred	This is the minimum amount you must spend to advertise your Restaurant in your local market (the "Local Marketing Commitment"). This amount is in addition to your Brand Fund Fee.
Training Fee	Up to $300 per person per day (plus Travel Expenses for onsite training)	10 days after invoice	Payable for each person who attends (a) initial training after you open (new Managing Owner or manager), (b) repeat training (after failing a prior attempt), (c) remedial training or (d) additional training you request. You must also reimburse all Travel Expenses we incur for training onsite at your Restaurant. There is no training fee for system-wide refresher or supplemental training.
Conference Registration Fee	Up to $500 per person per conference	10 days after invoice	We may hold conferences to discuss matters affecting franchisees. Attendance is mandatory unless (a) we designate attendance as optional or (b) we waive your obligation to attend based on showing of good cause. If you fail to attend a required conference without a waiver, you must pay the conference registration fee despite your non-attendance (we will send you a copy of any written materials distributed at the conference).

TYPE OF FEE [1]	AMOUNT [2, 3]	DUE DATE	REMARKS
Technology Fee	Up to $500 per month (not currently charged)	10 days after invoice or as we otherwise specify	Includes amounts you pay us or our affiliate for Technology Systems, including (a) amounts paid for proprietary items, (b) amounts we collect from you and remit to third-parties and (c) an administrative fee for managing the technology platform and negotiating/managing relationships with third-party licensors. It does not include amounts you pay to third parties.
System Program Fees	Up to $300 per month if a flat fee, or up to 1% of Gross Sales if a percentage of Gross Sales (not currently charged)	10 days after invoice or as we otherwise specify	You must participate in any customer loyalty or gift card program we establish and pay required fees and program contributions to us or a third party to administer the program.
Product Purchases	Varies depending on item purchased	10 days after invoice	We and our affiliates may serve as System suppliers for goods and services you must purchase. If this occurs, we will provide you with a price list upon request.
New Product or Supplier Testing	Cost of testing (estimated to range from $500 to $1,000 per test)	10 days after invoice	This covers the costs of testing new products or inspecting new suppliers you propose.
Relocation Fee	$5,000	At time we approve request to relocate	Imposed if we approve your request to relocate your Restaurant.
Renewal Fee	50% of then-current initial franchise fee for purchase of a single franchise	At time you sign renewal agreement	Imposed if you renew your franchise rights by signing a renewal Franchise Agreement.
Transfer Fee	*[Franchise Agreement]* $15,000 *[ADA]* $15,000	Before transfer	You pay the transfer fee for all Transfers other than Permitted Transfers. If our broker finds the buyer, you must also reimburse us for all commissions we pay the broker.
Reimbursement of Quality Assurance Program Costs	Actual cost paid to company we hire	10 days after invoice	If we hire a person or company to inspect your Restaurant, you must reimburse us for all amounts we pay them for the inspection.
Reimbursement of Reinspection Costs	All Travel Expenses and other costs we incur to inspect your Restaurant (estimated to range from $500 to $1,500)	10 days after invoice	Imposed if we inspect your Restaurant to verify that you cured a (a) health or safety issue identified by a government agency or (b) breach of system standards we bring to your attention.
Audit Fee	Actual cost of audit (including Travel Expenses for audit team)	10 days after invoice	Imposed if an audit (a) is necessary because you fail to send us required information or reports in a timely manner or (b) reveals you understated Gross Sales by 2% or more.
Late Fee	$100 plus default interest at lesser of (a) 18% per annum (prorated on daily basis) or (b) highest rate allowed by applicable law	10 days after invoice	If our debit of your account is rejected or your check is returned for insufficient funds, we may charge (in addition to the late fee) an NSF fee of $50 per incident. Default interest is limited to 10% per annum in California.

TYPE OF FEE [1]	AMOUNT [2, 3]	DUE DATE	REMARKS
Noncompliance Fee	$300 per incident	Upon demand	Imposed if you breach a mandatory standard or operating procedure (including submission of required reports) and fail to cure within the time period we require. We may impose an additional $300 fee every 48 hours the breach remains uncured after we impose the initial fee. We will deposit these fees into the Brand Fund (if established).
Default Reimbursements	All costs we incur to cure your default	10 days after invoice	If you fail to cure a breach of the Franchise Agreement or our brand standards in the time period we require, we may take steps to cure on your behalf and you must reimburse us for our costs (examples include failure to pay suppliers, maintain insurance or meet quality standards).
Management Fee	$300 per day plus Travel Expenses	10 days after invoice	If you fail to cure a Franchise Agreement default or Managing Owner dies, we can designate a person to manage your Restaurant until the default is cured or Managing Owner replaced.
Indemnification	Amount of our damages, losses or expenses	10 days after invoice	You must indemnify us for losses and expenses we incur due to your operation of the Restaurant or breach of the Franchise Agreement.
Attorneys' Fees and Costs	Amount of attorneys' fees and costs we incur	Upon demand	Imposed if we terminate due to your default or you terminate in any manner not permitted by the Franchise Agreement.

Notes:

1. Nature and Manner of Payment: All fees are imposed by and payable to us except you spend the Local Marketing Commitment directly with third-party suppliers. All fees are nonrefundable and uniformly imposed. You must sign an ACH Authorization Form (attached to the Franchise Agreement as ATTACHMENT "E") permitting us to electronically debit your designated bank account for all amounts owed to us and our affiliates (other than fees due less than 15 days after signing the Franchise Agreement). You must deposit all Gross Sales into the bank account and ensure sufficient funds are available for withdrawal before each due date. You are responsible for all taxes imposed on you or us based on products, intangible property (including trademarks) or services we provide to you.

2. Definitions: As used in this Disclosure Document, the following capitalized terms have the meanings given to them below:

   "***Brand Fund***" means the brand and system development fund we may, but need not, establish and administer to promote public recognition of our brand and improve our System. As of the issuance date of this Disclosure Document, we have not yet established the Brand Fund.

   "***Gross Sales***" means all gross sums you bill or collect from all goods and services you sell, plus all other sums you collect from the operation of your Restaurant, including any advertising revenues, sponsorship fees and business interruption insurance proceeds. If you utilize a third-party delivery service provider that collects payments from customers, deducts its fee and remits the balance to you, Gross Sales includes the entire price paid by the customer prior to any deductions made by the delivery service provider. Gross Sales includes the full retail value of any free or discounted goods or services you provide to your owners, staff, friends or family members, unless the same pricing is available to the general public as part of an approved promotional program. Gross Sales excludes: (a) sales or use taxes; (b) amounts refunded to customers; (c) revenues from the sale of furniture, fixtures and equipment in the ordinary course of business; and (d) tips paid to and retained by staff members as a gratuity. The Manual may include policies governing the manner in which proceeds from the sale of gift cards are treated for purposes of calculating Gross Sales. The Manual may also provide details on the calculation of Gross Sales relating to qualifying purchases and redemptions by members under a customer loyalty program.

"***Managing Owner***" means the owner you appoint and we approve with primary responsibility for the overall management and operation of your Restaurant.

"***Permitted Transfer***" means a Transfer: (a) between existing owners; or (b) by the owners to a new business entity that is 100% owned and controlled by the transferring owners. It does not include a Transfer described in (a) or (b) that results in the Managing Owner owning less than 5% of the franchised business.

"***Technology Systems***" means all information and communication technology systems that we designate, which may include computer systems, point-of-sale systems, online ordering systems, webcam and surveillance systems, telecommunications systems, security systems, music systems, and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

"***Transfer***" means a transfer or assignment of: (a) the Franchise Agreement or ADA (or any interest in either such agreement); (b) the Restaurant's assets (other than the sale of fixtures or equipment in the ordinary course of business); (c) any ownership interest in the entity that is the "franchisee" or "area developer"; or (d) the franchised business you conduct under the Franchise Agreement or ADA.

"***Travel Expenses***" means all travel, meals, lodging, local transportation and other living expenses and costs incurred: (a) by us and our trainers, field support personnel, auditors and/or other representatives to visit your Restaurant; or (b) by you or your personnel to attend training programs or conferences.

3. CPI Adjustments: All fees (and minimum fees) expressed as a fixed dollar amount are subject to adjustment based on changes to the U.S. Consumer Price Index (CPI). We may periodically review and increase these fees based on changes to CPI, but only if the increase to CPI is more than 5% higher than the corresponding CPI in effect on: (a) the effective date of the Franchise Agreement (for the initial fee adjustment); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments). We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We may implement no more than 1 fee adjustment during any 5-year period.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE [1]	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Initial Franchise Fee	$40,000	Lump sum	At time you sign Franchise Agreement	Us
Development Services Fee	$2,950	Lump sum	At time you sign Franchise Agreement	Us
Phase 1 Training: Travel Expenses [2]	$2,000 to $7,000	As incurred	During training	Hotels, restaurants and airlines
Phase 2 Training: Training Fee [3]	$5,000	Lump sum	At time you sign Franchise Agreement	Us
Phase 2 Training: Travel Expense Reimbursement [4]	$0 to $10,000	Lump sum	10 days after invoicing	Us
Lease Review / Negotiation [5]	$1,500 to $5,000	As incurred	Before you sign a lease	Suppliers

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE [1]	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Lease Deposit & Rent [6] (3 months)	$30,000 to $50,000	Lump sum	Monthly (with security deposit paid before opening)	Landlord
Design Fee (for Restaurant design)	$3,000 to $8,000	As incurred	Before opening	Suppliers
Architectural Fee (for architectural plans)	$18,000 to $28,000	As incurred	Before opening	Suppliers
Construction [7]	*[Standard]* $300,000 to $700,000 *[Food Court]* $280,000 to $500,000	As incurred	Before opening	Contractors & suppliers
Interior & Exterior Signage [8]	*[Standard]* $15,000 to $40,000 *[Food Court]* $15,000 to $25,000	Lump sum	Before opening	Suppliers
Furniture, Fixtures & Décor	*[Standard]* $30,000 to $50,000 *[Food Court]* $5,000 to $10,000	As incurred	Before opening	Suppliers
Technology Systems [9]	$11,400 to $19,000	Lump sum	Before opening	Suppliers
Kitchen Equipment [10]	$30,000 to $60,000	As incurred	Before opening	Suppliers
Startup Package [11]	$3,000 to $7,000	Lump sum	Before opening	Us or suppliers
Smallwares [12]	$12,000 to $15,000	As incurred	Before opening	Suppliers
Initial Inventory [13]	$10,000 to $20,000	Lump sum	Before opening	Suppliers
Grand Opening Advertising [14]	$3,000 to $15,000	As incurred	60 days before through 45 days after opening	Suppliers
Utility Deposits	$2,000 to $5,000	As incurred	Before opening	Utility companies
Licenses, Permits, & Government Filings [15]	$5,000 to $20,000	Lump sum	Before opening	Government agencies
Liquor License [16]	$5,000 to $10,000	Lump sum	Before opening	Government agencies
Professional Fees [17]	$3,000 to $5,000	Lump sum	Before opening	Lawyer & accountants
Insurance (12 months)	$4,000 to $10,000	Lump sum	Before opening	Insurance companies
Additional Funds [18] (3 months)	$125,000 to $215,000	As incurred	As incurred	Suppliers and employees
Total Estimated Initial Investment [19]	$660,850 to $1,346,950 (Standard Restaurant) $615,850 to $1,091,950 (Food Court Restaurant)			

The table below estimates the initial investment for the purchase of area development rights for 3 to 5 Restaurants:

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE [1]	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Development Fee [20]	$105,000 to $150,000	Lump sum	At time you sign ADA	Us
Initial Investment to Open First Restaurant	*[Standard]* $620,850 to $1,306,950	This is the total estimated initial investment in Table A less the initial franchise fee (which is included in Development Fee)		
	[Food Court] $575,850 to $1,051,950			
Total Estimated Initial Investment [19]	$725,850 to $1,456,950 (Standard Restaurant)			
	$680,850 to $1,201,950 (Food Court Restaurant)			

Notes:

1. Financing and Refunds: We do not offer direct or indirect financing. No amounts paid to us are refundable. We are not aware of any amounts paid to third-party suppliers that are refundable, although your landlord may refund your security deposit at the end of the lease if you do not damage the property or default.

2. Phase 1 Training: Travel Expenses: This estimates your expenses to send 1 to 3 people to Santa Monica, California for Phase 1 Training. Your actual training expenses may vary depending on: (a) the number of people you send to training; (b) the distance they must travel; and (c) the level and quality of accommodations, travel and dining selected.

3. Phase 2 Training: Training Fee: In exchange for the $5,000 initial training fee, we send 2 trainers to your Restaurant for approximately 21 days to conduct Phase 2 Training.

4. Phase 2 Training: Travel Expense Reimbursement: In addition to the initial training fee, you must reimburse us for all Travel Expenses incurred by our trainers to conduct Phase 2 Training (but only if your Restaurant is located more than 50 miles from our corporate headquarters). The low estimate assumes your Restaurant is located less than 50 miles from our corporate headquarters, in which case you do not reimburse us for these Travel Expenses.

5. Lease Review / Negotiation: You must hire a real estate professional to help you review and negotiate your lease or purchase contract. We provide you with a list of recommended suppliers for these services, some of whom have agreed to provide these services on a flat-fee basis.

6. Lease Deposit & Rent: This estimate assumes you lease your premises. Rent varies depending on factors such as the size and location of the premises and local market conditions. We expect most standard Restaurants will range in size from 1,500 to 2,500 square feet with rent ranging from $7,500 to $12,500 per month. We expect most Food Court Restaurants will range in size from 500 to 1,200 square feet with rent ranging from $6,000 to $10,000 per month. Landlords typically require security deposits equal to 1- or 2-months' rent and may, in addition, require payment in advance of the first and/or last (or more) month's rent. The estimate in the table includes 1 month's security plus 3 months' rent. Some franchisees may choose to purchase the real estate. The cost to purchase real estate varies so widely that we cannot reasonably estimate the cost.

7. Construction: The cost of construction and leasehold improvements varies widely based on a number of factors including:
    - the size and condition of the leased space
    - whether the premises is first or second generation retail space
    - the extent and nature of existing leasehold improvements
    - the amount of landlord contributions, if any, towards leasehold improvement costs (a "TI Allowance")

- demolition and construction costs and prevailing wage rates in the local market

Some landlords provide a TI Allowance but increase monthly rent to recapture the TI Allowance and amortize it over the lease term (or part of the lease term). A significant factor in determining whether a landlord will provide a TI Allowance, and if so, the amount, is whether the building is first generation or second generation space. The estimates in the table above assume you do not receive any TI Allowance.

8. Interior & Exterior Signage: You must purchase and install the signage we specify. However, you may need to modify our standard signage to conform to local zoning laws, property use restrictions and/or lease terms. In some instances, exterior signage may be prohibited due to applicable zoning or use restrictions. The estimate in the table above includes the estimated cost for your interior signage and 1 exterior sign. If you want more than 1 exterior sign, your costs may increase.

9. Technology Systems: This estimates the initial cost to purchase and set up the following Technology Systems:
   - point-of-sale system hardware ($2,600 to $4,200)
   - point-of-sale system onboarding services ($1,000 to $1,800)
   - back-office computer ($500 to $1,500)
   - TV digital menus ($2,000 to $4,000)
   - camera / surveillance system ($3,000 to $4,000)
   - music system ($2,000 to $3,000)
   - phone system ($300 to $500)

10. Kitchen Equipment: This estimate includes the cost of your noodle boiler, refrigerators, freezers and other kitchen equipment.

11. Startup Package: You must purchase the Startup Package from us. The specific items included in the Startup Package are listed in Item 5 of this Disclosure Document.

12. Smallwares: This estimate includes the cost of your initial smallwares package, including measuring cups and containers, scales, kitchen utensils, waste receptacles, scales, pumps, scoops, dispensers, cutting boards, etc.

13. Initial Inventory: This estimate includes the cost of your initial inventory of food and beverage products, branded paper products, cleaning supplies, office supplies and promotional materials.

14. Grand Opening Advertising: During the period beginning 60 days before opening through 45 days after opening, you must spend a minimum of $3,000 on grand opening marketing activities (although we recommend you spend more). The low estimate assumes you choose to spend the minimum amount while the high estimate assumes you choose to spend more.

15. Licenses, Permits & Government Filings: This estimate includes the cost of business licenses (excluding a liquor license) and permits. The high estimate also includes the estimated fees you must pay state agencies to form a business entity and file a fictitious tradename (if required by applicable law).

16. Liquor License. You must obtain a liquor license. Some jurisdictions limit the maximum number of liquor licenses that may be issued, which may result in costs significantly higher than the costs reflected in the table.

17. Professional Fees: This includes the estimated fees for professionals you may choose to hire in order to:
   - assist you in reviewing this Disclosure Document and negotiating your Franchise Agreement
   - advise you regarding local laws and regulations applicable to your Restaurant
   - form a business entity (excluding governing filing fees included in Note 15 above)
   - set up your books, records and accounts;
   - develop a business plan and budget for the development and operation of your Restaurant

These services are optional but highly recommended.

18. Additional Funds: This estimates your expenses during the first 3 months of operation, including payroll costs (excluding any wage or salary paid to you as well as employee benefits), marketing and advertising expenses, technology fees, inventory replenishment costs, utilities, catering and delivery costs and other miscellaneous expenses and required working capital. Your initial 3 months of rent and 12 months of insurance premium are separately stated in the table above. These figures are estimates based on: (a) the experience of our management team in developing, opening and operating company-owned Restaurants in California; and (b) the experience of our franchisees in developing, opening and operating franchised Restaurants.

19. Budget and Initial Investment Report: We strongly recommend you hire an accountant, business advisor or other professional to assist you in developing a budget for the construction, opening and operation of your Restaurant. Within 60 days after your opening date, you must send us a report, in the form we designate, listing the expenses you incur to develop and open your Restaurant. We may use this data to update the initial investment estimate in future versions of our Franchise Disclosure Document.

20. Development Fee: Item 5 discusses how the development fee is calculated. This initial investment estimate assumes you commit to develop either 3 Restaurants (low estimate) or 5 Restaurants (high estimate). If you purchase the right to develop more than 5 Restaurants, your development fee will increase. This estimate does not include your costs to develop any Restaurant other than the 1st Restaurant you develop under the ADA. Over the past few years, the total cost to develop, open and operate a Restaurant has increased due to inflation and other economic factors. If this trend continues, your total cost to develop your 2nd and subsequent Restaurants may be higher than your total cost to develop your 1st Restaurant.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Source-Restricted Purchases and Leases - Generally

You must purchase or lease certain source-restricted goods and services for the development and operation of your Restaurant. "Source-restricted" means the good or service must meet our specifications or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate). The Manual includes our specifications and supplier list. We notify you of changes to our specifications and suppliers by email, updates to the Manual or other means of communication.

Supplier Criteria

Our criteria for evaluating suppliers include standards for: (a) quality, performance, design, appearance and price of the product or service; and (b) dependability, production capabilities, reputation and financial strength of the supplier. Upon request, we will provide you with any objective specifications pertaining to our evaluation of a supplier or product, although certain important subjective criteria (e.g., product appearance, taste, design, functionality, etc.) are important to our evaluation but cannot be described in writing.

If you wish to purchase or lease a source-restricted item from a non-approved supplier, you must send us: (a) a written request for approval; and (b) product samples for testing purposes; and (c) all additional information we request. The supplier must agree to comply with our minimum insurance, indemnification and confidentiality requirements for system suppliers and allow us to periodically inspect their facility. We will notify you of our decision within 30 days after we receive all required information and product samples. We may periodically reinspect approved products and suppliers and revoke our approval if a product or supplier fails to meet our then-current criteria. You must reimburse all costs we incur to evaluate products and suppliers you propose.

Current Source-Restricted Purchases and Leases

We estimate nearly 90% of the total purchases and leases to establish your Restaurant and nearly 85% of ongoing operating expenses will consist of source-restricted goods or services, as further described below.

Lease

We do not review the terms of your lease. However, if you lease the premises for your Restaurant, you must use best efforts to ensure your landlord signs the Lease Addendum attached to the Franchise Agreement as ATTACHMENT "C".

Design and Construction Services

You must hire an architect to prepare initial design plans and detailed construction plans for the construction of your Restaurant. We must approve all plans before construction begins. Once approved, you must construct and equip your Restaurant according to the approved plans and the specifications in the Manual. Your architect and general contractor must be appropriately licensed and bonded (if required by applicable law) and approved by us.

Fixtures, Furnishings and Décor

All fixtures, furnishings and décor must meet our standards and specifications. You must purchase these items from suppliers we designate or approve.

Operating Equipment

You must purchase certain operating equipment that meets our standards and specifications. Certain operating equipment must be purchased from approved or designated suppliers while other operating equipment may be purchased from any supplier of your choosing.

Technology Systems

Your Technology Systems (including hardware, software, equipment, software applications, mobile apps and similar items) must meet our standards and specifications and be purchased from suppliers we designate or approve. However, certain components of your Technology System (such as your back-office desktop or laptop with Microsoft Windows) may be purchased from any supplier of your choosing. We may require you to purchase certain services relating to the establishment, use, maintenance, monitoring, security or improvement of Technology Systems from approved or designated suppliers.

Signage

All interior and exterior signage must meet our standards and specifications and be purchased from suppliers we designate or approve.

Small Wares

You must purchase small wares that meet our standards and specifications. You must purchase these items from suppliers we designate or approve.

Uniforms

Your employees must wear the uniforms we require. You must purchase your uniforms exclusively from us.

Inventory

All food products, beverage products, branded paper products, merchandise and retail items must meet our standards and specifications and be purchased from suppliers we designate or approve. We do not restrict your purchase of other inventory items, such as office and cleaning supplies.

Marketing Materials and Services

All marketing materials must comply with our brand standards and other requirements. We must approve your marketing materials prior to use. You must purchase branded marketing materials only from us or other suppliers we designate or approve. We may require that you contract with and utilize a company we designate to: (a) develop and/or implement your grand opening marketing campaign; and/or (b) manage your social media.

Delivery Service Providers

If we authorize or require you to offer delivery service, we may require that you exclusively use one or more third-party delivery service providers that we designate or approve.

Insurance Policies

You must obtain the minimum insurance coverage we require (whether in the Franchise Agreement or in the Manual) from licensed insurance carriers rated A or better by AM Best, including the following:

Policy Type	Minimum Coverage
"All risk" Property Insurance	Replacement Value
Comprehensive General Liability Insurance	$1,000,000 per occurrence and $2,000,000 in the aggregate
Commercial Umbrella Insurance	$1,000,000 per occurrence and $2,000,000 in the aggregate
Business Interruption Insurance	At least 12 months
Employer's Liability Insurance	$1,000,000 per occurrence and $2,000,000 in the aggregate
Worker's Compensation Insurance	As required by law
Insurance Required by Landlord or Law	As required by lease or applicable law

The required coverage and policies are subject to change. All insurance policies must be endorsed to: (a) name us (and our members, officers, directors, and employees) as additional insureds (excluding Worker's Compensation Insurance and Landlord-Required Insurance); (b) waive all subrogation rights against us; and (c) provide us with at least 10 days' prior written notice of the termination, expiration, cancellation or modification of the policy.

Purchase Agreements

We may attempt to negotiate purchase agreements with suppliers, including favorable pricing terms, for the benefit of our franchisees. As of the date of this Disclosure Document, we have negotiated purchase agreements (including pricing terms) with suppliers for the following goods and services:

- delivery services
- food products
- paper products
- kitchen equipment
- POS system

We may also purchase items in bulk and resell them to you at our cost plus a reasonable markup. Currently there are no purchasing cooperatives, but we may establish them in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing we negotiate.

Franchisor Revenues from Source-Restricted Purchases

We are currently the exclusive designated supplier for all employee uniforms and certain items bearing our Marks (such as plates and bowls). We may designate ourselves or our affiliate as approved or designated suppliers for other goods or services in the future. We and our affiliate may generate a profit from these purchases. None of our affiliates or persons affiliated with us is currently an approved (or the only approved) supplier. There are no approved or designated suppliers (other than us) in which any of our officers own an interest.

We may receive rebates, payments or other material benefits from suppliers based on your purchases and leases. We have no obligation to pass these amounts through to you or use them in any particular manner.

Our food supplier pays us a rebate calculated as 1.5% of the total purchase price paid by franchisees for food products. As of the issuance date of this Disclosure Document, we do not receive any other rebates from suppliers. However, we may establish other rebate relationships in the future.

In some cases, we purchase bulk quantities of branded bowls and plates from our overseas supplier at wholesale prices and have them shipped to our designated distributor who warehouses the items until purchased by franchisees. Our distributor charges franchisees the retail price we designate, keeps 20% of the total purchase price as a commission, and remits the balance to us (the distributor never purchases the items from us for resale). We retain, as profit, an amount equal to the retail price paid by the franchisee less (a) the 20% commission retained by the distributor and (b) the wholesale price we paid to our overseas supplier.

Our total revenue during the fiscal year ended December 31, 2024 was $3,446,295. During that year, we generated $517,534 in revenue (including $210,754 in rebates and $306,780 in product sales revenues) as a result of franchisee purchases or leases, which represents 15.02% of our total revenue for that year. During the 2024 fiscal year, none of our affiliates generated any revenue from franchisee purchases or leases.

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement (FA), Area Development Agreement (ADA) and other agreements. It will help you find more detailed information about your obligations in these agreements and other items in this Disclosure Document.

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	FA: 7.1 & 7.2 ADA: 4.3	Item 7 & Item 11
b. Pre-opening purchases/leases	FA: 7.3, 11.8 & 14.1 ADA: Not Applicable	Item 5, Item 7, Item 8 & Item 11
c. Site development and other pre-opening requirements	FA: 7.4 & 7.6 ADA: 4.3	Item 6, Item 7 & Item 11
d. Initial and ongoing training	FA: 5 ADA: Not Applicable	Item 6 & Item 11
e. Opening	FA: 7.6 ADA: 4.1	Item 11
f. Fees	FA: 4.2, 5.5, 5.6, 6.2, 6.7, 7.3, 7.7, 8.4, 10.1, 10.3, 11.8, 11.10, 11.12, 11.16, 12, 14.1, 15 & 18.2 ADA: 5 & 7.2	Item 5, Item 6 & Item 7
g. Compliance with standards and policies/Operating Manual	FA: 6.1, 7.1, 7.4, 10.3, 11 & 16.1 ADA: 4.3	Item 11
h. Trademarks and proprietary information	FA: 16 ADA: 2	Item 13 & Item 14
i. Restrictions on products/services offered	FA: 11.3 ADA: Not Applicable	Item 8 & 16
j. Warranty and client service requirements	FA: 11.14 ADA: Not Applicable	Not Applicable
k. Territorial development and sales quotas	FA: Not Applicable ADA: 4.1	Item 12
l. Ongoing product/service purchases	FA: 11.8 ADA: Not Applicable	Item 8

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
m. Maintenance, appearance and remodeling requirements	FA: 11.9 & 11.11 ADA: Not Applicable	Item 11
n. Insurance	FA: 14.1 ADA: Not Applicable	Item 6 & Item 7 & Item 8
o. Advertising	FA: 10 ADA: Not Applicable	Item 6, Item 7 & Item 11
p. Indemnification	FA: 17 ADA: Not Applicable	Item 6
q. Owner's participation/management/ staffing	FA: 8 ADA: Not Applicable	Item 11 & Item 15
r. Records/reports	FA: 14.2 & 14.3 ADA: Not Applicable	Item 6
s. Inspections/audits	FA: 15 ADA: Not Applicable	Item 6 & Item 11
t. Transfer	FA: 18 ADA: 7	Item 17
u. Renewal	FA: 4 ADA: 4.5	Item 17
v. Post termination obligations	FA: 20 ADA: Not Applicable	Item 17
w. Non-competition covenants	FA: 13 ADA: Not Applicable	Item 17
x. Dispute resolution	FA: 21 ADA: 10	Item 17
y. Franchise Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses)	FA: 9 & ATTACHMENT "D" ADA: Not Applicable	Item 15

ITEM 10 FINANCING

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

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 you open your Restaurant, we will:

1. Provide access to our Manual which will help you develop and operate your Restaurant. The Manual includes 249 pages. The Table of Contents is attached as EXHIBIT "E". (§6.1 & 11.2)
2. Provide you with the name of our recommended real estate professional who will help you find suitable sites for your Restaurant that satisfy our minimum site selection criteria. (§6.2)
3. Evaluate sites you propose for your Restaurant, as discussed below under "Site Selection". (§7.1)
4. Provide our written specifications for goods and services you must purchase to develop, equip and operate your Restaurant and a list of suppliers. (§11.2)

5. Deliver the items included in the Startup Package to your Restaurant. We do not deliver any other items you purchase. We do not install any items you purchase. (§7.3)

6. Review and approve or disapprove the design and construction plans for your Restaurant, as discussed below under "Site Development". (§7.4)

7. Conduct a pre-opening inspection to verify your Restaurant satisfies our brand standards. (§7.5)

8. Provide an initial training program, as discussed below under "Training Program". (§5.1 & 5.2)

<u>During the operation of your Restaurant, we will:</u>

1. Provide our guidance and recommendations to improve the operation of your Restaurant. (§6.3)

2. Provide periodic training programs, as discussed below under "Training Program". (§5.3)

3. Maintain a corporate website to promote our brand and a local webpage to promote your Restaurant, as discussed below under "Advertising and Marketing". (§6.6)

4. Provide you with our suggested retail pricing. You may deviate from our suggested retail pricing at your discretion. However, you must obtain our approval of any deviation more than 5% higher or lower than our suggested retail pricing, unless the pricing is part of a temporary advertising campaign we approved. To the extent permitted by applicable law, we may set maximum or minimum prices on the goods and services you sell. (§11.6)

<u>During the operation of your Restaurant, we may, but need not:</u>

1. Conduct periodic field visits to provide onsite consultation, assistance and guidance pertaining to the operation and management of your Restaurant. (§6.4)

2. Establish and implement the Brand Fund, as discussed below under "Advertising and Marketing". (§10.1)

3. Develop new merchandise, menu items or other goods or services for sale at your Restaurant. (§6.8)

4. Negotiate purchase agreements with suppliers to obtain favorable pricing. We may also purchase items in bulk and resell them to you at our cost plus shipping and a reasonable markup. (§6.7)

5. Host periodic conferences to discuss relevant business and operational issues such as industry changes and/or new menu items, products, technology, merchandise or marketing strategies. (§5.6)

6. Provide additional training or assistance you request, as discussed below under "Training Program". (§5.3)

We do not provide area developers with any support under their ADA.

<u>Training Program</u> (§5)

Initial Training Program

We will provide an initial training program. Your Managing Owner must successfully complete initial training to our satisfaction before your Restaurant opens (you may send other owners to initial training but it is not required). However, there is no specific period of time after signing or before opening that training must be completed.

The initial training program includes: (a) Phase 1 Training, which includes approximately 30 days of training at our corporate headquarters and a company-owned Restaurant in Santa Monica, California; and (b) Phase 2 Training, which includes approximately 21 days of onsite training and opening assistance conducted at your Restaurant. Phase 2 Training begins prior to opening and continues through and after your opening date. We typically send 2 trainers to conduct Phase 2 Training, including our Back-of-House Operations Manager and our Front-of-House Operations Manager. As part of Phase 2 Training, our trainers assist you with the opening of your Restaurant.

The format for training may include lectures, interactive role playing, conference calls and/or webinars. We reserve the right to conduct all (or any portion) of the training program remotely via webinar, conference call or similar means. The training materials consist of the Manual. We do not charge you for training materials.

We can modify the training program at our discretion based on our subjective assessment of the skills, abilities and prior experience of your Managing Owner and trainees. Currently, we intend to offer initial training on a quarterly basis, assuming sufficient demand. The initial training program currently consists of the following:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Administration	2	0	Santa Monica
Store Design	2	0	Santa Monica
Marketing	1	0	Santa Monica
Equipment	2	1	Santa Monica & Your Restaurant
Products/Menu	3	1	Santa Monica & Your Restaurant
Technology	3	2	Santa Monica & Your Restaurant
Back-Of-House Operations	132	104	Santa Monica & Your Restaurant
Front-Of-House Operations	65	53	Santa Monica & Your Restaurant
Maintenance	3	2	Santa Monica & Your Restaurant
Management	2	5	Santa Monica & Your Restaurant
TOTAL	215	168	

Post-Opening Training Programs

We may offer periodic refresher or supplemental training courses for your Managing Owner and management personnel. We may designate each course as mandatory or optional. Any new Managing Owner you appoint must successfully complete our initial training program prior to managing your Restaurant. We may require that your Managing Owner train all of your management personnel and other employees. If we inspect your Restaurant and determine you are not operating in compliance with the Franchise Agreement or Manual, we may require that your Managing Owner and management personnel attend remedial training relevant to the operational deficiencies we observed. You may also request additional training, which we may (but need not) provide.

Instructors

Our current instructors include Marco A Cruz, Chris Yamashiro and Isaac Lopez.

Mr. Cruz joined Silverlake Ramen in 2016. He provides instruction on back-of-house operations. He has 16 total years of experience in the restaurant industry. Since joining Silverlake Ramen, he has helped open more than 20 Restaurants.

Mr. Yamashiro is an executive chef who joined Silverlake Ramen in 2023. He has been working in restaurants and hospitality since 2009 in both front and back of house operations for casual and upscale restaurants. Prior to joining Silverlake Ramen, he worked in Culinary R&D and Concept Development for a restaurant group and opened 15 restaurants in 4 years.

Mr. Lopez joined Silverlake Ramen in 2024. He provides instruction on front-of-house operations. He has 8 years of experience in the food industry. He began his restaurant journey as a shift leader for Ramen of York in Highland Park in 2017 after helping to open the restaurant. In 2021, he became a server at Rock N' Brew brewery, expanding his knowledge in spirits and accommodating large events. In 2023, he rejoined Ramen of York in Highland Park as a Manager.

Training Fees and Costs

We provide Phase 1 Training for 2 people at no additional charge. If we approve your request to send more than 2 people to Phase 1 Training, we may charge you an additional $700 training fee for each additional person you send. We charge a $5,000 fee for Phase 2 Training. If your Restaurant is located more than 50 miles from our corporate headquarters, you must also reimburse us for all Travel Expenses incurred by our trainer team for Phase 2 Training.

We do not charge a training fee for system-wide refresher or supplemental training courses we conduct at our headquarters or at a company-owned Restaurant. We may charge you a training fee of up to $300 per person per day for each person who attends: (a) initial training after you open (such as a new Managing Owner); (b) retraining (after failing a prior attempt); (c) remedial training; or (d) additional training you request. You must also reimburse our Travel Expenses for onsite training or assistance. You are responsible for all wages and Travel Expenses that you and your trainees incur for training.

Site Selection (§6.2, 7.1 & 7.2)

Restaurants are typically located in downtown commercial districts or residential areas, including within strip shopping centers, shopping malls and similar venues. Restaurants typically range in size from 1,500 to 2,500 square feet, although Food Court Restaurants may range in size from 500 to 1,200 square feet. We do not select the site for your Restaurant and we do not purchase the premises and lease it to you. You must identify and obtain our approval of the site for your Restaurant within 180 days after signing the Franchise Agreement. If you fail to meet this deadline or if we cannot agree on a site, we may terminate your Franchise Agreement and the initial franchise fee will be forfeited.

Your Restaurant must be located within the Site Selection Area identified in Part B of ATTACHMENT "A" to the Franchise Agreement and conform to our minimum site selection criteria. You must send us a complete site that includes all information we require about your proposed site. In exchange for the $2,950 development services fee, we provide certain site selection assistance and support, including: (a) visiting the site to conduct an initial site survey and demographic analysis of the site; and (b) providing ongoing support during the development and site selection process.

We try to approve or disapprove sites within 30 days after receiving the site report. Our failure to approve a site within the 30-day period constitutes our disapproval. We consider the following factors when reviewing proposed sites:

- visibility, size, condition and characteristics of the building
- traffic counts and traffic patterns
- accessibility and availability of parking
- general location and character of neighborhood
- existence and location of competitive businesses
- local demographic information and economic indicators

If we approve your site before signing the Franchise Agreement, we will list the address in Part C of ATTACHMENT "A" to the Franchise Agreement. Otherwise, we will list the address of your approved site in a Site Approval Notice that we send to you after approving your site. If you sign an ADA, we must approve the site for each Restaurant you develop applying our then-current site selection criteria.

We do not help you negotiate your lease.

Site Development (§7.3, 7.4 & 11.11)

The Manual includes our standards and specifications for the design, layout, equipping and trade dress for a Restaurant. You must hire a licensed and bonded architect to prepare initial design plans for the construction of your Restaurant and leasehold improvements. We must approve the initial design plans to ensure they are consistent with our system standards. Once approved, your architect must prepare detailed construction plans that: (a) are consistent with the approved design plans; (b) satisfy all required standards and specifications in the Manual; and (c) comply with all federal, state and local ordinances, building codes, permits and lease requirements and restrictions applicable to the premises. You must submit the final construction plans to us for approval. Once approved, you must construct and equip your Restaurant according to the approved construction plans and the requirements of the Manual. You must purchase (or lease) and install the Technology Systems, equipment, fixtures, signs and other items we require. We do not typically own the premises and then lease it to you.

We may require that you periodically remodel and renovate your Restaurant to conform to our then-current standards and specifications. We will not require that you spend more than $50,000 on remodeling and renovations during the initial term (excluding the cost of pre-opening remodeling and renovations). However, there is no limitation on the cost of any remodeling or renovations we require as a condition to a Transfer or renewal of your franchise rights. You may not remodel or renovate your Restaurant without our prior approval.

Opening Requirements (§7.6)

We expect most franchisees will typically open 8 to 16 months after signing the Franchise Agreement. Factors that may affect this time include:

- the amount of time needed to find an approved site
- protracted lease negotiations with the landlord
- the amount of time needed to secure financing, insurance, licenses and permits
- the condition of the building and extent of required upgrades, remodeling and renovations
- construction delays due to labor or materials shortages, inclement weather or other reasons
- delayed delivery or installation of equipment and fixtures
- the amount of time needed to comply with zoning requirements and other laws and regulations
- the amount of time needed to complete training
- the amount of time needed to hire and train staff

Advertising and Marketing (§10)

You must participate at your own expense in all advertising, promotional and marketing programs we require. You are not required to participate in an advertising cooperative. There is currently no franchisee advertising council that advises us on marketing and advertising matters.

Our Advertising Obligations

We have no obligation to conduct advertising for the franchise system. We are not required to spend any amount on advertising in your territory. However, we may periodically create advertising and marketing materials for your use. We may: (a) use the Brand Fund to pay for the creation and distribution of these materials, in which case there will be no additional charge; (b) provide online access to these materials, in which case you must print the materials at your expense; or (c) contract with third-party suppliers to create advertising or marketing materials that you may purchase.

Grand Opening Advertising

You must spend at least $3,000 on your grand opening marketing campaign. We must approve all expenditures of these funds to ensure they are utilized for permitted uses. We may require that you contract with a marketing company we designate to design and implement a customized grand opening marketing plan.

Post-Opening Advertising

After opening, you must spend a minimum monthly amount equal to your Local Marketing Commitment on local advertising. The Local Marketing Commitment is currently 1% of Gross Sales but may be increased to a maximum of 2% of Gross Sales upon 30 days' prior notice. We measure your compliance on a rolling 6-month basis, meaning as long as your average monthly expenditure on local advertising over the 6-month period equals or exceeds your Local Marketing Commitment, you are deemed in compliance even if your expenditure in any given month is less than your Local Marketing Commitment. You may develop your own advertising and marketing materials and programs but we must approve them prior to use. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that we have not approved.

Websites, Social Media and Digital Advertising

We will maintain a corporate website to promote our brand. We will also create and host a local webpage for your Restaurant, which will be linked to our corporate website. The webpage will list information about your Restaurant that we deem appropriate, such as address and hours of operation. We can modify or discontinue our website and/or your Restaurant's webpage at any time.

Except for the webpage we provide, you may not: (a) develop, host, or otherwise maintain a website (or other digital presence) bearing our Marks; (b) utilize the Internet to conduct digital or online advertising; or (c) engage in ecommerce. However, we do permit you to market your Restaurant through approved social media channels, subject to the following requirements:

- you may only conduct social media utilizing the social media platforms that we approve
- you must strictly comply with our social media policy, as revised from time to time
- you must immediately remove any post we disapprove
- we may require that you contract with and utilize a social media company we designate
- you must provide us with full administrator rights to your social media accounts
- we must retain ownership of all social media accounts relating to your Restaurant

Gift Card and Loyalty Programs

We may require that you participate in a gift card or other customer loyalty program in accordance with our policies and procedures. In order to participate, you may be required to purchase additional equipment, software and/or Apps and pay fees relating to the use of that equipment, software and/or Apps. We have the right to determine how proceeds from gift card sales are divided or otherwise accounted for and we may retain proceeds from unredeemed gift cards. You must follow all policies we establish for gift card and/or loyalty programs.

Brand and System Development Fund

We may, but need not, establish and administer a Brand Fund to promote public awareness of our brand and improve our System. We did not administer a Brand Fund as of December 31, 2024. We may use the Brand Fund to pay for any of the following in our discretion:

- developing, distributing or administering advertising and marketing materials and programs
- conducting and administering promotions, contests or giveaways
- public and consumer relations and publicity
- brand development
- sponsorships and charitable and nonprofit donations and events
- research and development of technology, products and services
- website development and search engine optimization
- development, maintenance and promotion of an ecommerce platform
- development and implementation of quality control programs
- conducting market research

- reimbursing us for costs we incur to host franchisee conferences
- changes and improvements to the System
- fees and expenses charged by advertising agencies we engage to provide marketing services
- collecting and accounting for brand fund fees and preparing financial accountings of the Brand Fund
- any other programs or activities we deem appropriate to promote or improve the System reimbursing us for administrative, overhead and other expenses we incur to administer the Brand Fund, including compensation paid to our personnel for time spent working on Brand Fund matters

We direct and have complete control and discretion over all advertising programs paid for by the Brand Fund, including the creative concepts, content, materials, endorsements, frequency, placement and media used for the programs. Currently, most advertising is intended to be local or regional in coverage. Advertising may be distributed through any media we deem appropriate, such as digital, print, television, radio or billboard. The source of advertising will be in-house as well as through a regional advertising agency that we engage. The Brand Fund will not be used to pay for advertisements principally directed at selling additional franchises, although consumer advertising may include notations such as "franchises available" and one or more pages on our website may promote the franchise opportunity.

You must pay the brand fund fee we specify from time to time (not to exceed 2% of Gross Sales). We deposit all brand fund fees and noncompliance fees into the Brand Fund. Any company-owned Restaurant will contribute to the Brand Fund on the same basis as our franchisees. However, if we modify the amount or timing of required contributions, any company-owned Restaurant established or acquired after the modification may contribute to the Brand Fund utilizing the modified amount or timing. All monies deposited into the Brand Fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies may be invested and we may lend money if there is a deficit. An unaudited financial accounting of Brand Fund contributions and expenditures will be prepared annually and made available to you upon request. During the fiscal year ended December 31, 2024, we did not collect or spend any monies from the Brand Fund.

The Brand Fund is not a trust. We have no fiduciary obligations or liability to you with respect to our administration of the Brand Fund. Once established, we may discontinue the Brand Fund on 30 days' notice.

Computer System (§11.8, 11.9, 11.10, 14.3 & 15.1)

You must purchase and use all Technology Systems we designate from time to time. We currently require that you purchase a computer system consisting of the Toast point-of-sale (POS) System (the specific hardware components are listed in the table below under "Fees and Costs"), a general business purpose computer (either laptop or desktop with Microsoft Windows), color printer and Paytronix loyalty and online ordering platform and App. We do not have any standards, specifications or other requirements for your general business purpose computer except it must have high-speed Internet access. You must also purchase at least 2 TVs used as digital menu displays. We may change the components of the Technology Systems from time to time, including your computer and POS system.

How Computer System Is Used

The computer and POS system will generally be used to process sales transactions, integrate with our online/mobile ordering system, facilitate order and delivery through third-party delivery platforms, implement our gift card and loyalty program, track and manage inventory, prepare financial and other reports and communicate via e-mail.

We may, but need not, provide you with email addresses for use with your Restaurant. If we do so, you must exclusively use the email address(es) we provide for all communications with us, customers, suppliers and other persons relating to your Restaurant. You may not use them for any purpose unrelated to your Restaurant. We will own the email addresses and accounts but allow you to use them during the term of your Franchise Agreement.

Fees and Costs

The total initial cost to acquire your Technology Systems (including onboarding and implementation fees) is estimated to range from $11,400 to $19,000 and includes the following:

TECHNOLOGY SYSTEMS		
POS Hardware (detailed further below)	$2,600	$4,200
POS Onboarding and Implementation (detailed further below)	$1,000	$1,800
General Purchase Computer and Printer	$500	$1,500
2 TV Digital Menus	$2,000	$4,000
Camera/Surveillance Equipment	$3,000	$4,000
Music Equipment	$2,000	$3,000
Phone Equipment	$300	$500
Total	**$11,400**	**$19,000**

The total cost for the POS system hardware varies depending on whether you purchase the minimum required hardware or purchase additional optional components. The prices quoted above do not include taxes, shipping or handling. The minimum required POS System hardware and the associated pricing are listed in the table below:

POS System Hardware	Price (per unit)	Units Required	Total Price
Total Flex, Toast Tap (direct attach), Toast Printer, Cash Drawer	$500	1 to 2	$500 to $1,000
Meraki Z3 Router	$140	1	$140
Toast Flex for Kitchen (Wall-Mounted)	$240	5 to 7	$1,200 to $1,680
Toast Go 2 Pay at Table (Black)	$240	2 to 4	$480 to $960
Toast Go 2 5-in-1 Charging Dock	$100	1	$100
Ubiquiti Indoor Wireless Access Point	$75	1 to 3	$75 to $225
TP-Link 16 Port POE Switch	$80	1	$80
TOTAL	$2,575 to $4,185		

* The supplier of the Toast equipment reserves the right to adjust pricing from time to time.

We estimate the total cost for Toast onboarding and implementation services will range from $1,000 to $1,800. The specific services and pricing are listed in the table below:

POS System Onboarding / Implementation Service	Price (per unit)	Units Required	Total Price
Remote Package (remote setup, assistance and go-live support – limited hours)	$525	1	$525
Onsite Day (8 hours on-site training and installation assistance)	$500	1	$500
Travel Expenses for Toast Representative Site Visit (covers travel expenses for representative in non-covered areas)	$0 to $750	1	$0 to $750
TOTAL	$1,025 to $1,775		

We estimate the monthly licensing fees associated with the Toast POS System will range from $350 to $450 per month ($4,200 to $5,400 per year). The specific licensing fees and associated pricing are listed below:

POS System Monthly Fees	Monthly Fee (per license)	Licenses Required	Total Monthly Fee
Enterprise Data Management Monthly Subscription	$50	1	$50
Software Monthly Subscription	$45	1	$45
Online Ordering Subscription	$75	1	$75
UberEats Integration	$17	1	$17
GrubHub Integration	$17	1	$17
Doordash Integration	$17	1	$17
API Monthly Subscription	$25	1	$25
Kitchen Display Screen Monthly Subscription	$13	5 to 7	$65 to $91
Handheld Monthly Software Subscription	$25	2 to 4	$50 to $100
TOTAL	$361 to $437		

You must also pay Toast its then-current credit card processing rates which vary based on method of entry of credit card information and whether the card is presented at the time of purchase.

You must purchase and use the Paytronix loyalty and online ordering platform and App. You pay a licensing fee to Paytronix of approximately $285 per month ($3,420 per year) plus various transaction-based fees, including delivery fees for third-party pick-up and deliveries (approximately $8 per delivery) and credit card processing fees ($0.15 per transaction plus a percentage fee of 2.6% or 3.5% depending on type of credit card used). Transaction fees are subject to change from time to time.

As further detailed in Item 6, we may require that you pay us a technology fee for software, technology and related services that we provide. As of the issuance date of this Disclosure Document, we do not charge a technology fee but we reserve the right to do so in the future.

Maintenance, Support, Updates and Upgrades

We are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your computer system As part of the monthly licensing fees listed in the table above, the licensor of the Toast POS System will provide required updates and the licensor of Paytronix will provide required maintenance, support and updates. You will receive a certain number of hours of support and training from a Toast representative as part of the onboarding and implementation services you must purchase. Any additional maintenance and support will be billed at Toast's then-current hourly rate. Neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system except as disclosed above.

Collection and Sharing of Data

Your POS System and Paytronix will collect and store data regarding customer orders and sales transactions, including sales data, credit card information, order information, delivery information and loyalty program data. Your back office computer system may collect and store various financial, accounting and business-related data. We will have independent unlimited access to the data collected through your POS system and Paytronix and there are no contractual limits imposed on our access. We will not have independent access to the data collected on your back office computer, but we may inspect your back office computer system and access the data as part of an inspection.

Computer System Maintenance and Changes

You must maintain the computer system in good condition at your cost. We may require that you upgrade, update or otherwise change your computer system and other Technology Systems to conform to our then-current specifications. There are no contractual limitations on the frequency or cost of these updates or upgrades.

ITEM 12 TERRITORY

You will not receive an exclusive territory or development 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.

Location of Your Business

Each Franchise Agreement grants you the right to operate one Restaurant from a site we approve. You must identify a site for your Restaurant within the Site Selection Area described in your Franchise Agreement. You may relocate your Restaurant with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (a) obtain our approval of the new site for your Restaurant within the Site Selection Area (but outside any territory granted or reserved to us, our affiliate or any other franchisee); (b) comply with our then-current site selection and development requirements; (c) remove trade dress and alter the premises of the closed (i.e., former) Restaurant to eliminate any resemblance to a SILVERLAKE RAMEN™ Restaurant; (d) pay us a $5,000 relocation fee; and (e) open your Restaurant at the new site and resume operations within 60 days* after closing your Restaurant at the former site.

* If your Restaurant is destroyed, condemned or otherwise rendered unusable due to the physical condition of the premises, you will instead have 18 months to relocate and resume operations at the new site.

Description of Territory (Franchise Agreement)

We will identify the boundaries of your territory. If we approve your site before you sign the Franchise Agreement, then your territory will be identified in Part D of ATTACHMENT "A" to your Franchise Agreement. Otherwise, we will identify your territory in the Site Approval Notice we send to you after approving your site. Your territory will be determined as follows:

- your territory will include the geographic area within a 1-mile radius from your Restaurant if the population within a 1-mile radius from your Restaurant equals or exceeds 50,000
- your territory will include the geographic area within a 2-mile radius from your Restaurant if both (a) the population within a 1-mile radius from your Restaurant is less than 50,000 and (b) the population within a 2-mile radius from your Restaurant equals or exceeds 150,000
- your territory will include the geographic area within a 3-mile radius from your Restaurant if the population within a 2-mile radius from your Restaurant is less than 150,000

Your territory will be determined based on the population in effect as of the date we approve the site for your Restaurant. We do not change your territory during the term of your Franchise Agreement based on changes in population. Upon renewal, we reserve the right to modify the boundaries of your territory in accordance with our then-current territory guidelines and criteria.

Description of Development Territory (ADA)

You will not receive an exclusive development 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.

If you acquire area development rights, we will grant you a development territory that will be described in Part D of ATTACHMENT "A" to your ADA. A development territory typically consists of a geographic area that coincides with the boundaries of a municipality, such as a city, county or state. There is no minimum or maximum size for a development territory. In determining the size of your development territory, we primarily consider the number of Restaurants you commit to develop.

You must sign a separate Franchise Agreement for each Restaurant you develop. Each Restaurant must be located in your development territory. We must approve the site for each Restaurant under our then-current site selection criteria. We send you a complete copy of the ADA that includes your development territory, development fee and development schedule at least 7 days before you sign it.

Territorial Protections and Limitations

During the term of your Franchise Agreement we will not develop or operate, or license a third party to develop or operate, another Restaurant that uses our Marks and is located in your territory except as otherwise permitted below with respect to Captive Venues and Acquisitions (each defined below).

During the term of the ADA (if applicable) we will not develop or operate, or license a third party to develop or operate, another Restaurant that uses our Marks and is located in your development territory other than: (a) any Restaurant that is located in your development territory as of the date you sign the ADA (either open, under construction or for which a Franchise Agreement has been signed); and (b) as otherwise permitted below with respect to Captive Venues and Acquisitions.

We reserve the right to develop and operate, and license third parties to develop and operate, Restaurants that are located in Captive Venues, including Captive Venues located within your territory and development territory, if applicable. A "Captive Venue" means a non-traditional outlet for a Restaurant that is located within, or is a part of, another establishment or facility that consumers may visit for a purpose unrelated to the Restaurant. Examples of Captive Venues include Restaurants that are located within:

- hotels or casinos
- college campuses or universities
- airports, train stations, bus stations or cruise terminals
- stadiums or sporting arenas
- shopping malls
- military bases
- concert venues
- amusement parks

We reserve the right to acquire, or be acquired by, another business or chain that may sell competitive or identical goods or services, and those businesses may be converted into Restaurants operating under the Marks regardless of their location (an "Acquisition"). Any such acquired or converted businesses may be located within your territory and development territory, if applicable.

Alternative Channels of Distribution

We reserve the right to sell, and license others to sell, competitive or identical goods and services (either under the Marks or different trademarks) through Alternative Channels of Distribution, including within your territory and development territory, if applicable. An "Alternative Channel of Distribution" means any channel of distribution other than retail sales made to customers while present at a Restaurant. Examples of Alternative Channels of Distribution include:

- sales through direct marketing, such as over the Internet or through catalogs or telemarketing
- sales through grocery stores, convenience stores or other retail stores that do not operate under the Marks
- sales made at wholesale
- sales through catering or delivery service
- sales through ghost kitchens
- sales through kiosks or food trucks

You are not entitled to any compensation for sales that take place through Alternative Channels of Distribution.

Restrictions on Your Sales and Marketing Activities

You can market and advertise outside of your territory and development territory, if applicable, as long as you:

(a) comply with all policies and procedures in the Manual governing extra-territorial marketing; and (b) do not engage in targeted marketing directed into a territory assigned to another Restaurant. Marketing that is distributed, circulated or received both within your territory and another Restaurant's territory is not "targeted marketing" if: (a) you use reasonable efforts to limit circulation or distribution of the advertising to areas in your territory; and (b) most recipients of the advertising are located in your territory and there is only incidental circulation or distribution in another Restaurant's territory. The meaning of "targeted marketing" that is "directed into a territory" may be further defined in the Manual. Examples include direct mail sent to addresses in a given territory, digital advertising sent to devices with IP addresses registered in a given territory and conducting promotional events in a given territory.

You may not market or sell using Alternative Channels of Distribution (such as the Internet, catalog sales, telemarketing or other direct marketing) either inside or outside your territory or development territory, if applicable, except as we otherwise approve or require. Your marketing activities are also subject to the additional restrictions described in Item 11 under the Section entitled "Websites, Social Media and Digital Advertising". You must comply with any minimum advertised pricing policy that we establish from time to time. There are no other restrictions on your right to solicit customers, whether from inside or outside your territory or development territory, if applicable.

Additional Franchises and Territories

We do not grant options, rights of first refusal or similar rights to acquire additional territories or franchises, other than your right and obligation to develop the prescribed number of Restaurants within your development territory if you sign an ADA.

Competitive Businesses Under Different Marks

Currently, neither we nor any affiliate of ours intends to operate or franchise another business under a different trademark that sells products or services similar to the products or services offered by a Restaurant. However, we reserve the right to do so in the future.

ITEM 13 TRADEMARKS

We applied to register the following Mark on the Principal Register of the United States Patent and Trademark Office based on actual use:

UNREGISTERED MARKS		
Mark	**Serial Number**	**Application Date**
SILVERLAKE RAMEN	99081352	March 12, 2025

We do not have a federal registration for the Mark above. Therefore, this Mark does not have many legal benefits and rights as a federally registered trademark. If our right to use this Mark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

This Mark listed above was previously registered by us. However, the registration was cancelled in 2024 due to an oversight leading to a missed deadline for filing the renewal affidavit. All required affidavits have been filed for the new application and we intend to file all renewals by the required renewal date.

We may change the trademarks you may use from time to time, including by discontinuing use of the Marks listed in Item 13. If we require you to discontinue use of our primary Mark (i.e., SILVERLAKE RAMEN™), we will reimburse you for up to $250 of your documented expenses to comply with the change (e.g., changing brochures, business cards, etc.). We have no other liability to you for changing the Marks.

You must notify us immediately if you discover an infringing use (or challenge to your use) of the Marks. We will take the action we deem appropriate. We are not required to take any action if we do not feel it is warranted. You may not control any proceeding or litigation relating to our Marks.

We will indemnify you against and reimburse you for: (a) all damages for which you are held liable in a judicial or administrative proceeding based on your use of the Marks in compliance with the Franchise Agreement and Manual; and (b) all costs you reasonably incur in defending against any such claim. Our indemnification obligation only applies if you notify us of the claim or proceeding in a timely manner and you are in full compliance with the Franchise Agreement and Manual.

Except as disclosed above, the Franchise Agreement does not require that we: (a) protect your right to use the Marks; (b) protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (c) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our Marks or if the proceeding is resolved in a manner unfavorable to you.

There are currently no: (a) effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court (other than the cancellation of our prior registration noted above for failure to timely file a renewal affidavit); (b) pending infringements, oppositions or cancellations; (c) pending material litigation matters involving any of the Marks; (d) infringing uses we are aware of that could materially affect your use of the Marks; or (e) agreements that limit our right to use or sublicense the use of the Marks.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise.

Although we have not filed an application for copyright registration for our Manual, website or marketing materials, we do claim a copyright to these items.

During the term of the Franchise Agreement, we allow you to use certain confidential and proprietary information (some of which constitute "trade secrets") relating to the development, marketing and operation of a Restaurant. Examples include:

- architectural plans, drawings and specifications for a prototype Restaurant
- site selection criteria
- methods, techniques, policies, procedures, recipes, standards and specifications
- supplier lists and information
- marketing and merchandising strategies
- information comprising the System

We own all ideas, improvements, inventions, marketing materials, and other concepts you develop relating to a Restaurant. We also own all operational and customer data relating to your Restaurant. You must treat this data as confidential and proprietary. We license you the right to use this data during the term of your Franchise Agreement. You must comply with all applicable data protection laws and our data processing and data privacy policies in the Manual.

We provide access to our confidential information through the Manual, training programs and other periodic support and guidance. You may use this information solely for purposes of developing, marketing and operating your Restaurant in compliance with the Franchise Agreement and Manual. You may not disclose our confidential information to anyone other than your employees, on a need-to-know basis, without our prior permission. We consider all information in the Manual to be confidential. All of your employees and representatives (other than your general managers) must sign the Confidentiality Agreement attached to the Franchise Agreement as ATTACHMENT "G" before you give them access to our confidential information.

You must promptly notify us if you discover an unauthorized use of our proprietary information or copyrighted materials. We are not required to act, but will respond as we deem appropriate. You may not control any proceeding or litigation involving allegations of unauthorized use of our proprietary information or copyrighted materials. We have no obligation to indemnify you for any expenses or damages you incur as a result of any such proceeding or litigation. There are no infringements known to us at this time.

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

Owner Participation

You must designate an owner with overall responsibility for the management and operation of your Restaurant (the "Managing Owner"). The Managing Owner must:

- be approved by us
- have binding decision-making authority on matters involving the Restaurant
- successfully complete all training programs we require
- dedicate at least 20 hours per week to the Restaurant (if you own 1 Restaurant) or 40 hours per week to the Restaurants (if you own more than 1 Restaurant)
- at all times hold at least a 5% ownership interest in the franchise (or the entity that is the franchisee under the Franchise Agreement) unless we waive this requirement

The Managing Owner is not required to provide onsite management of your Restaurant as long as a trained general manager is onsite. Any new Managing Owner you appoint must successfully complete our then-current initial training program prior to managing your Restaurant.

Except for the Managing Owner, we do not require that your owners personally participate in the operation or management of your Restaurant. If you are an entity, each owner (i.e., each person holding a direct or indirect ownership interest in the entity) and the spouse of each owner must sign the Franchise Owner Agreement attached to the Franchise Agreement as ATTACHMENT "D". By signing the Franchise Owner Agreement, the owner (or spouse of the owner) agrees to: (a) comply with all brand protection covenants (except to the extent prohibited by law), covenants that protect our intellectual property and transfer restrictions set forth in the Franchise Agreement; and (b) guarantee the franchisee's financial obligations.

General Manager

You may hire general managers to assist the Managing Owner with onsite management of the Restaurant. Any person you hire as a general manager must: (a) successfully complete all training programs we require; and (b) sign the Brand Protection Agreement attached to the Franchise Agreement as ATTACHMENT "F". At all times during normal business hours, either the Managing Owner or a trained general manager must be present at the Restaurant to provide onsite management and supervision. The Managing Owner must monitor and supervise each general manager to ensure the Restaurant is operated in compliance with the Franchise Agreement and Manual. You may also hire assistant managers who would report to the Managing Owner or your designated manager. We do not require that managers own any equity interest in the franchise.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We must approve all goods and services you sell. You must offer all goods and services we require. You may not sell any goods or services we have disapproved.

We must approve all items on your menu. All menu items must be prepared according to our recipes and preparation instructions using only the ingredients we specify.

You may only offer delivery and catering services with our prior written approval. We may also require that you offer delivery and/or catering services, in which case your participation is mandatory and you must utilize all delivery service providers that we designate. You must follow all policies and procedures in the Manual with respect to catering and delivery services.

We may require you to participate in a gift card or other customer loyalty program in accordance with our policies and procedures.

At any time, we may change the goods and services you sell and you must comply with the change.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise agreement (FA), Area Development Agreement (ADA) and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
a. Length of franchise term	FA: 1 (definition of Term) & 4.1	Term is equal to 10 years.
	ADA: 1 (definition of Term)	Term expires on the opening date listed in the development schedule for the last Restaurant you are required to develop.
b. Renewal or extension of the term	FA: 4.1 & 4.2	If you meet our conditions for renewal, you can enter into 4 consecutive successor franchise agreements. Each renewal term is 5 years. The parties may mutually agree to further renewals but neither party is obligated to do so (subject to state law).
	ADA: 4.5	No renewal rights.
c. Requirements for you to renew or extend	FA: 4.1 & 4.2	You must: not be in default; give us timely notice; sign then-current form of franchise agreement; sign general release (subject to state law); pay renewal fee; remodel Restaurant and upgrade furniture, fixtures and equipment to current standards; and extend lease term. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.
	ADA: 4.5	You may not renew or extend the term of the ADA.
d. Termination by you	FA: 19.1	You can terminate if we default and fail to timely cure.
	ADA: Not Applicable	You can terminate under any grounds permitted by law.
e. Termination by us without cause	FA: 19.3	We can terminate without cause if you provide your written consent..
	ADA: 8.2	
f. Termination by us with cause	FA: 19.2	We can terminate if you default.
	ADA: 8.1	
g. "Cause" defined - curable defaults	FA: 19.2	You have the following cure periods: (a) 24 hours for health or safety hazards; (b) 10 days for financial defaults; (c) 20 days for loss of a required license or permit; and (d) 30 days for any other default (other than a default described below under "non-curable defaults").
	ADA: 8.1	You have 30 days to cure any default, other than defaults described below under "non-curable defaults".

THE FRANCHISE RELATIONSHIP		
Provision	**Sections in Agreement**	**Summary**
h. "Cause" defined - non-curable defaults	FA: 19.2	The following defaults cannot be cured: insolvency, bankruptcy or seizure of assets; failure to successfully complete training; failure to find approved site or open in timely manner; abandonment; certain criminal convictions or administrative enforcement actions; violation of material law; acts that may adversely affect reputation of System or Marks; material misrepresentations; 2nd underreporting of Gross Sales by 2% or more; unauthorized Transfers; unauthorized use of our intellectual property; breach of brand protection covenant, Franchise Owner Agreement, or legal compliance representation; failure to notify us of a matter described in §14.6; termination of lease due to your default; 3 or more default notices in a 12-month period; or termination of any other agreement between you (or your affiliate) and us (or our affiliate) due to your default. However, termination of an ADA due to breach of the development schedule is not grounds for termination of any Franchise Agreement that is otherwise in good standing.
	ADA: 8.1	If we terminate a franchise agreement due to your default, we may terminate the ADA without opportunity to cure.
i. Your obligations on termination/ non-renewal	FA: 20.1	Obligations include: remove trade dress and alter premises to eliminate any resemblance to a Restaurant; cease use of intellectual property; return Manual and branded materials; assign telephone numbers, listings and domain names; assign customer information and accounts; cancel fictitious names; comply with data retention policies; and pay amounts due (also see "r", below).
	ADA: Not Applicable	The ADA does not impose any post-term obligations on you.
j. Assignment of contract by us	FA: 18.1	No restriction on our right to assign.
	ADA: 7.1	
k. "Transfer" by you – definition	FA: 1 (definition of Transfer) & 18.2	Includes ownership change or transfer of contract or assets.
	ADA: 1 (definition of Transfer) & 7.2	
l. Our approval of transfer by you	FA: 1 (definition of Permitted Transfer), 18.2 & 18.3	You may engage in a Permitted Transfer (defined in Note 2 in Item 6) without approval. We must approve other Transfers but will not unreasonably withhold approval.
	ADA: 1 (definition of Permitted Transfer), 7.2 & 7.3	

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
m. Conditions for our approval of transfer	FA: 18.2	Transferee must: meet our qualifications; successfully complete training (or arrange to do so); obtain required licenses and permits; agree in writing to assume your obligations under agreements relating to the Business; sign then-current form of franchise agreement for remainder of term or, at our option, assume your Franchise Agreement; and remodel Restaurant and upgrade furniture, fixtures and equipment to current standards within 12 months after Transfer or such shorter period of time we specify. You must: be in compliance with Franchise Agreement; assign lease (if applicable); pay transfer fee; subordinate transferee's ongoing payments owed to you (if any) to transferee's financial obligations owed to us; and sign general release (subject to state law). We must notify you that we will not exercise our right of first refusal.
	ADA: 7.2	Transferee must: meet our qualifications; successfully complete training (or arrange to do so); and sign then-current form of area development agreement for remainder of term or, at our option, assume your ADA. You must: be compliant with Franchise Agreements and ADA; assign all Franchise Agreements to same purchaser unless we agree to contrary (or we instruct transferee to sign then-current form of franchise agreement); comply with transfer provisions in Franchise Agreements; pay transfer fee (subject to state law); and sign general release (subject to state law). We must notify you that we will not exercise our right of first refusal.
n. Our right of first refusal to acquire your business	FA: 18.5	We can match any offer for your business.
	ADA: 7.5	We can match any offer for your area development rights.
o. Our option to purchase your business	FA: 20.2	We have the option to purchase your Restaurant at the expiration or termination of the Franchise Agreement.
	ADA: Not Applicable	The ADA does not include a purchase option.
p. Your death or disability	FA: 18.4	Within 180 days, interest must be assigned by estate to an assignee in compliance with conditions for other transfers. We may designate manager to operate the Restaurant prior to transfer.
	ADA: 7.4	Within 180 days, interest must be assigned by estate to an assignee in compliance with conditions for other transfers.
q. Non-competition covenants during the term of the franchise	FA: 13.3	No involvement in competing business.
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
r. Non-competition covenants after the franchise is terminated or expires	FA: 13.3 & 20.1	No involvement for 2 years in a competing business from your Restaurant or anywhere within a 10-mile radius from your Restaurant or any other Restaurant that is open or under construction on the date the franchise is terminated or expires.
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
s. Modification of the agreement	FA: 23.3 & 23.8	Requires writing signed by both parties (except we may unilaterally change Manual or reduce scope of restrictive covenants). Other modifications to comply with state laws.
	ADA: 12.7	Requires writing signed by both parties. Other modifications to comply with state laws.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
t. Integration/ merger clause	FA: 23.8 ADA: 12.7	Only the terms of the Franchise Agreement, ADA (if applicable) and their attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document, Franchise Agreement and ADA may not be enforceable. Nothing in the Franchise Agreement, ADA or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.
u. Dispute resolution by arbitration or mediation	FA: 21 ADA: 10	Subject to state law, all disputes must be mediated or arbitrated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants.
v. Choice of forum	FA: 21 ADA: 10	Subject to applicable state law, all mediation, arbitration and litigation must take place in county where we maintain our principal place of business at time dispute arises (currently, Los Angeles County, California).
w. Choice of law	FA: 23.1 ADA: 12.1	Subject to applicable state law, California law governs (except public policies of your state govern enforceability of non-competition covenants).

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

Defined Terms

For purposes of this FPR, the following terms have the meanings given to them below:

"***Company-Owned Restaurant***" means any Restaurant owned by: (a) us; (b) any affiliate of ours; or (c) any person listed in Item 2 of this Disclosure Document if that person is also involved with the management of the Restaurant.

"***Converted Restaurant***" means any Restaurant that either: (a) was a Company-Owned Restaurant that was sold to a franchisee at any time during the Measuring Period; or (b) was a Franchised Restaurant that we or our affiliate reacquired from the franchisee at any time during the Measuring Period.

"***FPR***" means the financial performance representation set forth in Item 19 of this Disclosure Document.

"***Franchised Restaurant***" means any Restaurant owned by a franchisee.

"***Gross Sales***" means the total gross sums generated from all goods and services sold from or in any way relating to the Restaurant, together with all other sums collected from the operation of the Restaurant, including any advertising revenues, sponsorship fees or business interruption insurance proceeds. If the Restaurant utilizes a third-party delivery service provider that collects payments from customers, deducts its fee and remits the balance to the Restaurant, Gross Sales includes the entire price paid by the customer prior to any deductions made by the delivery service provider. Gross Sales does not include sales or use taxes or amounts refunded to customers.

"***Measuring Period***" means the period of time that begins January 1, 2024 and ends December 31, 2024.

"***Qualifying Restaurant***" means any Company-Owned Restaurant or Franchised Restaurant that satisfies all of the following criteria: (a) the Restaurant was open and operating throughout the entire Measuring Period; (b) the Restaurant provided us with all data we requested in order to prepare the FPR; (c) the Restaurant is not a Converted Restaurant.

System Statistics

For purposes of this FPR, each Restaurant may be referred to as an "outlet." As of December 31, 2024 (the last day of the Measuring Period) there were: (a) 31 Franchised Restaurants in operation, 26 of which are Qualifying Restaurants; and (b) 3 Company-Owned Restaurant in operation, 2 of which are Qualifying Restaurants. The table below summarizes the outlet statistics and the number of Qualifying Restaurants:

System Statistics for FPR						
	2024 Transactions and Statistics				Converted Restaurants as of Dec 31, 2024	Qualifying Restaurants
Outlet Type	Open as of Jan 1, 2024	New Openings	Closures	Open as of Dec 31, 2024		
Franchised	26	5	0	31	0	26
Company-Owned	3	1	1	3	0	2
Total	29	6	1	34	0	28

This FPR includes data from both Franchised Restaurants and Company-Owned Restaurants.

We excluded data from 5 Franchised Restaurants and 1 Company-Owned Restaurant that were open as of the end of the Measuring Period because they opened in 2024 and were not open the entire Measuring Period.

Material Variances

Of the 26 Franchised Restaurants that are Qualifying Restaurants: (a) 1 is a Food Court Restaurant that does not serve alcohol; and (b) 25 are standard Restaurants that serve alcohol. In the past, we allowed franchisees to choose whether to offer alcoholic beverages. Under our current model, franchisees are required to offer alcoholic beverages unless we agree to waive this requirement due to special circumstances. Except for the 1 Franchised Restaurant that does not serve alcohol, there are no material operational differences between any of the Qualifying Restaurants and the franchised Restaurant offered under this Disclosure Document.

Gross Sales - Subsets and Data Presented

The 2024 Gross Sales data for the 26 franchised Restaurants has been broken down in the following subsets:

Subset 1: All Restaurants (26 Restaurants)

Subset 2: Food Court Restaurants That Do Not Serve Alcohol (1 Restaurant)

Subset 3: Standard (Non-Food Court) Restaurants That Serve Alcohol (25 Restaurants)

For each subset listed above, we provide the following data : (a) lowest annual Gross Sales; (b) highest annual Gross Sales; (c) median annual Gross Sales; (d) average annual Gross Sales; and (e) the number and percentage of Restaurants that achieved or surpassed the average annual Gross Sales figure.

The 2024 Gross Sales data for the 2 Company-Owned Restaurants open all of 2024 is separately stated for each Restaurant. Both of these Restaurants are standard Restaurants that serve alcoholic beverages.

Financial Performance Representation: Franchised Restaurants

The following table presents 2024 Gross Sales data for all Qualifying Restaurants that are Franchised Restaurants.

FRANCHISED RESTAURANTS 2024 GROSS SALES					
Subset (Number of Restaurants in Subset)	**Lowest**	**Highest**	**Median**	**Average**	**Number & Percent that Achieved/Surpassed Average**
Subset 1 – All Restaurants (26 Restaurants)	$742,071	$4,059,954	$2,092,534	$2,004,021	13 of 26 Restaurants (50%)
Subset 2 – Food Court Restaurants (1 Restaurant)	$2,620,334	$2,620,334	$2,620,334	$2,620,334	1 of 1 Restaurants (100%)
Subset 3 – Standard Restaurants (25 Restaurants)	$742,071	$4,059,954	$1,992,494	$1,979,368	12 of 25 Restaurants (48%)

Financial Performance Representation: Company-Owned Restaurants

The following table includes the 2024 Gross Sales data for 2 Qualifying Restaurants that are Company-Owned Restaurants.

COMPANY-OWNED RESTAURANTS 2024 GROSS SALES	
Restaurant	**Gross Sales**
Restaurant 1	$3,674,537
Restaurant 2	$1,960,777

Notes:

1. Source of Data: We obtained Gross Sales data for company-owned Restaurants from the internal, unaudited financial statements of our affiliates that own these Restaurants. We obtained Gross Sales data for franchised Restaurants from the franchisee's POS system. The Gross Sales data has not been audited.

2. Historical Data: The data in this FPR is historical and represents the financial results of these Qualifying Restaurants for the 2024 calendar year.

3. No Expenses: The financial performance representation does not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Restaurant. Franchisees or former franchisees, listed in the Franchise Disclosure Document, may be one source of this information.

Some Restaurants have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.

Written substantiation for this financial performance representation will be made available to you upon your reasonable written request.

Other than the preceding financial performance representation, we do not make any financial performance representations. 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 our General Counsel (either at our corporate headquarters located at 3530 Wilshire Blvd., Suite 1425, Los Angeles, California 90010 or by calling (213) 269-5323), the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2022 TO 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	15	21	+6
	2023	21	26	+5
	2024	26	31	+5
Company-Owned	2022	2	3	+1
	2023	3	3	0
	2024	3	3	0
Total Outlets	2022	17	24	+7
	2023	24	29	+5
	2024	29	34	+5

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2022 TO 2024

State	Year	Number of Transfers
California	2022	0
	2023	1
	2024	1
North Carolina	2022	0
	2023	0
	2024	2
Washington	2022	0
	2023	0
	2024	1
Total	2022	0
	2023	1
	2024	4

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2022 TO 2024								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Terminations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations - Other Reasons**	**Outlets at End of Year**
California	2022	10	6	0	0	0	0	16
	2023	16	5	1	0	0	0	20
	2024	20	4	0	0	0	0	24
Georgia	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Nevada	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
North Carolina	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Texas	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Washington	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Totals	2022	15	6	0	0	0	0	21
	2023	21	6	1	0	0	0	26
	2024	26	5	0	0	0	0	31

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2022 TO 2024							
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Outlets Reacquired From Franchisee**	**Outlets Closed**	**Outlets Sold to Franchisee**	**Outlets at End of Year**
Arizona	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
California	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Utah	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	1	0	0

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2022 TO 2024							
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Outlets Reacquired From Franchisee**	**Outlets Closed**	**Outlets Sold to Franchisee**	**Outlets at End of Year**
Totals	2022	2	1	0	0	0	3
	2023	3	0	0	0	0	3
	2024	3	1	0	1	0	3

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2024			
State	**Franchise Agreements Signed But Outlet Not Opened**	**Projected New Franchised Outlets in the Next Fiscal Year**	**Projected New Company-Owned Outlets in the Next Fiscal Year**
California	1	1	0
Totals	1	1	0

Notes to Item 20 Tables:

1. Our affiliate operated a restaurant in California under the name SILVERLAKE RAMEN 2 GO. This restaurant offered take-out service only and was materially different than the franchised Restaurant offered under this Disclosure Document. In September 2023, the restaurant closed to the public and now serves as a "test kitchen" (it no longer makes sales to the public). As a result, we have not listed this outlet in the Item 20 tables.

2. In 2023, 1 Franchise Agreement was terminated for a Restaurant to be opened in Denver, Colorado prior to the Restaurant's opening date. In 2024, 1 Franchise Agreement was terminated for a Restaurant to be opened in Santa Clara, California prior to the Restaurant's opening date.

A list of all current franchisees is attached to this Disclosure Document as EXHIBIT "F" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 2024. In addition, EXHIBIT "F" (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

In the last 3 fiscal years, some franchisees have signed confidentiality agreements with us. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. 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: (a) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed; or (b) independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Our fiscal year ends on December 31st. Audited financial statements of SilverLake Ramen Holdings, LLC for the fiscal years ended December 31, 2024, December 31, 2023 and December 31, 2022 are attached to this Disclosure Document as EXHIBIT "G". In addition, an unaudited balance sheet as of February 28, 2026 and a profit and loss statement from January 1, 2026 through February 28, 2026 are attached to this Disclosure Document as EXHIBIT "G".

ITEM 22 CONTRACTS

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

Exhibits to Disclosure Document

EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Area Development Agreement
EXHIBIT "H" -1	State Addenda
EXHIBIT "H"-2	General Release

Attachments to Franchise Agreement

ATTACHMENT "B"	Form of Site Approval Notice
ATTACHMENT "C"	Lease Addendum
ATTACHMENT "D"	Franchise Owner Agreement
ATTACHMENT "E"	ACH Authorization Form
ATTACHMENT "F"	Brand Protection Agreement
ATTACHMENT "G"	Confidentiality Agreement

ITEM 23 RECEIPT

EXHIBIT "J" to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

EXHIBIT "A"

TO DISCLOSURE DOCUMENT

<u>LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS</u>

CALIFORNIA
Commissioner of Financial Protection & Innovation
Department of Financial Protection & Innovation
320 West 4th Street, #750
Los Angeles, CA 90013
(213) 576-7500
1-866-275-2677

HAWAII
Commissioner of Securities of the State of Hawaii
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

<u>Agents for Service of Process</u>:
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS
Illinois Attorney General
Chief, Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA
Secretary of State
Securities Division
Room E-018
302 West Washington Street
Indianapolis, IN 46204
(317) 232-6681

MARYLAND
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-6360

<u>Agent for Service of Process</u>:
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN
Franchise Section
Consumer Protection Division
525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor
Lansing, MI 48913
(517) 335-7567

MINNESOTA
Commissioner of Commerce
Director of Registration
85 Seventh Place East, #280
St. Paul, Minnesota 55101-3165
(651) 539-1500

NEW YORK
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
Phone: (212) 416-8222

<u>Agents for Service of Process:</u>
Secretary of State
99 Washington Avenue
Albany, NY 12231

NORTH DAKOTA
North Dakota Securities Department
State Capitol, 5th Floor, Dept 414 600 East Boulevard Avenue
Bismarck, North Dakota 58505
(701) 328-4712

RHODE ISLAND
Department of Franchise Regulation
1511 Pontiac Avenue, John O. Pastore Complex, Bldg 69-1
Cranston, Rhode Island 02920
(401) 462-9527

SOUTH DAKOTA
Department of Labor and Regulation
Division of Insurance Securities Regulation
124 S Euclid, 2nd Floor
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

<u>Agents for Service of Process</u>:
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

WASHINGTON
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501
(360) 902-8760

<u>Mailing Address</u>:
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507

WISCONSIN
Department of Financial Institutions
Division of Securities
201 W Washington Avenue, Suite 500, Madison, WI 53703
(608) 261-9555

EXHIBIT "B"

TO DISCLOSURE DOCUMENT

FRANCHISOR'S AGENT FOR SERVICE OF PROCESS

Jitaek Lim
3530 Wilshire Blvd, #1425
Los Angeles, California 90010

In states listed in EXHIBIT "A", the additional agent
for Service of Process is listed in EXHIBIT "A"

EXHIBIT "C"

TO DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

[See Attached]

FRANCHISE AGREEMENT

FRANCHISEE: ____________________________
DATE: ____________________________

TABLE OF CONTENTS

ATTACHMENTS

SILVERLAKE RAMEN FRANCHISE AGREEMENT

This SilverLake Ramen Franchise Agreement (this "Agreement") is entered into as of ____________, 202__ (the "Effective Date") between SilverLake Ramen Holdings, LLC, a California limited liability company ("we" or "us") and ___________________, a(n) ________________ ("you").

1. DEFINITIONS. Capitalized terms not defined above have the meanings given to them below:

"*Account*" means the checking account you designate from which we deduct fees and other amounts owed to us and our affiliates in accordance with §12.5.

"*ACH Agreement*" means the ACH Authorization Agreement attached as ATTACHMENT "E", which authorizes us to electronically debit your Account for amounts owed to us and our affiliates.

"*Acquisition*" means either (a) a competitive or non-competitive company, franchise system, network or chain directly or indirectly acquiring us, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise or (b) us, or our affiliate or parent, directly or indirectly acquiring another competitive or non-competitive company, franchise system, network or chain, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise.

"*Acquired Assets*" means any assets associated with your Restaurant that we elect to purchase upon termination or expiration of this Agreement, as further described in §20.2(a).

"*Alternative Channels of Distribution*" means any channel of distribution other than retail sales made to customers while present at a Restaurant, including, but not limited to: (a) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (b) sales through grocery stores, convenience stores or other retail stores that do not operate under the Marks; (c) sales made at wholesale; (d) sales through catering or delivery service; (e) sales through ghost kitchens; and (f) sales through kiosks or food trucks.

"*Anti-Terrorism Law*" means Executive Order 13224 issued by the President of the United States of America (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future federal, state and local Laws, ordinances, regulations, policies, lists, orders and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war.

"*Appraised Value*" means the fair market value of the Acquired Assets as determined by independent appraisers in accordance with §20.2(b).

"*Authorized Activities*" means all activities we authorize you to conduct in connection with this Agreement, including the development, ownership and operation of the Restaurant.

"*Brand Protection Agreement*" means the Brand Protection Agreement attached as ATTACHMENT "F" that your general managers must sign.

"*Business*" means the franchised business you operate pursuant to this Agreement.

"*Business Data*" means, collectively or individually, Customer Data and Operational Data.

"*Captive Venue*" means a non-traditional outlet for a Restaurant that is located within, or is a part of, another establishment or facility that consumers may visit for a purpose unrelated to the Restaurant. Examples of Captive Venues include Restaurants that are located within hotels, casinos, college campuses, universities, airports, train stations, bus stations, cruise terminals, stadiums, sporting arenas, shopping malls, military bases, concert venues, amusement parks or similar types of establishments.

"*Claim*" means any action, allegation, assessment, claim, demand, litigation, proceeding or regulatory procedure, investigation or inquiry.

"*Competing Business*" means any business that meets at least one of the following criteria: (a) any restaurant that generates, or is reasonably expected to generate, at least 10% of its total gross sales from the sale of ramen; and/or (b) any business that solicits, offers or sells franchises or licenses for a business that meets the criteria in clause (a) of this definition; and/or (c) any business that services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business that meets the criteria in clause (a) of this definition. A Competing Business does not include any SILVERLAKE RAMEN™ Restaurant operated pursuant to a valid franchise agreement or license agreement with us or our affiliate.

"*Confidential Information*" means and includes: (a) Know-How; (b) Business Data; (c) information in the Manual or comprising the System; (d) terms of Definitive Agreements and any amendments thereto; and (e) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that are: (i) designated as confidential; (ii) known by you to be considered confidential by us; and/or (iii) reasonably to be considered confidential due to their nature. Confidential Information does not include information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you or your Owners, employees or other constituents); (b) you can demonstrate was rightfully possessed by you or an Owner, without obligation of nondisclosure, before we disclosed the information to you or the Owner; (c) is independently developed by you or an Owner without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose the information to you or an Owner without breaching a confidentiality covenant imposed on such third party.

"*Confidentiality Agreement*" means the Confidentiality Agreement attached as ATTACHMENT "G" that certain of your employees must sign.

"*Copyrighted Materials*" means all copyrightable materials for which we or our affiliate claim or secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Restaurant.

"*Customer Data*" means and includes any and all data that pertains to a Restaurant customer, including name, address, contact information, date of birth, purchase history and any information collected in connection with a loyalty program, gift card program or for any other purpose.

"*Definitive Agreements*" means, collectively: (a) this Agreement; (b) the Area Development Agreement pursuant to which this Agreement is executed (if applicable); (c) any other Franchise Agreement between you (or your affiliate) and us (or our affiliate) for a Restaurant or any other franchised concept; and (d) all ancillary agreements related to any of the foregoing, including Franchise Owner Agreements.

"*Dispute*" means any Claim, dispute or disagreement between the parties, including any matter pertaining to: (a) the interpretation or enforcement of this Agreement; (b) the offer or sale of the franchise; or (c) the relationship between the parties.

"*Entity*" means a corporation, partnership, limited liability company or other form of association.

"*Equity Interest*" means a direct or indirect ownership or beneficial interest in the capital stock of, partnership or membership interest in, or other equity, ownership or beneficial interest in a business or Entity (including voting rights).

"*Excluded Claim*" means any Claim that, according to §21, is not subject to mandatory mediation or arbitration.

"*Force Majeure*" means acts or circumstances that are beyond a party's control, including fire, storm, flood, earthquake, explosion or accident, acts of war or terrorism, rebellion, insurrection, sabotage, epidemic, failures or delays of transportation and strikes, provided that: (a) the non-performing party promptly notifies the other party of the Force Majeure event; (b) the non-performing party is without fault and the delay or failure could not have been prevented by reasonable precautions by the non-performing party; (c) nothing herein shall excuse or permit any delay or failure to pay fees or other amounts owed on the applicable due date; (d) insolvency, lack of required funds or financing, currency fluctuations, currency devaluations, foreign exchange controls or inflation shall never be deemed Force Majeure; and (e) an epidemic or pandemic of a contagious illness or disease, or economic or financial changes caused by an epidemic or pandemic of a contagious illness or disease, shall never be deemed Force Majeure except to the extent a Governmental Authority mandates closure (or prevents the opening) of the Restaurant due to the epidemic or pandemic.

"*Franchise Owner Agreement*" means the Franchise Owner Agreement attached as ATTACHMENT "D" that the Owners and their spouses must sign.

"*Franchisee Entity*" means an Entity that: (a) signs this Agreement as the franchisee (if this Agreement is signed by an Entity); or (b) assumes this Agreement subsequent to its execution by the original Owners.

"*General Release*" means our then-current form of Waiver and Release of Claims you and your Owners must sign pursuant to §4.2 in connection with a franchise renewal or §18.2 in connection with a Transfer

"*Government Official*" means any: (a) officer or employee of a Governmental Authority; (b) commercial or similar entity owned or controlled by a Governmental Authority, including state-owned and state-operated companies or enterprises; (c) public international organization (e.g., United Nations, World Bank); (d) political party or official thereof; or (e) candidate for political office.

"*Governmental Authority*" means any national, provincial, state, county, local, municipal or other government, or any ministry, department, agency or subdivision thereof, whether administrative or regulatory, or any other body that exercises similar functions, and including any court or taxing authority.

"*Gross Sales*" means the total gross sums generated from all goods and services sold from or in connection with your Restaurant, together with all other revenues and monies derived in connection with your Restaurant, including advertising revenues, sponsorship fees and business interruption insurance proceeds. If you utilize a third-party delivery service provider that collects payments from customers, deducts its fee and remits the balance to you, Gross Sales includes the entire price paid by the customer prior to any deductions made by the delivery service provider. In calculating Gross Sales, you must include the full retail value of any free or discounted goods or services you or your staff provide to your Owners or staff, or to the friends or family members of your Owners or staff, unless the same pricing is available to the general public as part of an approved promotional program in effect at the time. Gross Sales excludes: (a) sales or use taxes you pay to a Governmental Authority; (b) revenue you collect from a customer and later refund to that customer in a bona fide refund transaction; (c) revenue derived from the sale of furniture, fixtures or equipment in the ordinary course of business; and (d) tips paid to and retained by staff members as a gratuity. The Manual may include policies governing the calculation of Gross Sales relating to: (a) proceeds from the sale of gift cards; and/or (b) qualifying purchases and redemptions by members under loyalty programs.

"*Improvement*" means any idea, addition, modification or improvement to the (a) goods or services offered or sold at a Restaurant, including, without limitation, any new or modified recipes or menu items, (b) method of operation of a Restaurant, (c) processes, systems or procedures utilized by a Restaurant, (d) marketing, advertising or promotional materials, programs or strategies utilized by a Restaurant or (e) trademarks, service marks, logos or other intellectual property utilized by a Restaurant, whether developed by you, your Owners, your employees or any other Person.

"*Indemnified Parties*" means and includes us and each of our past, present and future owners, members, officers, directors, employees and agents, as well as our parents, subsidiaries and affiliates, and each of their past, present and future owners, members, officers, directors, employees and agents.

"*Intellectual Property*" means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks and System.

"*Interim Manager*" means a Person we designate to temporarily manage your Restaurant under the circumstances described in §8.4.

"*Interim Term*" means a month-to-month extension of the Term under the circumstances described in §4.3.

"*IP Dispute*" means any: (a) actual or suspected infringement of the Intellectual Property; (b) challenge to your use of the Intellectual Property; or (c) claim by any Person, other than us or our affiliate, of any rights in or to the Intellectual Property.

"*Know-how*" means and includes our (and our affiliates') trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a Restaurant including, but not limited to: architectural plans, drawings and specifications for a prototype Restaurant; site selection criteria; recipes; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; and information comprising the System or included in the Manual.

"*Law*" means and includes all laws, judgments, decrees, orders, rules, regulations, ordinances, advisory opinions or official legal interpretations of any Governmental Authority.

"*Local Marketing Commitment*" means the minimum amount of money you must spend each month on local advertising and marketing to promote your Restaurant in accordance with §10.3(a).

"*Losses and Expenses*" means and includes any of the following: compensatory, exemplary and punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; Travel Expenses and other costs associated with investigating and defending a Claim; settlement amounts; judgments; damage to reputation or goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or otherwise incurred by an Indemnified Party.

"*Managing Owner*" means the Owner you designate and we approve with primary responsibility for the overall management and supervision of your Restaurant in accordance with §8.1.

"*Manual*" means our Brand Standards Manual described in §11.2 for the operation of a Restaurant.

"*Marks*" means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Restaurants to use, including SILVERLAKE RAMEN™ and the associated logo. The Marks also include any distinctive trade dress used to identify a Restaurant or the products it sells.

"*Operational Data*" means and includes all data and information pertaining to the operation of your Business including employee data, expense data, financial accounting data and Gross Sales data.

"*Owner*" means a Person who either: (a) directly signs this Agreement as the franchisee, either alone or in conjunction with one or more other Persons; or (b) directly or indirectly through one or more intermediaries owns an Equity Interest in the Business or Franchisee Entity.

"*PCI-DSS*" means the payment card industry data security standard, which is a set of security requirements established by the following major credit card brands from time to time: American Express, Discover Financial Services, JCB International, MasterCard Worldwide, and Visa Inc., which standards are set forth at https://www.pcisecuritystandards.org as of the Effective Date.

"*Permitted Transfer*" means a Transfer: (a) between existing Owners; or (b) by the Owners to a new Franchisee Entity for which such Owners collectively own and control 100% of the Equity Interests; *provided, however*, that a Permitted Transfer does not include a Transfer that results in the Managing Owner owning less than 5% of the Equity Interests in the Business or Franchisee Entity.

"*Person*" means an individual, Entity, unincorporated organization, joint venture, Governmental Authority, estate (or executor thereof) or trust (or trustee thereof).

"*Post-Term Restricted Period*" means, with respect to you, the two-year period after the termination, expiration or Transfer of this Agreement; *provided, however*, that if a court of competent jurisdiction determines the two-year period is too long to be enforceable then Post-Term Restricted Period means the one-year period after the termination, expiration or Transfer of this Agreement.

"*Post-Term Restricted Period*" means, with respect to an Owner, the two-year period after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the date on which the Owner no longer owns an Equity Interest in the Business or Franchisee Entity; *provided, however*, that if a court of competent jurisdiction determines the two-year period is too long to be enforceable then Post-Term Restricted Period means the one-year period after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the date on which the Owner no longer owns an Equity Interest in the Business or Franchisee Entity.

"*Program Participation Rules*" means the policies, procedures, fees and other requirements pertaining to any gift card, loyalty, membership or other system-wide program we implement pursuant to §11.12.

"*Prohibited Activities*" means and includes any of the following: (a) owning, operating or having any other interest (e.g., as a director, officer, employee, manager, consultant, creditor, representative, agent or in any similar capacity) in a Competing Business, other than owning less than 5% of the Equity Interests in a Competing Business that is a publicly-traded company; (b) disparaging or otherwise making negative comments about us, our affiliate, the System or any Restaurant (this provision does not prohibit disclosure of truthful information to Governmental Authorities); (c) diverting or attempting to divert any business from us, our affiliate or another franchisee; and/or (d) inducing any Person to transfer their business from a Restaurant to a competitor.

"*Reportable Event*" means any event or occurrence described in §14.6 that you must report to us.

"*Restaurant*" means any restaurant we authorize to operate under the Marks and use our System.

"*Restricted Territory*" means the geographic area within: (a) a 10-mile radius from your Restaurant (including your Restaurant's premises); and (b) a 10-mile radius from all other Restaurants that are operating or under construction when the Post-Term Restricted Period begins; *provided, however*, that if a court of competent jurisdiction determines the foregoing Restricted Territory is too broad to be enforceable then Restricted Territory means the geographic area within a 10-mile radius from your Restaurant (including your Restaurant's premises).

"*Site Approval Notice*" means the Site Approval Notice attached as ATTACHMENT "B" that we may issue to you pursuant to §3.2 and §7.1 to identify your Territory and the approved site for your Restaurant.

"*Site Selection Area*" means the geographic area described in Part B of ATTACHMENT "A" and within which you must find a site we approve for your Restaurant.

"*Successor Agreement*" means our then-current form of Silverlake Ramen Franchise Agreement you must sign pursuant to §4.2 in order to renew your franchise rights.

"*System*" means our system developed for the operation of a Restaurant, the distinctive characteristics of which include: distinctive interior and exterior design, décor, signage, color scheme and other trade dress elements; service style; menu items; comprehensive training programs; advertising and marketing strategies; merchandising strategies; and operating system.

"*Technology Systems*" means and includes all information and communication technology systems we specify from time to time, including, without limitation, computer systems, point-of-sale system, online ordering systems, webcam or surveillance systems, telecommunications systems, security systems, music systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps, and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

"*Term*" means the period of time beginning on the Effective Date and expiring on the earlier to occur of: (a) the 10th anniversary of the Effective Date; or (b) the date this Agreement is effectively terminated.

"*Territory*" means the protected territory for your Restaurant, as further described in §3.

"*Third-Party Technology*" means any Technology Systems (or components thereof) that are owned by Persons who are not affiliated with us.

"*Transfer*" means any direct or indirect, voluntary or involuntary, assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of:

(a) this Agreement (or any interest therein);

(b) the franchise or intellectual property rights granted by this Agreement (or any interest therein);

(c) the Business you conduct pursuant to this Agreement (or any interest therein);

(d) your Business assets, excluding the sale of furniture, fixtures or equipment in the ordinary course;

(e) the right to manage the Restaurant or occupy its premises; or

(f) an Equity Interest in the Business or Franchisee Entity;

including by: merger or consolidation; judicial award, order or decree; issuance of additional Equity Interests (including public and private offerings); foreclosure of a security interest by a lender; or operation of Law, will or a trust upon an Owner's death (including via the Laws of intestate succession).

"*Travel Expenses*" means and includes all travel, meals, lodging, local transportation and other living expenses incurred: (a) by us and our trainers, field support personnel, auditors or other representatives to visit your Restaurant; or (b) by you and your personnel to attend training or conferences.

2. GRANT OF FRANCHISE. We hereby grant you the right, license and obligation to own and operate one (1) Restaurant using our Intellectual Property from the site we approve. As a franchisee, you will establish and operate a Japanese Noodle Bar that operates under the name SILVERLAKE RAMEN™ and uses our System. We reserve all rights not expressly granted to you.

3. TERRITORY.

3.1. Territory Description. We will grant you a territory (your "Territory") that is determined as follows:

(a) your Territory includes the geographic area within a one (1) mile radius from your Restaurant if the population within a one (1) mile radius from your Restaurant equals or exceeds 50,000;

(b) your Territory includes the geographic area within a two (2) mile radius from your Restaurant if both: (i) the population within a one (1) mile radius from your Restaurant is less than 50,000; and (ii) the population within a two (2) mile radius from your Restaurant equals or exceeds 150,000; or

(c) your Territory includes the geographic area within a three (3) mile radius from your Restaurant if the population within a two (2) mile radius from your Restaurant is less than 150,000.

We may use data from any source we deem appropriate to determine the population within an area. We do not modify your Territory due to population changes during the Term. Upon renewal we reserve the right to modify your Territory in accordance with our then-current territory guidelines and criteria.

3.2. Territory Designation. If we approve the site for your Restaurant before signing this Agreement, we will describe your Territory in Part D of ATTACHMENT "A". Otherwise, we will describe your Territory in the Site Approval Notice we send to you within 15 days after we approve your site pursuant to §7.1. Within five (5) business days after we send you the Site Approval Notice, you must sign and date the franchisee acknowledgment section and send us a copy for our records. Our approval of the site and designation of your Territory is immediately effective and binding on you at the time we issue the Site Approval Notice even if you do not send us a signed acknowledgment.

3.3. Territorial Protections & Limitations. During the Term we will not develop or operate, or license a third party to develop or operate, a Restaurant that is located in the Territory except as otherwise provided in this Section with respect to Captive Venues and Acquisitions. At any time during the Term we reserve the right to: (a) develop and operate, and license third parties to develop and operate, Restaurants within Captive Venues that are located in your Territory; and (b) engage in Acquisitions that involve, or subsequently result in, conversion of the acquired or acquiring company's outlets to SILVERLAKE RAMEN™ outlets, even if those outlets are located in your Territory. We reserve the right to sell, and license third parties to sell, competitive or identical goods and services (including under the Marks) within the Territory through Alternative Channels of Distribution.

4. TERM AND RENEWAL.

4.1. Generally. This Agreement grants you the right to operate your Restaurant only during the Term. You may renew your franchise rights by signing a Successor Agreement for a five (5) year renewal term. You may enter into a maximum of four (4) Successor Agreements. The parties may agree to further renewals after expiration of the fourth (4th) renewal term, but neither party is obligated to do so (unless required by applicable Law, in which case the same renewal terms and conditions set forth in this Agreement shall apply to subsequent renewals). In order to sign a Successor Agreement you must satisfy all renewal conditions specified in this Agreement or the Successor Agreement you wish to renew, as applicable. The Successor Agreement shall be the current form of franchise agreement we use to grant franchises as of the expiration of the Term or renewal term, as applicable, the terms of which may vary materially and substantially from the terms of this Agreement. If this Agreement is a Successor Agreement, the Term of this Agreement and your remaining renewal rights, if any, shall be governed by your original franchise agreement

4.2. **Renewal Requirements.** In order to renew, you and the Owners (as applicable) must:

(a) send us a notice of your intent to enter into a Successor Agreement not less than 270 days nor more than one (1) year before the expiration of the Term or renewal term, as applicable;

(b) not be in default under any Definitive Agreement at the time you send the renewal notice or sign the Successor Agreement;

(c) sign the Successor Agreement and all ancillary documents we require franchisees to sign;

(d) sign a General Release;

(e) pay us a renewal fee equal to 50% of our then-current non-discounted initial franchise fee for the purchase of a single Restaurant;

(f) remodel your Restaurant and upgrade all furniture, fixtures and equipment to conform to our then-current standards and specifications;

(g) extend the term of your lease for the duration of the renewal term.

If we elect not to renew or offer you the right to renew, we will send you a notice of non-renewal at least 180 days prior to the expiration date, which shall set forth the basis for our decision. If you have any objection to our notice of non-renewal, including a dispute as to the basis for our decision, you must send us a notice of objection that sets forth the basis for your objection. Your notice of objection must be sent to us no later than 30 days after you receive our notice of non-renewal. Your failure to send us a notice of objection during such 30-day period constitutes your consent to the non-renewal of your franchise. Our failure to send you a notice of non-renewal at least 180 days prior to the expiration date constitutes our offer to renew your franchise in accordance with, and subject to, the renewal terms and conditions set forth above.

4.3. **Interim Term.** If you do not sign a Successor Agreement but continue to operate your Restaurant after the Term expires, we may either treat this Agreement as: (a) expired as of the Term expiration date with you operating in violation of our rights; or (b) continued on a month-to-month basis (the "Interim Term") until either party provides the other party with 30 days' prior notice of termination of the Interim Term. All your obligations remain in full force and effect during the Interim Term, if applicable, as if this Agreement had not expired, and all obligations imposed on you upon expiration of the Term will take effect upon termination of the Interim Term.

5. TRAINING AND CONFERENCES

5.1. **Phase 1 Training.** The Managing Owner must attend and successfully complete our initial training program before you open your Restaurant. Our initial training program includes: (a) Phase 1 Training; and (b) Phase 2 Training, which is described in §5.2 below. Phase 1 Training consists of approximately 30 days of training conducted at our corporate headquarters and/or a company-owned Restaurant in California. You may send up to two (2) people to Phase 1 Training, one of whom must be the Managing Owner. You may not send more than two (2) people to Phase 1 Training without our prior approval.

5.2. **Phase 2 Training.** We will send one (1) or more of our trainers to your Restaurant for approximately 21 days to provide onsite training and assist you with the opening of your Restaurant. We will not charge a fee for this assistance, but you may be required to reimburse our Travel Expenses in accordance with §5.5.

5.3. **Post-Opening Training.** Any new Managing Owner appointed after your Restaurant opens must successfully complete our then-current initial training program before assuming responsibility for managing your Restaurant. We may offer periodic refresher or supplemental training courses for your Managing Owner and management personnel. We may designate each course as mandatory or optional. If we determine your Restaurant is not operating in full compliance with this Agreement or the Manual, we may require that your Managing Owner and management personnel attend remedial training relevant to your operational deficiencies. We may, but need not, provide additional assistance or training requested by you at a mutually convenient time. We may require that your Managing Owner train all of your management personnel and other employees.

5.4. **<u>Training Locations</u>.** Our training programs may take place at any location we designate. We reserve the right to conduct training programs virtually.

5.5. **<u>Training Fees and Expenses</u>.** We provide our pre-opening Phase 1 Training for up to two (2) Persons at no additional charge. If we allow you to send more than two (2) Persons to Phase 1 Training, we may charge an additional training fee of $700 for each additional Person you send. We provide Phase 2 Training in exchange for a $5,000 initial training fee, which is due upon execution of this Agreement. You must also reimburse us for all Travel Expenses incurred by our training team for Phase 2 Training, but only if your Restaurant is located more than 50 miles from our corporate headquarters. We do not charge a training fee for system-wide refresher or supplemental training we conduct at our headquarters or a company-owned Restaurant. We may charge a training fee of up to $300 per Person per day for any Person who attends: (a) our initial training program after you open; (b) retraining (after failing a prior attempt); (c) remedial training; or (d) additional training you request. If we provide onsite training or assistance, you must also reimburse all Travel Expenses we incur (except as otherwise provided above for Phase 2 Training). You are responsible for all wages and Travel Expenses you and your personnel incur to attend training programs.

5.6. **<u>Conferences</u>.** We may hold periodic conferences to discuss business and operational matters relevant to Restaurants. Attendance is mandatory unless: (a) we designate attendance as optional; or (b) we waive your obligation to attend based on showing of good cause. We may charge you a conference registration fee of $500 per Person per conference. You are still responsible for the conference registration fee if you fail to attend a required conference without a waiver. You are also responsible for wages and Travel Expenses you and your personnel incur to attend conferences.

6. OTHER FRANCHISOR ASSISTANCE.

6.1. **<u>Manual</u>.** We provide you with access to our Manual during the Term. The Manual will help you develop and operate your Restaurant. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.

6.2. **<u>Site Selection Assistance</u>**. We will provide you with the name of our recommended broker to assist you in finding suitable potential sites for your Restaurant. You have no obligation to use our recommended broker. Upon execution of this Agreement, you must pay us a nonrefundable $2,950 development services fee. In exchange for this fee, we provide certain site selection assistance and support, including: (a) visiting your proposed site to conduct an initial site survey and demographic analysis; and (b) providing ongoing support during the development and site selection process.

6.3. **<u>General Guidance</u>.** We will periodically review and evaluate your Restaurant and reports you submit to us and provide our guidance and recommendations on ways to improve the operation of your Restaurant. We will be available to render advice, discuss problems and offer general guidance to you during normal business hours by phone, email or other means of communication.

6.4. **<u>Field Visits</u>**. We have the right, but not the obligation, to conduct periodic field visits for purposes of providing onsite consultation, assistance and guidance pertaining to the operation and management of your Restaurant. We will provide a report detailing any problems or concerns observed during the field visit together with our instructions to address or resolve them. You must implement all required corrective measures in the time and manner we specify.

6.5. **<u>Marketing Assistance</u>.** As further described in §10.1 and §10.2, we may, but need not, administer the brand and system development fund and provide other marketing assistance during the Term.

6.6. **<u>Website</u>.** We currently maintain a corporate website for our brand. We will also develop and host a local webpage for your Restaurant that will: (a) be linked to our corporate website; and (b) list information about your Restaurant that we deem appropriate. We will own your Restaurant's webpage and domain name. We may change or discontinue our website and/or your Restaurant's webpage at any time.

6.7. **Purchase Agreements.** We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for franchisees. We will arrange for you to be able to purchase the goods or services directly from the supplier at the discounted prices we negotiate (subject to any rebates the supplier pays to us). We may also purchase goods from suppliers in bulk and resell them to you at our cost plus shipping fees and a reasonable markup.

6.8. **Product Development**. We may, but need not, create new menu items, retail products, merchandise or other goods or services for sale at your Restaurant. You must comply with any minimum inventory stocking requirements in the Manual

7. ESTABLISHING YOUR BUSINESS

7.1. **Site Selection**. You must locate and obtain our approval of the site for your Restaurant within 180 days after the Effective Date. The site must be located within the Site Selection Area and conform to our minimum site selection criteria. You must send us a complete site report that includes all documents, information, photos and video we require. We may accept or reject each site you propose in our commercially reasonable judgment. We try to notify you of our decision within 30 days after we receive all requisite materials. Your site is deemed disapproved if we do not issue our approval within the 30-day period. If we approve the site for your Restaurant before signing this Agreement, we will list the address of your approved site in Part C of ATTACHMENT "A". Otherwise, we list the address of your approved site in the Site Approval Notice. Our approval of a site is not a representation or warranty of any kind, express or implied, of the suitability of the site for a Restaurant. It only means we believe the site meets our minimum criteria.

7.2. **Lease**. If you lease the premises for your Restaurant, you must use best efforts to ensure your landlord signs the Lease Addendum attached to this Agreement as ATTACHMENT "C". If your landlord refuses to sign the Lease Addendum in substantially the form attached to this Agreement we may either: (a) waive the Lease Addendum requirement (or the provisions disapproved by the landlord); or (b) require you to find a new site for your Restaurant. You must promptly send us a copy of your fully executed lease and Lease Addendum for our records.

7.3. **Startup Package.** Prior to opening, you must purchase from us an initial supply of employee uniforms and certain branded items, such as plates and bowls bearing our trademark (the "Startup Package"). We purchase these items from third-party suppliers and resell them to you at our cost (including shipping and handling) plus a reasonable markup. We will arrange for these items to be shipped to your Restaurant. You must pay us the purchase price we specify for the Startup Package (estimated to range from $3,000 to $7,000) within 10 days of invoicing. The specific purchase price for your Startup Package may vary depending on the size, layout and needs of your Restaurant. The purchase price does not include shipping or taxes. You understand that we purchase the items in the Startup Package from third-parties and resell them to you as a convenience. We do not make any representations or warranties regarding the items included within the Startup Package and you hereby waive any and all claims against us relating to these items. We reserve the right to require that you purchase some or all of the items included within the Startup Package directly from third-party suppliers that we designate.

7.4. **Construction.** The Manual includes our standards and specifications for the design, layout, equipping and trade dress for a Restaurant. You must hire a licensed and bonded architect to prepare the initial design plans for the construction of your Restaurant and leasehold improvements. We must approve the initial design plans to ensure they are consistent with our system standards. Once approved, your architect must prepare detailed construction plans that: (a) are consistent with the approved design plans; (b) satisfy all required standards and specifications in the Manual; and (c) comply with all Laws (including the Americans with Disabilities Act), building codes, permits and lease requirements and restrictions applicable to the premises. You must submit the final construction plans to us for approval. The limited purpose of our review is to verify the construction plans are consistent with our system standards. Once approved, you must, at your sole expense, construct and equip the premises according to the approved construction plans and the specifications in the Manual. You must also purchase (or lease) and install all equipment, fixtures, signs and other items we require. We must approve the architects, contractors and other suppliers you use to design and construct your Restaurant. At all times during the construction process, you must maintain the minimum general liability and property damage insurance required by the Manual

7.5. **<u>Pre-Opening Inspection</u>**. You must notify us of your proposed opening date at least 30 days before opening. We may conduct a pre-opening inspection of your Restaurant in accordance with §15.1 to verify compliance with our brand standards. You must correct all non-compliance matters we identify before you may open your Restaurant.

7.6. **<u>Opening</u>**. You must open your Restaurant to the public within 18 months after the Effective Date. You may not open your Restaurant prior to receipt of our written authorization to open. We will not issue our authorization to open before:

(a) the Managing Owner successfully completes our initial training program;

(b) you obtain all required licenses (including a liquor license), permits and approvals from Governmental Authorities;

(c) you purchase all required insurance policies and provide evidence of coverage;

(d) you hire the necessary staff to adequately manage and operate your Restaurant in accordance with this Agreement and the Manual;

(e) your Restaurant passes our pre-opening inspection; and

(f) you fulfill all of your other preopening obligations under this Agreement and the Manual.

7.7. **<u>Relocation</u>.** You may relocate your Restaurant with our prior approval, which we will not unreasonably withhold. If we allow you to relocate you must: (a) locate your new Restaurant within the Site Selection Area (but outside any territory assigned to another Restaurant); (b) comply with §7.1 through §7.6 with respect to your new Restaurant (excluding the 18-month opening period); (c) deidentify your former Restaurant in accordance with §20.1(g); (d) pay us a $5,000 relocation fee at the time we approve your request to relocate; and (e) open your Restaurant at the new site and resume operations within 60 days after closing your Restaurant at the former site; *provided, however*, that if you relocate because your Restaurant is destroyed, condemned or otherwise rendered unusable due to the physical condition of the premises, then you have 18 months after closing to reopen at the new site.

8. MANAGEMENT AND STAFFING.

8.1. **<u>Owner Participation</u>.** You must designate an Owner with primary responsibility for the management and operation of your Restaurant (the "<u>Managing Owner</u>"). The Managing Owner must: (a) be approved by us; (b) have binding decision-making authority on matters involving your Restaurant; (c) successfully complete all training programs we require; (d) dedicate a minimum of 20 hours per week (if you own one (1) Restaurant) or 40 hours per week (if you own multiple Restaurants) to the Business; and (e) at all times own at least 5% of the Equity Interests in the Business or Franchisee Entity, unless we waive this requirement.

8.2. **<u>General Managers</u>.** You may hire a general manager to assist the Managing Owner with onsite management of the Restaurant. Any Person you hire as a general manager must successfully complete all training programs we require and sign a Brand Protection Agreement. We may require that your Managing Owner train your general managers. Either the Managing Owner or a trained manager must be onsite at your Restaurant during normal business hours. You may also hire assistant managers. The Managing Owner must supervise the general manager to ensure the Restaurant is operated in compliance with this Agreement and the Manual.

8.3. **Employees.** You must determine appropriate staffing levels for the Restaurant to ensure full compliance with this Agreement and our system standards. You will hire, train and supervise employees to assist you with the proper operation of the Restaurant. You must pay all associated wages, commissions, benefits, worker's compensation premiums and payroll taxes (and other withholdings required by Law). These employees will be employees of yours and not of ours. We do not control the day-to-day activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use your legal business Entity name (not our Marks or a fictitious name) on employee applications, paystubs, pay checks, employment agreements and similar documents. We do not control the hiring or firing of your employees. You have sole authority and responsibility for all employment-related decisions, including hiring, promotion, hours worked, rates of pay, benefits, work assignments, training and working conditions. We do not provide guidance or advice on these matters. You must ensure each employee signs the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer. You must also post a conspicuous notice for employees in the back-of-house area explaining your franchise relationship with us and that you (and not we) are the employee's sole employer. We may prescribe the form and content of this notice.

8.4. **Interim Manager.** We may, but need not, designate a Person (an "Interim Manager") to manage your Restaurant if either: (a) you fail to appoint an approved replacement Managing Owner, who has successfully completed initial training, within 30 days after your Managing Owner ceases to perform the responsibilities of a Managing Owner for any reason; or (b) you fail to cure a material breach before the expiration of the cure period. The Interim Manager will cease to manage your Restaurant at such time that you appoint an approved replacement Managing Owner who has completed training or you cure the material breach, as applicable. If we appoint an Interim Manager, you agree to: (a) pay us a management fee equal to $300 per day during the period of time the Interim Manager manages your Restaurant; and (b) reimburse all Travel Expenses incurred by the Interim Manager. The Interim Manager has no liability to you except for gross negligence or willful misconduct. We have no liability to you for an Interim Manager's actions unless we are grossly negligent in appointing the Interim Manager.

9. **FRANCHISEE ENTITY**. You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon request, you must send us a resolution of the Franchisee Entity authorizing the execution of this Agreement, a copy of the Franchisee Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). Each Owner of the Franchisee Entity, and the spouse of each Owner who is a natural Person, must sign a Franchise Owner Agreement.

10. **ADVERTISING & MARKETING.**

10.1. **Brand ,Fund.** We may, but need not, establish and administer a brand and system development fund to promote public awareness of our brand and improve our System. On each royalty fee due date, you must pay us a brand fund fee in the amount we specify (not to exceed 2% of Gross Sales). We may use the fund to pay for any of the following in our sole discretion:

(a) developing, administering or distributing advertising and marketing materials and programs;

(b) conducting and administering promotions, contests or giveaways;

(c) public and consumer relations and publicity;

(d) brand development;

(e) sponsorships and charitable and non-profit donations and events;

(f) research and development of technology, products and services;

(g) website development and search engine optimization;

(h) development, maintenance and promotion of an ecommerce platform;

(i) development and implementation of quality control programs and customer satisfaction surveys;

(j) conducting market research;

(k) changes and improvements to the System;

(l) reimbursing us for costs we incur to host franchisee conferences;

(m) fees and expenses charged by advertising agencies we engage to provide marketing services;

(n) collecting and accounting for brand fund fees and preparing financial accountings of the fund;

(o) any other programs or activities we deem appropriate to promote or improve the System; and

(p) direct or indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates relating to any of these activities, including salary, benefits and other compensation of any of our (and any of our affiliate's) officers, employees or independent contractors based on time spent working on any brand fund matters described above.

We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to marketing or advertising activities. Any surplus in the fund may be invested and we may lend money to the fund if there is a deficit. The fund is not a trust and we have no fiduciary obligations to you with respect to our administration of the fund. We will prepare, and make available to you upon request, an annual statement of fund operations, including deposits and disbursements. In terms of marketing activities paid for by the fund, we do not ensure that: (a) expenditures in (or affecting) a given geographic area are proportionate or equivalent to the brand fund fees paid by franchisees in that geographic area; or (b) franchisees benefit directly or in proportion to their brand fund fees. We may suspend or discontinue the fund at any time in our sole discretion upon 30 days' prior notice.

10.2. **<u>Marketing Assistance From Us</u>.** We may create and provide you with access to local advertising assets such as print marketing materials, social media templates and stock photography. We may: (a) use the brand fund to pay for the creation and distribution of these materials, in which case there will be no additional charge; (b) provide online access to these materials, in which case you must print the materials at your expense; and/or (c) contract with third-party suppliers to create and sell these materials to you. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis.

10.3. **<u>Your Marketing Activities</u>**.

(a) <u>Grand Opening Advertising</u>. You must implement a grand opening marketing campaign that you develop and we approve. You must spend at least $3,000 on approved grand opening marketing expenditures during the 105-day grand opening period that begins 60 days before your anticipated opening date. However, we strongly recommend that you spend more.

(b) <u>Post-Grand Opening Advertising</u>. You must participate in all advertising, promotional and marketing programs we require at your expense. In addition to your minimum grand opening marketing expenditures, you must spend the minimum amount we specify (your "<u>Local Marketing Commitment</u>") on local advertising to promote your Restaurant. Your Local Marketing Commitment is currently 1% of Gross Sales. We may increase the Local Marketing Commitment up to 2% of Gross Sales upon 30 days' notice. We measure your compliance with this requirement on a rolling six-month basis, meaning as long as your average monthly expenditure on local advertising over the six-month period equals or exceeds the Local Marketing Commitment, you are deemed in compliance even if your expenditure in a given month is less than the Local Marketing Commitment. Brand fund fees are in addition to, and not credited towards, your Local Marketing Commitment.

(c) Advertising Standards. All your advertising must be completely factual, conform to the highest standards of ethical advertising and comply with all Laws. You must ensure your advertisements and promotional materials do not infringe upon the intellectual property rights of others. You must comply with any minimum advertised pricing policy we establish from time to time.

(d) Extraterritorial Advertising. You may advertise and market outside your Territory as long as you: (i) comply with all policies and procedures in the Manual governing extra-territorial marketing; and (ii) do not engage in targeted marketing directed into another Restaurant's territory (unless conducted as part of an advertising cooperative that includes the affected territory). Marketing that is distributed, circulated or received both in your Territory and another Restaurant's territory is not "targeted marketing" if: (i) you use reasonable efforts to limit circulation or distribution of the advertising to areas in your Territory; and (ii) most recipients of the advertising are located in your Territory and there is only incidental circulation or distribution in another Restaurant's territory. The meaning of "targeted marketing" that is "directed into a territory" may be further defined in the Manual. Examples include direct mail sent to addresses in a given territory, digital advertising sent to devices with IP addresses registered in a given territory and conducting promotional events in a given territory.

(e) Advertising Approval. Prior to use, we must approve all advertising and marketing programs and materials you intend to use, including all materials we did not prepare or previously approve, or that we prepare or approve and you modify. We must also approve the media you use. You may not use any advertising materials, programs or media that we have not approved or that we approve and later disapprove. We have 15 days to review and approve or disapprove advertising and marketing materials and programs you submit. Our failure to approve them within the 15-day period constitutes our disapproval. Any advertising you propose and we approve is an "Improvement" for purposes of §16.5.

(f) Social Media. You may promote your Restaurant using social media provided that: (i) you only utilize social media platforms we approve; (ii) you strictly comply with our social media policy; (iii) you immediately remove any post we disapprove; (iv) you contract with any social media company we designate upon request; and (v) we own all social media accounts relating to your Restaurant and retain full administrator rights.

(g) Internet and Websites. Without our prior approval, you may not: (i) develop, host, or otherwise maintain a website (or other digital presence) that references our Marks; (ii) conduct digital or online advertising or marketing; or (iii) engage in ecommerce.

11. OPERATING STANDARDS.

11.1. Generally. You must operate your Restaurant in full compliance with this Agreement, the Manual and our standards in order to maintain the goodwill associated with the Marks.

11.2. Brand Standards Manual. You must develop and operate your Restaurant in strict compliance with the Manual. The Manual may contain, among other things:

(a) architectural plans and specifications for the design, dimensions, layout, equipping and trade dress for a prototype Restaurant;

(b) a list of (i) goods and services (or specifications for goods and services) you must purchase to develop and operate your Restaurant and (ii) designated and approved suppliers;

(c) a description of the menu items, beverages, merchandise, retail items and other goods and services that we authorize for sale from your Restaurant;

(d) recipes, specifications, techniques, methods, operating procedures and quality standards; and

(e) policies and procedures pertaining to: (i) reporting and data entry; (ii) accounting and bookkeeping; (iii) insurance; (iv) marketing and advertising; (v) gift card and loyalty programs;

(vi) catering and/or delivery service; (vii) data ownership, use, transfer and protection; and (viii) any other matters we deem appropriate.

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by Restaurants. We can modify the Manual at any time. Modifications are binding at the time we notify you of the change, subject to any "grace period" we provide to implement the change. All mandatory provisions in the Manual (whether included now or in the future) are binding on you. The Manual may consist of written text as well as videos, tutorials, training modules, recordings and/or other means of communication.

11.3. Authorized Goods and Services. You must offer all food, beverage, merchandise and other goods and services we require from time to time in our commercially reasonable discretion. You may not offer any other goods or services without our prior approval. We may change authorized goods and services at any time and you must comply with our instructions regarding same. Any such change shall not constitute a termination of this Agreement.

11.4. Preparation of Menu Items. All of our proprietary lines of menu items and food products must be prepared only by properly trained personnel and strictly in accordance with our recipes, techniques and processes (including the handling and storage of both ingredients and fully prepared menu items). These requirements are integral to the System and necessary in order to: (a) ensure all menu items produced at your Restaurant meet our high standards for health and wellness, taste, texture, appearance and freshness; and (b) protect the goodwill associated with our Marks. Your failure to adhere to these requirements will be detrimental to the System and Marks.

11.5. Sales Restrictions. You may only sell to retail customers while they are present at the Restaurant; *provided, however*, that you may offer (or we may require you to offer) catering and delivery service in compliance with all associated policies and procedures in the Manual, including use of designated third-party delivery service providers, pricing policies and restrictions on catering/delivery service areas. You may not contract with any delivery service provider without our prior approval. Unless you receive our prior approval, you may not: (a) offer or sell food, beverage, merchandise or other goods or services from any location other than your Restaurant's premises or via approved catering or delivery service; (b) produce, sell or provide food, beverage, merchandise or other goods or services through any other channel of distribution, including through ghost kitchens or ecommerce sites; (c) sell food, beverage, merchandise or other goods or services to any Person for purposes of resale; (d) use, or allow any other Person to use, the kitchen in your Restaurant as a ghost kitchen (or in any similar capacity) to prepare menu items for other brands or culinary concepts; (e) operate any co-branding marketing system; or (f) permit any vending machines, gaming machines, ATM machines or similar mechanical devices to be placed in your Restaurant.

11.6. Pricing. We will provide you with our suggested retail pricing. You may deviate from our suggested retail pricing at your discretion; *provided, however,* that: (a) you must obtain our approval of any deviation more than 5% higher or lower than our suggested retail pricing unless such pricing is part of a temporary advertising campaign we approved; and (b) we may set maximum or minimum prices on the goods and services you sell to the extent permitted by applicable Law. We may require that you include an up-charge for any items we authorize you to sell via delivery service.

11.7. Customer Payments. You must, at your expense, lease or purchase the necessary equipment and/or software and have arrangements in place with Visa, MasterCard, American Express and all other credit card issuers we designate, in order for you to be able to accept such methods of payment from customers. You must accept debit cards, credit cards, stored value cards, and other non-cash systems (including, for example, Apple Pay and/or Google Wallet) that we specify. You must acquire and install all necessary hardware and/or software used in connection with these non-cash systems.

11.8. Suppliers and Purchasing.

(a) Generally. You must purchase, lease or license, as applicable, all goods, services and other items required by the Manual. You must only purchase goods and services that satisfy all standards and specifications we designate. You must comply with all sourcing and supplier restrictions we impose from time to time.

(b) System Suppliers. In accordance with the Manual, you must purchase certain goods and services exclusively from suppliers we designate or approve. The Manual may designate us or our affiliate as a designated or approved supplier. We and our affiliates may generate a profit from these purchases. We are currently the exclusive designated supplier for all employee uniforms and certain items bearing our Marks (such as plates and bowls). Our right to specify the suppliers you use is necessary so we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and operation of Restaurants, protect our trade secrets, negotiate bulk purchase discounts and protect the reputation and goodwill associated with our System and Marks. You must immediately discontinue purchasing from any supplier we disapprove.

(c) Approval Process. If you wish to purchase alternative goods or services or you wish to purchase from an alternative supplier, you must send us a request for approval that: (i) identifies the proposed supplier and the goods/services to be purchased; (ii) includes all information we require about the goods/services and the supplier (including the supplier's qualifications, reputation, financial strength and production capabilities); and (iii) includes product samples for examination and testing purposes. We may condition our approval on the supplier's agreement to comply with our minimum insurance, indemnification and confidentiality requirements for system suppliers. We will approve or disapprove your request within 30 days after we receive all required information and samples. Your request is deemed disapproved if we fail to issue our approval within the 30-day period. You must reimburse all costs we incur to review suppliers or goods/services you propose. We need not consider substitute goods or alternative suppliers for goods that are proprietary or branded with our Marks.

(d) Payment Disputes. You understand that: (i) your failure to timely pay a system supplier may jeopardize the supplier's relationship with us and other franchisees; and (ii) a supplier's termination of its relationship with us or refusal to supply goods or services to our franchisees may cause significant harm to us and our franchisees. Accordingly, you agree to promptly pay all amounts owed to system suppliers except as otherwise permitted by this Section. If you have a bona-fide dispute with a supplier that you believe justifies non-payment or partial payment, you must promptly notify the supplier of the particulars of your Claim and diligently pursue resolution of the Claim or prosecution of appropriate legal action. Any trade debt that remains unpaid more than 30 days after its due date constitutes a material breach of this Agreement unless, before the end of the 30-day period: (i) you and the supplier agree to alternative payment terms; or (ii) you initiate appropriate legal action to contest the trade debt.

(e) Supplier Payments. We may receive rebates, benefits and other consideration from suppliers based on your purchases, leases or licenses. We may retain these payments as compensation and reimbursement for time and expenses we incur to negotiate and manage supplier relationships. We have no obligation to pass them through to you or use them for any particular purpose (except as otherwise agreed to by us and a supplier).

(f) Disclaimer of Liability. Provided that we designate or approve system suppliers in good faith, we have no liability to you for their acts, errors or omissions including, without limitation, defective or tainted goods, delayed delivery or inability to meet demand. With respect to goods purchased from us or our affiliate, you acknowledge that we or our affiliate purchase the goods from third-party manufacturers or suppliers and resell them to you as a convenience. If you have any type of Claim relating to the purchase of goods or services from a system supplier, your sole recourse shall be against the supplier. If we or our affiliate are the supplier, your sole recourse shall be against the manufacturer or supplier from whom we or our affiliate acquired the goods unless both: (i) the Claim arises from our (or our affiliate's) failure to supply the goods in breach of our obligations under this Agreement; and (ii) our (or our affiliate's) failure to supply the goods is not caused by a Force Majeure event. ***We and our affiliates make no warranties or***

representations and expressly disclaim all warranties and representations, including the implied warranties of merchantability and fitness for a particular purpose, with respect to goods or services you purchase from system suppliers.

11.9. Equipment Maintenance and Changes. You must maintain your equipment in good condition and promptly replace or repair any equipment that is damaged, worn-out or obsolete. We may require that you change your equipment. Our right to require significant equipment changes is critical to our ability to administer and change the System and you must comply with these changes within the time period we reasonably specify.

11.10. Technology Systems.

(a) Generally. You must acquire and utilize all Technology Systems we require from time to time. Technology Systems may relate to matters such as: purchasing; pricing; accounting; order entry; inventory control; security; data storage, retrieval and transmission; customer information; customer loyalty; marketing; communications; copying, printing and scanning; or any other business purpose we deem appropriate. We may require that you acquire new or substitute Technology Systems and/or replace, upgrade or update existing Technology Systems at your expense upon reasonable prior notice. You are solely responsible for: (i) the acquisition, operation, maintenance, updating and upgrading of your Technology Systems; (ii) the manner in which your Technology Systems integrate and interface with our computer system and those of third parties; and (iii) any consequences resulting from improper use or operation, or failure to properly maintain, update or upgrade, Technology Systems.

(b) Use and Access. You must use Technology Systems in accordance with the Manual and comply with all associated data entry policies. You may not load or permit any unauthorized programs or games on your Technology Systems. You must ensure your employees are adequately trained in the use of the Technology Systems. You agree to take all steps necessary to provide us with independent and unlimited access to data collected by or through your Technology Systems, including Gross Sales data for purposes of calculating fees owed. Upon request, including upon termination or expiration of this Agreement, you must provide us with user IDs and passwords for your Technology Systems.

(c) Disruptions. You are solely responsible for protecting against computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems and attacks by unauthorized Persons. Upon request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions.

(d) Third-Party Technology. You understand and agree that we and our affiliates: (i) do not own certain Technology Systems (or components thereof) that you must use to operate the Restaurant (i.e., Third-Party Technology); and (ii) have no liability to you for any losses, damages or expenses you incur as result of Third-Party Technology not functioning properly. Accordingly, you hereby: (i) waive any and all Claims against us or our affiliates relating to Third-Party Technology; and (ii) acknowledge your sole recourse for any liabilities, losses, damages or expenses you incur due to improperly functioning Third-Party Technology shall be against the owner or licensor of such Third-Party Technology.

(e) Email Accounts. We may, but need not, provide you with email addresses. We may charge you our then-current fee for each email address we provide (this fee is added to the technology fee described in §11.10(f) below). You must exclusively use these email addresses for all communications with us, customers, suppliers and other Persons relating to your Restaurant. You may not use them for any purpose unrelated to your Restaurant. We own the email addresses and accounts but allow you to use them during the Term.

(f) Fees and Costs. You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading Technology Systems. Certain Technology Systems must be purchased or licensed from third-party suppliers. We and/or our affiliate may develop proprietary Technology Systems (or components thereof) that become part of our System. If this occurs, you agree to: (i) pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon request, sign our prescribed form of license agreement governing use of proprietary Technology Systems (or components thereof). We may enter into master agreements with licensors of Third-Party Technology and charge you for amounts we pay to them based on your use of their Third-Party Technology. The technology fee includes all amounts you pay us and our affiliates relating to Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to suppliers of Third-Party Technology. The technology fee may change based on changes to Technology Systems or prices charged by third parties with whom we enter into master agreements. The technology fee may include a reasonable administrative fee for the time, money and resources we invest to administer the technology platform and associated components, negotiate and manage contracts with third-party licensors, and collect and remit technology fees owed to third-party licensors on behalf of franchisees under master license arrangements. The technology fee does not include amounts you pay directly to third-party suppliers. The technology fee is due 10 days after invoicing or as we otherwise specify. We list the current technology fee in the Manual.

11.11. Remodeling and Maintenance. We may periodically require you to remodel and renovate your Restaurant to conform to our then-current standards and specifications. We will not require you to spend more than $50,000 on remodeling and renovations of your Restaurant during the Term (excluding the cost of pre-opening remodeling and renovations). However, there is no limit on the cost of remodeling and renovations we may require as a condition to renewal of your franchise rights. You may not remodel or renovate your Restaurant without our prior approval. We will not approve any remodeling or renovations that conflict with our then-current standards and specifications. You must maintain your Restaurant in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals and alterations, at your sole expense, to conform to our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your sole expense: (a) thorough cleaning, repainting, redecorating of the interior and exterior of the Restaurant's premises at the intervals we prescribe (or at such earlier times that such actions are required or advisable); and (b) interior and exterior repair of the Restaurant's premises as needed. You must comply with any maintenance, cleaning or facility upkeep schedule we prescribe.

11.12. System Programs.

(a) Generally. We may periodically develop and implement membership, loyalty, gift card and other system-wide programs. You must fully participate in all programs we designate as mandatory. In order to participate you must: (i) comply with all policies and procedures we establish for program participation; (ii) purchase or license and utilize all equipment, software, mobile applications, technology and others items we designate as being necessary for program participation and pay all associated fees and costs; and (iii) pay us, our affiliate, or a third party we designate, all program fees, contributions or other amounts we require for program participation (collectively, "Program Participation Rules"). Program Participation Rules may be set forth in the Manual. We may change Program Participation Rules at any time and you must comply with the change. We may develop and implement new or successor programs and/or modify or terminate existing programs at any time.

(b) Loyalty Program. You must fully participate and implement all required customer loyalty, rewards and other affinity programs designed to increase customer loyalty, generate new customers or improve overall demand for Restaurants.

(c) Gift Card Program. You must participate in any gift card program we establish and honor all gift cards, even if purchased from us or another Restaurant. You may not offer or sell any gift cards we have not approved. We have the right to: (i) determine how gift card proceeds are divided or otherwise accounted for; (ii) require that gift card proceeds be paid to us or deposited into a trust account we control for subsequent disbursement to the Restaurant(s) where the gift card is redeemed; and (iii) retain proceeds from unredeemed gift cards.

11.13. Hours of Operation. Your Restaurant must be open for business during the minimum days and hours of operation set forth in the Manual, subject to any conflicting requirements in your lease or imposed by Law. You must establish specific days and hours of operation and submit them to us for approval.

11.14. Standards of Service & Professionalism. You must treat your employees and customers, and our staff, with honesty and respect. You and your staff must provide prompt, courteous, friendly and efficient service to all customers and ensure all interactions with customers are conducted in a professional and ethical manner. If you receive a customer complaint, you must follow the complaint resolution process we specify to protect the goodwill associated with the Marks.

11.15. Quality Assurance Programs. For quality control purposes we may periodically: (a) inspect your Restaurant in accordance with §6.4 and §15.1; and/or (b) hire mystery shoppers or quality assurance firms to inspect your Restaurant. Inspections may address a variety of issues, including customer service, food safety, sanitation, inventory rotation, etc. You must fully cooperate with all inspections. We may require that you directly pay any mystery shopper or firm we hire for the cost of the inspection. Alternatively, we may pay for the cost of the inspection and require you to reimburse us. We may implement a scoring system pursuant to which each Restaurant receives a "grade" or "score" based on inspection results. Failure to achieve a passing grade or score constitutes a default under this Agreement. You must implement all corrective measures we require within the time period we specify to rectify any noncompliance issues revealed by an inspection.

11.16. Failure to Comply with Standards. You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and goodwill associated with the Marks. If we notify you of a breach of our standards or operating procedures (including failure to submit required reports in a timely manner) and you fail to cure within the time period we prescribe, we may (in addition to our other remedies under this Agreement) impose a noncompliance fee of $300 per occurrence. We may impose a separate $300 fee every 48 hours the same noncompliance issue remains uncured after we impose the initial fee. Any noncompliance fees we collect are paid in consideration of us refraining from exercising our contractual right to terminate this Agreement. If you fail to cure a breach before the expiration of the cure period (if any) and we take steps to cure the breach (for example, obtaining required insurance coverage on your behalf or paying amounts you owe to system suppliers), then you must reimburse all costs and expenses we directly or indirectly incur in connection with our efforts to cure the default. Your payment of noncompliance fees and default expense reimbursements does not preclude us from terminating this Agreement in accordance with §19.2 if the default continues after we collect these amounts.

12. FEES

12.1. Initial Franchise Fee. You agree to pay us a $40,000 initial franchise fee in one lump sum at the time you sign this Agreement (or, if applicable, any discounted initial franchise fee specified in an area development agreement signed by you and us). The initial franchise fee is fully earned by us and nonrefundable once this Agreement is signed.

12.2. Royalty Fee. On each royalty fee due date, you must pay us a royalty fee equal to 5% of Gross Sales generated during the immediately preceding reporting period. The current reporting periods run from: (a) the first (1st) through the 15th day of each month; and (b) the 16th through the last day of each month. The royalty fee due date for Gross Sales generated during a given reporting period is the fifth (5th) business day after the end of such reporting period. We may periodically change the reporting periods and royalty fee due date through updates to the Manual.

12.3. Other Fees and Payments. You must pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in §12. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based on goods or services you sell or goods or services we furnish to you, excluding income taxes imposed on us based on fees you pay us under this Agreement.

12.4. Due Date & Late Fee. Payments are due 10 days after invoicing unless otherwise specified. If any sum due under this Agreement has not been received by us when due or there are insufficient funds in your Account to cover the sum when due, then in addition to this sum you must pay us $100 plus default interest on the amount past due at a rate equal to the lesser of 18% per annum (pro-rated on a daily basis) or the highest rate permitted by applicable Law. We will not impose a late fee for any amount paid pursuant to §12.5 if, but only to the extent that, sufficient funds were available in your Account to be applied towards the payment when due; *provided, however*, that if we are unable to determine the amount due because of your failure to record sales or submit Gross Sales reports in a timely manner, we may assess a late fee on the entire amount that was due. This §12.4 shall not constitute our agreement to accept late payments or extend credit to you.

12.5. Method of Payment. No later than 15 days after the Effective Date, you must send us a completed and executed ACH Agreement authorizing us to electronically debit your designated Account for all amounts owed to us and our affiliates on the applicable due date, excluding any amounts due within 15 days after the Effective Date. You must sign all other documents required by us or your bank to enable us to debit your Account for amounts owed. You must deposit all Gross Sales into the Account and ensure sufficient funds are available for withdrawal before each payment due date. If there are insufficient funds in your Account, any excess amounts you owe will be payable upon demand, together with any late fee imposed pursuant to §12.4. We may also impose a $50 NSF fee for each instance where either: (a) there are insufficient funds in your Account to cover amounts owed when due; or (b) a check you issue to us is returned due to insufficient funds.

12.6. CPI Adjustments. We may periodically adjust all fees (including minimum fees) expressed as a fixed dollar amount based on changes to the U.S. Consumer Price Index (CPI). We may periodically review and increase these fees based on CPI changes, but only if the then-current CPI ("Current CPI") is more than 5% higher than the corresponding CPI in effect on: (a) the Effective Date of this Agreement (for the initial fee adjustment); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments) ("Baseline CPI"). The adjusted fee is calculated by multiplying the current fee by the sum of one (1) plus a fraction: (a) the numerator of which is Current CPI minus Baseline CPI; and (b) the denominator of which is Baseline CPI. We may utilize any CPI index series published by the U.S. Department of Labor or any comparable Governmental Authority that we deem appropriate. We currently use the following index: All Urban Wage Earners and Clerical Workers (CPI-W), U.S. City Average (1982-84 = 100), "All Items". We will notify you of any CPI adjustment at least 60 days before it becomes effective. We may implement no more than one (1) fee adjustment during any five (5) year period. If we decline to exercise our right to increase fees in a given five (5) year period despite a 5% or greater CPI increase, that potential fee increase will accumulate and may be carried forward and applied in connection with a subsequent fee adjustment.

13. BRAND PROTECTION COVENANTS.

13.1. Reason for Covenants. The Intellectual Property, training and assistance we provide would not be acquired except through implementation of this Agreement. You agree that competition by you, the Owners or Persons associated with you or the Owners (including family members) could seriously jeopardize our franchise system because you and the Owners receive an advantage through knowledge of our day-to-day operations and Know-how. You and the Owners agree to comply with the covenants in §13 to protect the Intellectual Property and our franchise system.

13.2. Intellectual Property & Confidential Information. You and the Owners agree to: (a) refrain from using any Intellectual Property or Confidential Information in any business or for any purpose other than the operation of your Restaurant pursuant to this Agreement; (b) maintain the confidentiality of our Confidential Information at all times; (c) refrain from making unauthorized copies of documents containing Confidential Information; (d) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (e) stop using the Intellectual Property and

Confidential Information immediately upon the expiration, termination or Transfer of this Agreement (any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement must stop using the Intellectual Property and Confidential Information immediately at the time he or she ceases to be an Owner).

13.3. **Unfair Competition**. You and the Owners may not engage in any Prohibited Activities during the Term or Post-Term Restricted Period. Notwithstanding the foregoing, you and the Owners may have an interest in a Competing Business during the Post-Term Restricted Period as long as the Competing Business is not located within the Restricted Territory. If you or an Owner engage in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competing Business permitted by this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity. For purposes of clarity, you and the Owners remain bound by any non-competition covenants in other Definitive Agreements that remain in effect for a period of time that extends beyond the expiration of the Post-Term Restricted Period under this Agreement, and the expiration of the Post-Term Restricted Period under this Agreement does not in any way diminish your or the Owners' obligation to comply with such covenants.

13.4. **Family Members**. Because (a) an Owner could circumvent the intent of §13 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child or grandchild) and (b) it would be difficult for us to prove whether the Owner disclosed Confidential Information to the family member, each Owner agrees that he or she will be presumed to have violated the terms of §13 if any member of his or her immediate family engages in any Prohibited Activity during the Term or Post-Term Restricted Period or uses or discloses Confidential Information. However, the Owner may rebut this presumption with evidence conclusively showing he or she did not disclose Confidential Information to the family member.

13.5. **Employees.** All employees, officers, directors, independent contractors and other Persons associated with you or your Restaurant must sign and send us a Confidentiality Agreement before accessing our Confidential Information. Any Person who signs a Brand Protection Agreement need not sign a Confidentiality Agreement. You must: (a) use best efforts to ensure these individuals comply with the Brand Protection Agreements and Confidentiality Agreements, as applicable; (b) immediately notify us of any breach that comes to your attention; and (c) reimburse us for all expenses we incur to enforce a Brand Protection Agreement or Confidentiality Agreement, including attorneys' fees and court costs.

13.6. **Covenants Reasonable.** You and the Owners agree that: (a) the covenants in §13 are reasonable both in duration and geographic scope; (b) our use and enforcement of similar covenants with other franchisees benefits you and the Owners by preventing them from unfairly competing with your Restaurant; and (c) you and the Owners have sufficient resources, business experience and opportunities to earn an adequate living while complying with the covenants in §13.

13.7. **Breach of Covenants**. You and the Owners agree that: (a) any breach of §13 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at Law; and (b) we are entitled to injunctive relief if you or an Owner breach §13, together with any other relief available at equity or Law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires us to post a bond despite our agreement to the contrary, the bond amount may not exceed $1,000. No remedy available to us under this Agreement is exclusive of any other, but may be combined with others under this Agreement, or at Law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

14. YOUR OTHER RESPONSIBILITIES

14.1. **Insurance.** For your protection and ours, you agree to maintain the following insurance policies:

(a) "all risk" property insurance, including coverage for fire, vandalism and malicious mischief, with minimum coverage for full replacement cost, covering all assets including inventory, furniture, fixtures, equipment and other property used to operate the Restaurant;

(b) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Restaurant containing minimum liability protection of $1,000,000 combined single limit per occurrence and $2,000,000 in the aggregate;

(c) umbrella insurance containing minimum liability protection of $1,000,000 combined single limit per occurrence and $2,000,000 in the aggregate;

(d) business interruption insurance providing coverage for 100% of all expenses and financial obligations for a minimum period of 12 months (including fees owed to us, which shall be deemed to include average monthly royalty fees and brand fund contributions imposed during the 12-month period preceding the event triggering coverage under the insurance policy);

(e) employer's liability insurance containing minimum liability protection of $1,000,000 combined single limit per occurrence and $2,000,000 in the aggregate;

(f) worker's compensation insurance as required by Law;

(g) any insurance required under your lease or by Law; and

(h) any other insurance we specify in the Manual from time to time.

These policies reflect our minimum requirements and may not be adequate to fully protect your interests. You may wish to procure additional coverage. You must provide us with proof of coverage: (a) prior to opening; (b) within 10 days after a policy renewal; and (c) any other time on demand. You must obtain these policies from licensed insurance carriers rated A or better by AM Best. Each policy must satisfy all requirements in the Manual and be endorsed to: (a) name us and our owners, officers and directors as additional insureds; (b) waive all subrogation rights against us; and (c) provide us with at least 10 days' prior written notice of the termination, expiration, cancellation or modification of the policy. We may disapprove any policy that fails to meet these criteria, and you must immediately secure a new policy meeting our criteria. Upon 10 days' notice, we may increase the minimum liability coverage amount of any policy and/or require different or additional types of insurance due to inflation, special risks, changes in Law or standards of liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain a required policy we may, at our option, obtain the policy on your behalf. If we do so, you must promptly sign any application or other form required to obtain the policy and reimburse all premiums and other costs we incur.

14.2. Books and Records. You must prepare complete and accurate books, records, accounts and tax returns pertaining to your Business and keep copies for at least five (5) years after their preparation. We may require you to prepare your books and records in compliance with our bookkeeping and accounting standards and policies in the Manual. You must send us copies of your books and records within seven (7) days of our request. You must provide us with independent access to your QuickBooks Online account (or any other online accounting system you use) with permission to read all reports.

14.3. Reports.

(a) Generally. You must prepare all reports we require including, without limitation, the reports described below. Reports must be prepared in the form and manner we specify. You must send us a copy of any report we require upon request. We also have the right to independently access your Technology Systems to retrieve and compile Business Data and generate any reports we deem appropriate, including Gross Sales reports.

(b) Report of Initial Investment Costs. To assist us in updating our Franchise Disclosure Document, you must complete and send us a report, in the form we designate, listing all expenses you incur in connection with the development and opening of your Restaurant. You must send us the completed report within 60 days after the opening date of your Restaurant.

(c) Gross Sales Reports. No later than each royalty fee due date, you must prepare and send us a statement of your Gross Sales for the immediately preceding reporting period. If you miscalculate Gross Sales, you must notify us of the error no later than the end of the next Gross Sales reporting period. Otherwise, you will not be entitled to any refund or credit of any fees paid to us based on previously reported Gross Sales.

(d) Advertising Expenditure Reports. No later than 30 days after the expiration of your grand opening period, you must prepare and send us a report detailing your expenditures on your grand opening marketing campaign in accordance with §10.3(a) No later than the 10th day of each month, you must prepare and send us a monthly report detailing your expenditures incurred during the prior month on local advertising required by §10.3(b). All advertising expenditure reports must include copies of receipts for the reported expenditures.

14.4. Financial Statements. No later than the 15th day of each month, you must prepare and send us a monthly balance sheet and profit and loss statement for your Business for the prior month. Within 90 days after the end of each calendar year, you must prepare and send us a balance sheet (as of the end of the calendar year) and profit and loss statement for the prior calendar year. Financial statements must be: (a) verified and signed by you certifying to us that the information is true, complete, and accurate; (b) prepared on an accrual basis in compliance with Generally Accepted Accounting Principles; and (c) submitted in any format we reasonably require. We may require that your financial statements be reviewed or audited by a certified public accountant if you submit materially inaccurate financial statements on a prior occasion. You must send us a copy of any financial statement required by this Section upon request. You hereby authorize us to disclose Operational Data to prospective franchisees, Governmental Authorities and other Persons for any reasonable business purpose, provided the disclosure is not prohibited by applicable Law.

14.5. Legal Compliance. You must secure and maintain all required licenses, permits and regulatory approvals and operate your Restaurant in compliance with all applicable Laws.

14.6. Reportable Events. You must notify us within two (2) business days after you become aware of any of the following (each, a "Reportable Event"):

(a) the occurrence of an incident at your Restaurant involving significant personal injury;

(b) the issuance of a citation or notice of violation by a Governmental Authority (or the commencement of an inquiry you believe is reasonably likely to lead to a citation or notice of violation) relating to a health or safety matter involving your Restaurant;

(c) the commencement (or written threat) of an action, suit or proceeding against you, your Owners and/or your Restaurant that is reasonably likely to materially and adversely affect you, your Restaurant or the goodwill associated with the Marks; or

(d) the conviction or indictment of any Owner for a felony or other crime reasonably likely to materially and adversely affect you, your Restaurant or the goodwill associated with the Marks.

14.7. Data Ownership and Protection. We are the exclusive owner of all Business Data, whether collected by you, us or any other Person. We hereby grant you a license to use the Business Data solely for purposes of operating your Restaurant in compliance with this Agreement. You must protect all Customer Data with a level of control proportionate to the sensitivity of data. You must adhere to applicable privacy Laws with respect to data which, if compromised, could have a negative impact on our image or consumer confidence. You must comply with all applicable data protection Laws and our data processing and data privacy policies in the Manual (if any). Upon request, you must sign any data processing or data privacy agreement required by us or by Law. You further agree to: (a) obtain, maintain and adhere to all applicable compliance standards established by PCI-DSS; (b) establish appropriate administrative, technical and physical controls consistent with Law and PCI-DSS to preserve the security and confidentiality of credit card information (in any form) that you store, process, transmit or come in contact with; (c) promptly notify us if you suspect, or there has been, a security breach or potential compromise of credit card information; (d) provide us with updates regarding the status of PCI-DSS via completed PCI AOC (Attestation of Compliance), PCI-DSS SAQ (Self-Assessment Questionnaire) or other mutually-agreed method; and (e) promptly notify us of any PCI-DSS noncompliance to discuss your remediation efforts and timeline.

15. INSPECTION AND AUDIT

15.1. <u>Inspections</u>. For quality control purposes and to ensure compliance with this Agreement, we (or our representative) may enter your Restaurant, evaluate your operations and inspect your books, records, accounts and tax returns. We will determine the scope of the inspection, which may include, among other things:

(a) evaluating the physical condition of your Restaurant for cleanliness, sanitation and state of repair;

(b) examining and copying your books, records, accounts and tax returns;

(c) inspecting and testing your equipment;

(d) sampling your menu items and removing samples of food and inventory items for testing;

(e) monitoring and speaking with your staff; and

(f) contacting your landlord and customers.

We may conduct inspections at any time without prior notice. During the inspection, we (or our representative) will use reasonable efforts to minimize any interference with the operation of your Restaurant. You and your employees must cooperate and not interfere with the inspection. You consent to us accessing your Technology Systems and retrieving any Business Data we deem appropriate. You must reimburse us for all Travel Expenses and other costs we incur to conduct an inspection to determine if you remedied: (a) a health or safety issue identified by a Governmental Authority; or (b) a breach of our system standards we brought to your attention. We bear the cost of all other inspections.

15.2. <u>Audit</u>. We may audit your books and records at any time. You must fully cooperate with us and any Person we hire to conduct the audit. If an audit reveals an understatement of Gross Sales, you must immediately pay us all additional fees you owe together with any late fee imposed pursuant to §12.4. You must reimburse us for the cost of any audit (including reasonable accounting and attorneys' fees and Travel Expenses incurred by us or the auditor) that: (a) is required due to your failure to provide information we request, preserve records or file reports as required by this Agreement; or (b) reveals an understatement of Gross Sales by at least 2%. We bear the cost of all other audits. Your reimbursement of our audit costs does not preclude us from terminating this Agreement.

16. INTELLECTUAL PROPERTY

16.1. <u>Ownership and Use</u>. You acknowledge that: (a) we are (or our affiliate is) the exclusive owner of the Intellectual Property and the associated goodwill; and (b) your right to use the Intellectual Property is derived solely from this Agreement and is limited to a license to operate your Restaurant during the Term pursuant to, and only in compliance with, this Agreement and the Manual. You may not use the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You must comply with all provisions in the Manual governing use of the Intellectual Property. You will not acquire any goodwill, title or interest in or to the Intellectual Property.

16.2. <u>Intellectual Property Changes</u>. We may change the Intellectual Property at any time in our sole discretion, including by changing the Copyrighted Materials, Know-how, Marks and/or System. You must implement all Intellectual Property changes we require in accordance with our instructions. If we require you to discontinue use of our primary Mark, SILVERLAKE RAMEN™, we will reimburse you for up to $250 of your reasonable documented expenses of compliance, including changing signage, brochures, stationary, etc. Except for the reimbursement obligation set forth in the preceding sentence, we have no liability to you for any expenses, losses or damages you incur (including loss of goodwill associated with a Mark) as a result of any change to the Intellectual Property.

16.3. **Use of Marks**. You agree to: (a) use the Marks as the sole identification of your Restaurant; *provided, however*, that you must identify yourself as the independent owner of your Restaurant in the manner we prescribe; (b) prominently display the Marks in the manner we prescribe on or in connection with any advertising, promotional materials, displays, receipts, stationery and forms we designate to give notice of trademark and service mark registrations and copyrights; and (c) obtain any fictitious or assumed name registrations required by applicable Law. You may not: (a) use the Marks in any modified form or as part of a corporate or trade name or with any prefix, suffix, or other modifying words, designs or symbols (other than logos we license to you); (b) use the Marks when signing a contract, lease, check or other agreement or in any other manner that may cause confusion or imply we are liable for your obligations; (c) register or attempt to register a Mark, or a trademark confusingly similar to a Mark, with a Governmental Authority; or (d) challenge or contest the validity or ownership of our Marks.

16.4. **Use of Know-how**. We disclose our proprietary Know-how to you during training programs, in the Manual and through other guidance furnished during the Term. You do not acquire any interest in the Know-how other than the right to utilize it, during the Term, solely for purposes of developing and operating your Restaurant in compliance with this Agreement and the Manual.

16.5. **Improvements**. If you (or your Owner or employee) conceive of or develop an Improvement, you must send us a notice describing the Improvement. You must obtain our approval prior to using the Improvement. Any Improvement we approve may be used by us and any Person we authorize to operate a Restaurant, without any obligation to pay royalties or other fees to you or any other Person. You or your Owner or employee, as applicable, must assign ownership of the Improvement to us or our designee, without charge, together with all associated intellectual property rights, including the right to grant sublicenses. If applicable Law precludes you from assigning ownership to us, then you must grant us a perpetual royalty-free license to use, commercialize and sublicense the Improvement in any manner we deem appropriate.

16.6. **IP Disputes**. You must immediately notify us of any IP Dispute. You may not communicate with any Person other than us and our counsel in connection with the IP Dispute. We have sole discretion in deciding what action, if any, to take in response to an IP Dispute. We exclusively control all litigation and other proceedings relating to IP Disputes. You must execute all documents, render all assistance, and perform all acts that our counsel deems necessary or advisable to protect or maintain our interest in the proceeding and/or protect the Intellectual Property.

17. **INDEMNITY.** You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses they incur as a result of or in connection with:

(a) the marketing, use or operation of your Restaurant;

(b) the breach of a Definitive Agreement committed by you or your Owner or affiliate;

(c) the breach of an agreement with a third party committed by you or your Owner or affiliate;

(d) any representations made by you or your Owner to a transferee in connection with a Transfer;

(e) any Claim relating to taxes or penalties a Governmental Authority assesses against us as a direct result of your failure to pay or perform functions required of you under this Agreement;

(f) libel, slander or disparaging comments made by you or your Owners, officers, employees or independent contractors regarding the System, a Restaurant or an Indemnified Party (this provision does not apply to disclosure of truthful information to Governmental Authorities);

(g) any labor, employment or similar type of Claim pertaining to your employees (including Claims alleging we are a joint employer of your employees) or our relationship with you or your Owners (including

Claims alleging we are an employer of you and/or any of your Owners); or

(h) any actions, investigations, rulings or proceedings conducted by any Governmental Authority (including the United States Department of Labor, Equal Employment Opportunity Commission or National Labor Relations Board) relating to your employees.

You and your Owners must immediately notify us of any Claim or proceeding described above. The Indemnified Parties have the right, in their sole discretion, to: (a) retain counsel of their choosing to represent them with respect to the Claim; and (b) control the response thereto and the defense thereof, including the right to settle the Claim. You may participate in the defense at your expense. You must fully cooperate and assist the Indemnified Parties with defense of the Claim and reimburse all costs and expenses they incur in defending the Claim including, without limitation, mediation, arbitration or court expenses, expert fees and Travel Expenses incurred by attorneys or expert witnesses to attend proceedings or hearings relating to the matter. Your indemnification obligations survive, and continue in full force and effect after, the Transfer, termination or expiration of this Agreement.

Provided that you are in full compliance with all Definitive Agreements, we will indemnify you and your Owners and hold them harmless for, from and against any and all Losses and Expenses they incur as a result of or in connection with any Claim asserted against you and/or your Owners alleging that your use of our Marks in strict compliance with the terms of this Agreement and the Manual violates a third-party's intellectual property rights. You must promptly notify us of any such Claim and fully cooperate with our defense of the Claim.

18. TRANSFERS

18.1. By Us. This Agreement is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for any obligations incurred by us prior to the effective date of the assignment. We may also delegate our obligations under this Agreement to one or more Persons without assigning the Agreement.

18.2. By You. The rights and duties created by this Agreement are personal to you and the Owners. We are granting you franchise rights in reliance upon the character, skill, attitude, business ability and financial resources of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in a Transfer (other than a Permitted Transfer) without our prior approval. Any Transfer (other than a Permitted Transfer) without our approval is void and constitutes a breach of this Agreement. We will not unreasonably withhold our approval of a proposed Transfer if all of the following conditions are satisfied:

(a) we believe the proposed transferee has sufficient business experience, aptitude and financial resources to own and operate a Restaurant and meets our minimum criteria for franchisees;

(b) you and your affiliates and Owners are in full compliance with all Definitive Agreements;

(c) the transferee's owners successfully complete, or make arrangements to attend, the initial training program and the transferee pays us any applicable training fee;

(d) your landlord consents to the assignment of your lease to the transferee, or the transferee is diligently pursuing an approved substitute location within the Site Selection Area;

(e) the transferee and its owners obtain all licenses and permits required by applicable Law to own and operate the Restaurant;

(f) the transferee: (i) agrees to discharge and guarantee your obligations under this Agreement and any other agreement relating to the Business (including supplier contracts); and (ii) signs any agreement we require to confirm the foregoing;

(g) the transferee and its owners sign our then-current form of franchise agreement (unless we instruct you to assign this Agreement to the transferee) except that: (i) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement unless we specify otherwise; and (ii) the transferee need not pay a separate initial franchise fee;

(h) the transferee agrees to remodel the Restaurant and upgrade all furniture, fixtures and equipment to conform to our then-current standards and specifications (these changes must be completed within 12 months after the Transfer or such shorter period of time we specify);

(i) you or the transferee pay us a $15,000 transfer fee to defray expenses we incur in connection with the Transfer (if the transferee is found by a broker we engage, you must also reimburse us for all commissions we pay the broker, which amount shall be in addition to the transfer fee);

(j) you and your Owners sign a General Release;

(k) you agree to subordinate the transferee's financial obligations to you to the transferee's financial obligations owed to us pursuant to the franchise agreement (we may require you to enter into a written subordination agreement);

(l) we choose not to exercise our right of first refusal described in §18.5; and

(m) you or the transferring Owner, as applicable, and the transferee satisfy all other conditions we reasonably require as a condition to approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of any Claims we have against the transferor or our right to demand the transferee comply with all terms of the franchise agreement.

18.3. Permitted Transfers. You may engage in a Permitted Transfer without our prior approval, but you must: (a) give us at least 10 days' prior notice; and (b) upon our request, cause the former Franchisee Entity to sign a corporate guarantee in the format we require to secure performance of the new Franchisee Entity's financial obligations under all Definitive Agreements (if the Permitted Transfer results in a new Franchisee Entity). You and the Owners (and transferee) must sign all documents we reasonably request to effectuate and document the Permitted Transfer.

18.4. Owner Death or Disability. Within 180 days after an Owner's death or permanent disability, the Owner's Equity Interest in the Business or Franchisee Entity must be Transferred to another Person in compliance with §18.2 or §18.3. An Owner is deemed to have a "permanent disability" only if he/she has a medical or mental problem preventing him/her from substantially complying with his/her obligations under this Agreement or operating the Business in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.

18.5. Our Right of First Refusal. If you or an Owner wish to engage in a Transfer, you or the Owner, as applicable, must obtain and send us a bona-fide offer executed by the purchaser after completion of due diligence. We have 30 days after receiving the offer to decide whether to purchase the interest for the same price and upon the same terms contained in the offer, except we may substitute cash for any non-cash form of payment proposed in the offer. If we notify you within the 30-day period that we intend to purchase the interest, you or the Owner, as applicable, must sell the interest to us. We will have an additional 60 days to prepare for closing. You or the Owner, as applicable, must provide us with all customary representations and warranties regarding the title to and condition of the assets or Equity Interest that we purchase, or at our option, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to the terms of the offer, subject to the requirements of §18.2, including our approval of the transferee. If the sale is not completed within 120 days after we receive the offer, or there is a material change to the terms of sale, we will again have the right of first refusal specified in this Section. Our right of first refusal shall not apply to a Permitted Transfer.

19. TERMINATION

19.1. By You. You may terminate this Agreement if we commit a material breach and fail to cure within 90 days after receipt of a default notice specifying the nature of the breach. If you terminate pursuant to

§19.1, you must still comply with your post-term obligations described in §20 and all other obligations that survive the termination of this Agreement.

19.2. **By Us**. We may terminate this Agreement, effective upon delivery of a notice of termination, for any of the following reasons, all of which constitute material events of default and "good cause" for termination, and without opportunity to cure except for any cure period expressly set forth below:

(a) if you become insolvent by reason of your inability to pay your debts as they become due;

(b) if you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any Law, or you are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);

(c) if your Restaurant, or substantially all of its assets, are seized by a Government Official or taken over or foreclosed upon by a creditor, lienholder or lessor;

(d) if a final judgment against you remains unsatisfied for 30 days unless a supersedes or other appeal bond has been filed;

(e) if a levy of execution has been made upon the license granted by this Agreement or any property used in your Business and is not discharged within five (5) days of the levy;

(f) if the Managing Owner fails to satisfactorily complete initial training as required by §5;

(g) if you fail to identify an approved site or open your Restaurant before the associated deadlines set forth in §7.1 or §7.6, respectively;

(h) if you abandon or fail to operate your Restaurant for three (3) consecutive business days, unless the failure is due to Force Majeure (in which case §23.6 governs) or another reason we approve;

(i) if a Governmental Authority suspends or revokes a license or permit required to lawfully operate the Restaurant unless the suspension/revocation is overturned within 20 days thereafter;

(j) if you operate the Restaurant in a manner that presents a health or safety hazard to your customers, employees or the public and fail to cure within 24 hours after notice from us;

(k) if you underreport Gross Sales by at least 2% on two (2) or more occasions;

(l) if you fail to pay any amount owed to us, our affiliate or an approved or designated supplier within 10 days after demand for payment (subject to your right to dispute, in good faith, amounts owed to third-party suppliers in accordance with §11.8(d));

(m) if you fail to timely notify us of a Reportable Event in accordance with §14.6;

(n) if you (or an Owner) (i) are subject to a material administrative disciplinary action or (ii) plead no contest to, or are convicted of, a felony or other material crime;

(o) if you (or an Owner) fail to comply with a material Law applicable to your Restaurant;

(p) if you (or an Owner) commit an act that can reasonably be expected to materially and adversely affect the reputation of the System or goodwill associated with the Marks;

(q) if you (or an Owner) make a material misrepresentation to us at any time;

(r) if you (or an Owner) make an unauthorized Transfer;

(s) if you (or an Owner) use the Intellectual Property in an unauthorized manner;

(t) if you (or an Owner) breach a brand protection covenant in §13 or representation in §22.3;

(u) if an Owner (or their spouse) breaches a Franchise Owner Agreement;

(v) if the lease for your premises is terminated due to your default;

(w) if we send you three (3) or more default notices within a 12-month period (even if cured);

(x) if we (or our affiliate) terminate any Definitive Agreement, other than an area development agreement, due to a default committed by you (or your affiliate or an Owner); or

(y) if you (or an Owner) breach any other provision of this Agreement, including any mandatory provision in the Manual, and fail to cure within 30 days after receipt of a default notice.

If we send you a default notice we may cease to perform our obligations under this Agreement until you cure the breach, unless our failure to perform would materially impair your ability to cure.

19.3. By Mutual Agreement. If you and we mutually agree in writing to terminate this Agreement, any notice or cure period that might otherwise apply shall be deemed waived.

20. POST-TERM OBLIGATIONS.

20.1. Obligations of You and the Owners. After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

(a) immediately cease use of the Intellectual Property;

(b) comply with all post-term covenants described in §13 or a Franchise Owner Agreement;

(c) cancel all fictitious or assumed name registrations relating to your use of the Marks;

(d) pay us all amounts you owe;

(e) comply with our data retention policies relating to Business Data;

(f) comply with our instructions to return, destroy or transfer all copies of the Manual and Copyrighted Materials and all signs, menus, recipes, brochures, advertising and promotional materials, forms and other materials bearing the Marks or containing Confidential Information;

(g) alter the interior and exterior of the premises to the extent necessary, or to the extent we require, to prevent any further resemblance to or connection with a Restaurant or our System, including repainting the exterior and interior with new colors and removing trade dress, fixtures, signage, window decals and décor items associated with a Restaurant;

(h) notify all telephone, listing and domain name registration companies of the termination or expiration of your right to use: (i) any telephone numbers and/or domain names associated with your Restaurant; and (ii) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the foregoing companies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct these companies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and

(i) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Agreement.

Subsections (f), (g) and (h) above shall not apply if you Transfer your Restaurant to an approved transferee or we exercise our right to purchase your Restaurant. If an Owner transfers his or her entire Equity Interest in the Business or Franchisee Entity but you continue to operate the Restaurant pursuant to this Agreement, then this Section shall not apply to you (or to any remaining Owner) and the former Owner shall be subject only to the obligations set forth in subsections (a) and (b).

20.2. Purchase Option.

(a) Generally. Upon termination or expiration of this Agreement we have the option to purchase your Restaurant and/or its assets. If we choose to exercise our purchase option, we will notify you of the assets we wish to purchase (the "Acquired Assets") within 20 days after the termination or expiration date. If we exercise our purchase option we may require that: (i) you assign your lease to us at no additional charge (if you lease the premises); or (ii) you or your affiliate enter into a lease with us upon standard and commercially reasonable leasing terms, including rent at fair rental value, for a term of 10 years or such shorter term that we specify (if you or your affiliate own the real estate). The purchase price for the Acquired Assets will be: (i) the purchase price established by the parties (if mutually agreed upon); or (ii) the Appraised Value established in accordance with §20.2(b) below. We may, at our option, assign our purchase option to a designee of our choosing.

(b) Appraisal Process. If the parties cannot agree on the purchase price, the purchase price shall be the Appraised Value established in accordance with this Section. "Appraised Value" means the fair market value of the Acquired Assets as of the date this Agreement is terminated or expires, as applicable; *provided*, *however*, that fair market value shall not include any value for goodwill and/or the franchise rights granted by this Agreement. The parties shall attempt to mutually agree upon a single independent appraiser. If they fail to do so, either party may demand the appointment of three (3) appraisers in accordance with the following: (i) no later than 15 days after the demand, each party shall appoint one (1) appraiser and notify the other party of the appointed appraiser's name and contact information; and (ii) no later than 30 days after the demand, the two (2) appraisers appointed by the parties will jointly appoint a third (3rd) appraiser. If either party fails to appoint an appraiser within the 15-day period, then the appraiser appointed by the other party shall be deemed the single appraiser approved by the parties. You must promptly provide any documents or information requested by the appraisers. If a single appraiser is appointed, the purchase price shall be the Appraised Value established by the appraiser. If three (3) appraisers are appointed, the purchase price shall be: (i) the Appraised Value agreed upon by at least two (2) of the appraisers; or (ii) the average of the two (2) Appraised Values that are closest to each other if none of the appraisers agree upon the Appraised Value. Each party shall promptly pay 50% of the cost of the appraisal.

(c) Closing. The parties shall memorialize the acquisition by executing the form of Asset Purchase Agreement we reasonably prescribe, which shall include customary representations and warranties regarding title to and the condition of the Acquired Assets. At closing you must transfer good and clean title to the Acquired Assets, subject to any exceptions set forth in the Asset Purchase Agreement, and we must pay you the purchase price. We may deduct from the purchase price: (i) any amounts you owe us or our affiliates under any Definitive Agreements including, if applicable, any damages owed as a result of our termination of this Agreement due to your breach; and (ii) the amount of any liabilities we assume on your behalf, including future rent and pre-paid liabilities. We will have at least 60 days after the purchase price of the Acquired Assets has been established to close the transaction.

21. DISPUTE RESOLUTION.

21.1. Negotiation and Mediation. Except as otherwise provided below with respect to Excluded Claims, the parties shall attempt in good faith to resolve any Dispute through informal discussions and negotiations. If these efforts are unsuccessful, either party may submit the Dispute to mediation before a mutually-agreeable mediator prior to arbitration. All negotiations and mediation proceedings (including all discovery conducted therein and statements and settlement offers made by either party or the mediator in connection with the mediation): (a) shall be strictly confidential; (b) shall constitute "settlement negotiations" for purposes of federal and state rules of evidence; and (c) shall not be admissible or otherwise used for any purpose in any court or arbitration proceeding (except evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or made inadmissible simply because of its use in mediation). The mediator may not be called as a witness for any purpose in any court or arbitration proceeding. Any Dispute involving Claims alleging a breach of §13, §16 and/or §20 (referred to as "Excluded Claims") is not subject to mandatory negotiation or mediation unless both parties agree otherwise.

21.2. Arbitration. If a Dispute is not resolved by mediation within 60 days after a party makes a demand for mediation, then either party may submit the Dispute to mandatory and binding arbitration conducted pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The party filing the arbitration must initially bear the cost of any arbitration fees or costs. The arbitrators will not have authority to award exemplary or punitive damages. Any Dispute involving an Excluded Claim is not subject to mandatory arbitration unless both parties agree otherwise.

21.3. Litigation. If a Dispute involves an Excluded Claim, then either party may file a lawsuit in any state or federal court of general jurisdiction in accordance the choice of venue provision below. The parties hereby express their clear and unequivocal intent that a court, rather than a mediator or arbitrator, has exclusive jurisdiction to decide the threshold issue of whether a Dispute involves an Excluded Claim (i.e., whether any Claim alleges a breach of §13, §16 or §20).

21.4. Venue. All mediation, arbitration and litigation shall take place in the county in which we maintain our principal place of business at the time the Dispute arises (currently Los Angeles County, California). The parties irrevocably waive any objection to such venue and consent to the jurisdiction of such courts

21.5. Attorney's Fees and Costs. If a Dispute is resolved through an arbitration or judicial proceeding, the substantially prevailing party is entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees and arbitration or court costs. In addition, if you or an Owner breach any term of a Definitive Agreement, you must reimburse us for all reasonable legal fees and other expenses we incur as a result of the breach, regardless of whether the breach is cured prior to commencement of formal dispute resolution proceedings.

21.6. Waivers. UNLESS PROHIBITED BY APPLICABLE LAW, ANY CLAIM (OTHER THAN FOR PAYMENT OF MONIES OWED OR AN EXCLUDED CLAIM) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR MEDIATION WITHIN ONE (1) YEAR FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR OCCURRENCE GIVING RISE TO THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (a) TRIAL BY JURY; AND (b) THE RIGHT TO ARBITRATE OR LITIGATE A DISPUTE ON A CLASS ACTION BASIS.

22. REPRESENTATIONS.

22.1. Corporate Representations. You and the Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets are bound; (b) violate any order, injunction, decree, judgment or ruling of a Governmental Authority; or (c) violate any applicable Law. If the franchisee is an Entity, you and the Owners also jointly and severally represent and warrant to us that: (a) the Franchisee Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and perform its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement constitutes the legal, valid and binding obligation of, and is enforceable against, the Franchisee Entity in accordance with its terms.

22.2. General Representations. You and the Owners jointly and severally represent and warrant to us that you and the Owners are aware that: (a) other franchisees may operate under different forms of agreement and our obligations and rights with respect to franchisees differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other franchisees and we have no obligation to offer you the same or similar negotiated terms or concessions.

22.3. Anti-Terrorism Compliance. You and the Owners jointly and severally represent and warrant to us that, to the best of your and their knowledge: (a) no property or interest owned by you or any Owner is subject to being "blocked" under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of an Equity Interest in the

Business or Franchisee Entity) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name, alias, pseudonym, nickname or address on any Terrorist List, including the list of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at www.home.treasury.gov); and (c) you and the Owners are in compliance with, and shall continue to comply with, the Anti-Terrorism Law and all other U.S. Laws currently in effect, or enacted in the future, that prohibit corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government. The foregoing representations and warranties are 'continuing' representations and warranties for the duration of the franchise relationship. Accordingly, you must immediately notify us of the occurrence of an event or development of a circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

23. GENERAL PROVISIONS

23.1. Governing Law. Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship are governed by the Laws of the State of California (without reference to its principles of conflicts of law), but any Law of the State of California that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section. If your Restaurant is located outside of California, the public policies of the state in which your Restaurant is located shall govern the enforceability of non-competition covenants notwithstanding the California choice of law provision set forth above.

23.2. Relationship of the Parties. Nothing in this Agreement creates a fiduciary relationship between the parties or is intended to make either party a general or special agent, legal representative, joint venture, partner, employee or servant of the other for any purpose. Throughout the Term you must, in all dealings with third parties, conspicuously identify yourself as a franchisee and the independent owner of your Restaurant. We may require that you display a written notice of independent ownership, in the form we prescribe, at any location within your Restaurant that we specify. You must also include a written indication of independent ownership on all agreements, forms, letterhead, advertising materials, business cards and other materials that we specify. Neither party may: (a) make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other; or (b) represent that our relationship is other than franchisor and franchisee. Neither party is obligated by any agreement or representation made by the other party unless expressly authorized by this Agreement.

23.3. Severability. Each section of this Agreement (and portion thereof) is severable. If applicable Law imposes mandatory terms that conflict with this Agreement, the terms required by such Law shall govern to the extent of the inconsistency. If a court or arbitrator concludes any promise or covenant in this Agreement is unreasonable or unenforceable, we or the court or arbitrator may modify such promise or covenant to the minimum extent necessary to make it enforceable.

23.4. Waivers. Each party may waive any obligation imposed on the other party in writing. Neither party is deemed to have waived or impaired any of its rights under this Agreement, including the right to require strict compliance with all terms of this Agreement or terminate this Agreement if the other party fails to comply with such terms, by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by a party to exercise any right under this Agreement or require the other party to strictly comply with any term of this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other franchisees; or (d) our acceptance of payment from you after your breach.

23.5. Approvals. Whenever this Agreement requires our approval, you must make a timely written request for approval. Our approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request.

23.6. Force Majeure. Neither party shall be liable for loss or damage or deemed in breach of this Agreement if such party's failure to perform its obligations results from an event of Force Majeure; *provided, however*, that an event of Force Majeure shall not excuse or permit any failure to perform for more than: (a) 90 days for failure to open the Restaurant by the required opening date; or (b) 30 days for any other failure to perform. If the period of non-performance exceeds 90 days from receipt of notice of the Force Majeure event (for failure to open the Restaurant by the required opening date) or 30 days from receipt of notice of the Force Majeure event (for any other failure to perform), the party whose ability to perform has not been affected may immediately terminate this Agreement by giving notice of termination to the other party.

23.7. Binding Effect. This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a party to this Agreement; *provided, however*, that the additional insureds listed in §14.1 and the Indemnified Parties are intended third-party beneficiaries under this Agreement with respect to §14.1 and §17, respectively.

23.8. Integration. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY §11.2 AND §23.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. In addition, our issuance of the Site Approval Notice attached hereto as ATTACHMENT "B" shall be deemed to amend this Agreement to identify the approved site and Territory for your Restaurant, regardless of whether you countersign and/or return the Site Approval Notice. Any email or informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both parties and expressly states it is intended to modify this Agreement. The attachments are part of this Agreement, which together with any Amendments or Addenda executed on or after the Effective Date, constitute the entire understanding and agreement of the parties. There are no other oral or written understandings or agreements between the parties about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) 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.

23.9. Good Faith Covenant. If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant may not imply any right or obligation inconsistent with the express terms hereof. This Agreement, and the relationship of the parties inherent in this Agreement, grants us discretion to make decisions, take actions or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests. We will use our judgment to exercise this discretion based on our assessment of our own interests and balancing our interests against the interests of our franchisees, but without considering the individual interests of you or any other franchisee.

23.10. Rights of Parties are Cumulative. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by Law.

23.11. Survival. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement, or the Transfer of an ownership interest in the Restaurant or Franchisee Entity, shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, §12, §13, §15, §17, §20, §21 and §23.

23.12. Construction. The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term "you" as used in this Agreement is applicable to one or more Persons, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

23.13. Time of Essence. Time is of the essence in this Agreement and every term thereof.

23.14. Notices. All notices and notifications given under this Agreement must be in writing and must be delivered by: (a) hand delivery; (b) registered or certified air mail, postage prepaid, return receipt requested; (c) special delivery service (*e.g.*, Federal Express, DHL, UPS, *etc.*); or (d) email, in each case to the following addresses (which may be changed upon 10 business days' prior notice):

YOU:	As set forth in Part A of ATTACHMENT "A"
US:	SilverLake Ramen Holdings, LLC 3530 Wilshire Blvd., Suite 1425 Los Angeles, California 90010 Attention: Chief Executive Officer Email: hq@silverlakeramen.com

Notice is deemed given on the earliest to occur of: (i) the date delivered by hand; (ii) the third (3rd) business day after placed in the mail or provided to special delivery services in accordance with clause (b) or (c) above; or (iii) the first (1st) calendar day after sent by email.

23.15. Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

* * *

The parties below have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

SilverLake Ramen Holdings, LLC, a California limited liability company

By:______________________________
Name:____________________________
Title:_____________________________

YOU (If you are an Entity):

________________________________,
a(n)______________________________

By:______________________________
Name:____________________________
Title:_____________________________

YOU (If you are not an Entity):

____
Name:____________________________

____
Name:____________________________

____
Name:____________________________

____
Name:____________________________

ATTACHMENT "A"

TO FRANCHISE AGREEMENT

DEAL TERMS

A. Franchisee Details

Name of Franchisee: [____]

Is the franchisee one or more natural Persons signing in their individual capacity? **Yes**: _____ **No**: _____

Type of Entity and State of Formation* (if applicable): [____________________________________]

* *If the franchisee is a business Entity, each Person holding a direct or indirect Equity Interest in the Franchisee Entity, and spouse of each such Person who is a natural Person, must sign the Franchise Owner Agreement concurrently with the execution of this Agreement.*

The following table includes the full name of each Person holding a direct or indirect Equity Interest in the Business or Franchisee Entity, as applicable, along with a description of their Equity Interest.

Owner's Name	% Equity Interest	Direct or Indirect (if indirect, describe nature of interest)

Notice Address: ____________________________________
____
____
Attention:__________________________
Email:_____________________________

B. Site Selection Area

The Site Selection Area referenced in the Franchise Agreement shall consist of the following geographic area: [____]

* *The Site Selection Area is not your territory and there are no protections associated with this area.*

C. Approved Site

We hereby approve the site listed below for your Restaurant.

Approved Address: [____]

* *If the site for your Restaurant has not been approved by us at the time this Agreement is signed, we will send you a Site Approval Notice in accordance with §7.1 listing the address of your approved site.*

D. Territory

The Territory referenced in the Franchise Agreement consists of, and shall be limited to, the geographic area within a ____ (_____) mile radius from the approved site for your Restaurant.

* *If we do not approve the site for your Restaurant before this Agreement is signed, we will send you a Site Approval Notice in accordance with §3.2 to identify the geographic area that comprises your Territory.*

ATTACHMENT "B"

TO FRANCHISE AGREEMENT

FORM OF SITE APPROVAL NOTICE

[See Attached]

SITE APPROVAL NOTICE

SilverLake Ramen Holdings, LLC ("we" or "us") is issuing this Site Approval Notice (this "Notice") to ______________________________ ("you"), effective __________________, 202___, in connection with the SilverLake Ramen Franchise Agreement (the "Franchise Agreement") that we executed with you on ______________, 202___. The purpose of this Notice is to confirm our approval of the site you proposed for your Restaurant and our designation of the boundaries of your "Territory".

Approved Address:

Pursuant to §7.1 of the Franchise Agreement, we hereby approve the site listed below for your Restaurant:

____
____
____

Territory:

Pursuant to §3.2 of the Franchise Agreement, we hereby designate the following geographic area as your "Territory" under the Franchise Agreement:

> *The Territory referenced in the Franchise Agreement consists of, and shall be limited to, the geographic area within a ____ (_____) mile radius from the approved site for your Restaurant.*

* * *

By signing below, you and we agree that: (a) the address identified in this Notice shall be deemed the approved site for your Restaurant established and operated pursuant to the Franchise Agreement; and (b) the geographic area described in this Notice under "Territory" shall be deemed your Territory under the Franchise Agreement. You acknowledge and agree that our acceptance of the site you proposed is in no way a representation by us that your site will be successful. Rather, our acceptance merely indicates the site meets our minimum standards and requirements.

We request that you sign below and send us an executed copy of this Notice to acknowledge your receipt. However, your failure or refusal to sign below will not invalidate or otherwise affect our designation of your approved site or Territory. Our designation of your approved site and Territory, as set forth in this Notice, shall be binding on you effective as of the effective date listed in the first paragraph in this Notice.

Franchisor	**Franchisee**
SilverLake Ramen Holdings, LLC	________________________________
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:____________________________	Title:____________________________
Date:____________________________	Date:____________________________

ATTACHMENT "C"

TO FRANCHISE AGREEMENT

LEASE ADDENDUM

[See Attached]

Lease Addendum

This Lease Addendum (this "Agreement") is executed as of ___________, 202__ by and among SilverLake Ramen Holdings, LLC, a California limited liability company ("Franchisor"), [_____________], a(n) [_____________], with principal offices located at [_____________] ("Landlord"), and [_____________], a(n) [_____________], with principal offices located at [_____________] ("Tenant").

Background

A. On [___________], 202[__], Franchisor and Tenant executed a SilverLake Ramen Franchise Agreement (the "Franchise Agreement"), pursuant to which Franchisor granted Tenant the right and obligation to develop, open and operate a SilverLake Ramen restaurant at the premises described in Exhibit "A" (the "Premises").

B. Concurrently with the execution of this Agreement, Landlord and Tenant are executing a lease agreement (the "Lease"), pursuant to which Landlord will lease the Premises to Tenant.

C. To protect Franchisor's rights and interests under the Franchise Agreement, Landlord agrees to grant certain rights to Franchisor as set forth below.

Agreement

1. Default Notices. Landlord agrees to provide Franchisor with copies of all written default notices sent to Tenant at the same time such notices are sent to Tenant. Landlord agrees to send such copies to Franchisor by email and registered mail as set forth below (Franchisor may change the notice email and address from time to time by sending written notice to Landlord):

   SilverLake Ramen Holdings, LLC
   3530 Wilshire Blvd., Suite 1425
   Los Angeles, California 90010
   Attention: Chief Executive Officer
   Email: hq@silverlakeramen.com

2. Right to Cure. If Tenant defaults under the Lease, Franchisor has the right (but not the duty) to cure such default within 15 days following the expiration of any applicable cure period. In such event, Franchisor may immediately commence occupancy of the Premises as the tenant under the Lease without obtaining Landlord's or Tenant's consent. Franchisor may thereafter assign the Lease to another SilverLake Ramen franchisee or to an entity owned and/or controlled by Franchisor. If it does, Franchisor must first obtain Landlord's written approval of the assignee. Landlord, however, must neither unreasonably withhold nor delay its approval thereof. Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

3. Right to Assign. At any time, including, without limitation, upon the expiration or termination of the Franchise Agreement, and without Landlord's prior consent, Tenant may assign the Lease to Franchisor. In such event, Franchisor may thereafter assign the Lease to another SilverLake Ramen franchisee or to an entity owned and/or controlled by Franchisor. If it does, Franchisor must first obtain Landlord's written approval of the assignee. Landlord, however, must neither unreasonably withhold nor delay its approval thereof. Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

4. Right of First Refusal. Landlord hereby grants Franchisor the first right of refusal to lease the Premises as the new tenant upon the expiration or termination of the Lease. Franchisor shall have a period of 30 days after the expiration or termination of the Lease to decide whether to exercise its right of first refusal.

5. Expiration or Termination of Franchise Agreement. Landlord agrees that the expiration or termination of the Franchise Agreement shall constitute a default under the Lease, giving Franchisor the right, but not the obligation, to cure such default by succeeding to Tenant's interests under the Lease in accordance with §2 above.

6. Acknowledgement of Rights. Landlord acknowledges Franchisor’s rights under the Franchise Agreement to enter the Premises, without being guilty of trespass or any other tort or crime, to: (a) make any modifications or alterations to the Premises that Franchisor deems necessary to protect its franchise system or trademarks; and (b) remove any trade fixtures, interior or exterior signs and other items bearing Franchisor’s trademarks or service marks upon the expiration or termination of the Franchise Agreement.

7. Modification of Lease. Landlord and Tenant will not amend, modify, supplement, terminate, renew or extend the Lease without Franchisor’s written consent.

8. Miscellaneous.

   (a) In the event of any inconsistency between the terms of this Agreement and the terms of the Lease, the terms of this Agreement control.

   (b) All of the terms of this Agreement, whether so expressed or not, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective personal and legal representatives, heirs, successors and permitted assigns.

   (c) This Agreement may be amended, supplemented, waived or changed only by a written document signed by all the parties to this Agreement and making specific reference to this Agreement.

   (d) This Agreement may be executed in one or more counterparts, each of which is an original, but all of which together constitute one and the same instrument.

In witness whereof, this Agreement has been executed the date and year first above written.

FRANCHISOR:

SilverLake Ramen Holdings, LLC, a California limited liability company

By:_______________________________________
Name:_____________________________________
Title:______________________________________

LANDLORD:

____________________________, (a)n __________
____

By:_______________________________________
Name:_____________________________________
Title:______________________________________

TENANT:

____________________________, (a)n __________
____

By:_______________________________________
Name:_____________________________________
Title:______________________________________

EXHIBIT "A" TO LEASE ADDENDUM

DESCRIPTION OF PREMISES

ATTACHMENT "D"

TO FRANCHISE AGREEMENT

FRANCHISE OWNER AGREEMENT

[See Attached]

FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this "Agreement") is entered into by: (a) each of the undersigned Owners of Franchisee (defined below); and (b) the spouse of each such Owner who is a natural Person, in favor of SilverLake Ramen Holdings, LLC, a California limited liability company, and its successors and assigns ("us"). Each signatory to this Agreement is referred to as "you".

1. **DEFINITIONS**. Capitalized terms not defined above have the meanings given to them below, or if not defined below, the meanings given to them in the Franchise Agreement:

   "*Development Agreement*" means, if applicable, the Area Development Agreement pursuant to which the Franchise Agreement was executed.

   "*Franchise Agreement*" means the SILVERLAKE RAMEN™ Franchise Agreement executed by Franchisee with an effective date of ____________________, 202__.

   "*Franchisee*" means ______________________. For purposes of this Agreement, the term "Franchisee" includes both: (a) [___________________________], as Franchisee under the Franchise Agreement; and (b) the Person who signed the Development Agreement (if applicable), as Developer, if such Person is different than Franchisee.

   "*Restricted Period*" means the two-year period after the earliest to occur of: (a) the termination or expiration of the Franchise Agreement; (b) the date Franchisee assigns the Franchise Agreement to another Person with respect to whom neither you nor your spouse own an Equity Interest; or (c) the date neither you nor your spouse own an Equity Interest in the Business or Franchisee Entity; *provided however*, that if a court of competent jurisdiction determines the two-year period is too long to be enforceable then Restricted Period means the one-year period after the earliest to occur of: (a) the termination or expiration of the Franchise Agreement; (b) the date Franchisee assigns the Franchise Agreement to another Person with respect to whom neither you nor your spouse own an Equity Interest; or (c) the date neither you nor your spouse own an Equity Interest in the Business or Franchisee Entity.

2. **BACKGROUND**. In your capacity as an Owner (or the spouse of an Owner) of Franchisee, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and you could seriously jeopardize our franchise system if you were to unfairly compete with us or misuse our Intellectual Property. In addition, you understand that certain terms of the Franchise Agreement apply to "Owners" and not just Franchisee. You agree to comply with this Agreement to: (a) avoid damaging our System by engaging in unfair competition; and (b) bind yourself to the terms of the Franchise Agreement applicable to Owners.

3. **BRAND PROTECTION COVENANTS**.

   (a) Intellectual Property and Confidential Information. You agree to: (i) refrain from using the Intellectual Property or Confidential Information in any capacity or for any purpose other than the operation of Franchisee's Restaurant in compliance with the Franchise Agreement and Manual; (ii) maintain the confidentiality of the Confidential Information at all times; (iii) refrain from making unauthorized copies of documents containing Confidential Information; (iv) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (v) immediately stop using the Intellectual Property and Confidential Information at such time that you are (or your spouse is) no longer an Owner. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable Law precludes you from assigning ownership to us, then you agree to perpetually license the Improvement to us, free of charge, with full rights to use, commercialize and sublicense the same.

   (b) Unfair Competition. You may not engage in any Prohibited Activities at any time: (i) that you are (or your spouse is) an Owner; or (ii) during the Restricted Period. Notwithstanding the foregoing, you may have an interest in a Competing Business during the Restricted Period as long as the Competing Business is not located within the Restricted Territory. If you engage in any Prohibited Activity during the Restricted Period (other than having an interest in a Competing Business permitted by this Section) your

Restricted Period will be extended by the period of time during which you engaged in the Prohibited Activity. Any such extension of time will not constitute a waiver of your breach or impair any of our rights or remedies relating to your breach. For purposes of clarity, you remain bound by any non-competition covenants in other Definitive Agreements that remain in effect for a period of time that extends beyond the expiration of the Restricted Period under this Agreement, and the expiration of the Restricted Period under this Agreement does not in any way diminish your obligation to comply with such other covenants.

(c) Family Members. You could circumvent the purpose of §3 by disclosing Confidential Information to immediate family members (i.e., parent, sibling, child or grandchild) and it would be difficult for us to prove your breach. For that reason you are presumed to have breached this Agreement if an immediate family member: (i) engages in a Prohibited Activity at any time you are prohibited from doing so; or (ii) uses or discloses Confidential Information. However, you may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.

(d) Covenants Reasonable. You agree that: (i) the covenants in §3 are reasonable in duration and geographic scope; and (ii) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with these covenants. Although you and we believe the covenants in §3 are reasonable we may, upon written notice to you, unilaterally modify the brand protection covenants in §3 of this Agreement by limiting the scope of the Prohibited Activities, narrowing the definition of a Competing Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under §3 of this Agreement to ensure the covenants are enforceable under applicable Law.

(e) Breach. You agree that: (i) any failure to comply with §3 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (ii) we are entitled to injunctive relief if you breach §3 together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the bond amount may not exceed $1,000. No remedy available to us under this Agreement is exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

4. **TRANSFER RESTRICTIONS**. We must approve all Persons who own an Equity Interest in the Business or Franchisee Entity. If you are an Owner, you agree that you will not Transfer an Equity Interest in the Business or Franchisee Entity except in accordance with §18 of the Franchise Agreement.

5. **FINANCIAL SECURITY**. In order to secure Franchisee's financial obligations under the Franchise Agreement and all other Definitive Agreements (collectively, the "Secured Agreements") you hereby personally and unconditionally: (a) guarantee to us and our successors and assigns, that Franchisee shall punctually fulfil all of its payment and other financial obligations under the Secured Agreements; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements. You waive: (i) acceptance and notice of acceptance by us of the foregoing undertakings; (ii) notice of demand for payment of any indebtedness guaranteed; (iii) protest and notice of default to any party with respect to the indebtedness guaranteed; (iv) any right you may have to require that an action be brought against Franchisee or any other Person as a condition of liability; and (v) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed. You agree that: (a) your direct and immediate liability under this guaranty is joint and several with Franchisee and all other signatories to this Agreement; (b) you will render any payment required under the Secured Agreements upon demand if Franchisee fails to promptly do so; (c) your liability is not contingent or conditioned upon our pursuit of any remedies against Franchisee or any other Person; and (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence we grant to Franchisee or any other Person, including the acceptance of any partial payment or performance, or the compromise or release of any Claims, none of which shall in any way modify or amend this guarantee, which remains continuing and irrevocable during the term of each Secured Agreement and following the termination, expiration or transfer of each Secured Agreement to the extent any financial obligations under a

Secured Agreement survive such termination, expiration or transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy of Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement will be impaired, modified, released or limited in any manner whatsoever by any impairment, modification, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

6. REPRESENTATION. You represent to us that you received a copy of the executed Franchise Agreement.

7. DISPUTE RESOLUTION. Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution provisions set forth in the Franchise Agreement, which are incorporated into this Agreement by reference as if fully set forth herein. **You acknowledge and agree that your breach of this Agreement constitutes a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with its terms.**

8. MISCELLANEOUS.

(a) If either party hires an attorney or files suit against the other party for breach of this Agreement, the losing party must reimburse the prevailing party for its reasonable attorneys' fees and costs.

(b) This Agreement is governed by the Laws of the state in which you reside.

(c) Any Claim or defense you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

(d) Each section of this Agreement (and portion thereof) is severable. If any section (or portion thereof) is unenforceable, it shall not affect the enforceability of any other section (or portion thereof). A court may revise any provision of this Agreement to the extent necessary to make the provision enforceable.

(e) We may deliver to you any notice contemplated by this Agreement in the same manner and to the same address listed in the notice provision of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

Each of the undersigned has executed this Agreement as of the date or dates set forth below.

OWNER / SPOUSE

By:_________________________________

Name:_______________________________

Date:________________________________

OWNER / SPOUSE

By:_________________________________

Name:_______________________________

Date:________________________________

OWNER / SPOUSE

By:_________________________________

Name:_______________________________

Date:________________________________

ATTACHMENT "E"

TO FRANCHISE AGREEMENT

ACH AUTHORIZATION FORM

[See Attached]

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name ____ Business No. ____

Franchisee Mailing Address (street) ____ Franchisee Phone No. ____

Franchisee Mailing Address (city, state, zip) ____

Contact Name, Address and Phone number (if different from above) ____

Franchisee Fax No. ____ Franchisee Email Address ____

Bank Account Information:

Bank Name ____

Bank Mailing Address (street, city, state, zip) ____

Bank Account No. ____ ☐ Checking ☐ Savings (check one) Bank Routing No. (9 digits) ____

Bank Mailing Address (city, state, zip) ____ Bank Phone No. ____

Authorization:

Franchisee hereby authorizes SilverLake Ramen Holdings, LLC ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature:____________________ Date:____________________

Name:____________________

Title:____________________

Federal Tax ID Number:____________________

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

ATTACHMENT "F"

TO FRANCHISE AGREEMENT

BRAND PROTECTION AGREEMENT

[See Attached]

BRAND PROTECTION AGREEMENT

This Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of SilverLake Ramen Holdings, LLC, a California limited liability company, and its successors and assigns ("us").

1. DEFINITIONS. Capitalized terms that are not defined above have the meanings given to them below:

"*Business Data*" means all data pertaining to Franchisee's Restaurant, customers and business operations, whether collected by you, Franchisee, us or any other person.

"*Competing Business*" means any business that meets at least one of the following criteria: (a) any restaurant that generates, or is reasonably expected to generate, at least 10% of its total gross sales from the sale of ramen; and/or (b) any business that solicits, offers or sells franchises or licenses for a business that meets the criteria in clause (a) of this definition; and/or (c) any business that services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business that meets the criteria in clause (a) of this definition. A Competing Business does not include any SILVERLAKE RAMEN™ Restaurant operated pursuant to a valid franchise agreement or license agreement with us or our affiliate.

"*Confidential Information*" means and includes: (a) Know-How; (b) Business Data, including the names, contact information and other data pertaining to current, former, or prospective Restaurant customers; (c) information in the Manual or comprising the System; (d) terms of the Franchise Agreement (and related agreements) signed by Franchisee in connection with the Restaurant; and (e) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that are: (i) designated as confidential; (ii) known by you to be considered confidential by us; and/or (iii) reasonably to be considered confidential due to their nature. Confidential Information does not include information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee's owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we (or any person associated with us) or Franchisee (or any person associated with Franchisee) disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose the information to you without breaching a confidentiality covenant imposed on such third party.

"*Copyrighted Materials*" means all copyrightable materials for which we or our affiliate claim or secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Restaurant.

"*Franchisee*" means the SILVERLAKE RAMEN™ franchisee for whom you are an employee or independent contractor.

"*Improvement*" means any idea, addition, modification or improvement to the (a) goods or services offered or sold at a Restaurant, (b) method of operation of a Restaurant, (c) processes, systems or procedures utilized by a Restaurant, (d) marketing, advertising or promotional materials, programs or strategies utilized by a Restaurant or (e) trademarks, service marks, logos or other intellectual property utilized by a Restaurant, whether developed by you, Franchisee, us or any other person.

"*Intellectual Property*" means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks and System.

"*Know-how*" means and includes our (and our affiliates') trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a Restaurant including, but not limited to: architectural plans, drawings and specifications for a prototype Restaurant; site selection criteria; recipes; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; and information comprising the System or included in the Manual.

"*Manual*" means our confidential brand standards manual for the operation of a Restaurant.

"*Marks*" means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Restaurants to use, including SILVERLAKE RAMEN™ and the associated logo. The Marks also include any distinctive trade dress used to identify a Restaurant or the products it sells.

"*Prohibited Activities*" means and includes any of the following: (a) owning, operating or having any other interest (e.g., as a director, officer, employee, manager, consultant, creditor, representative, agent or in any similar capacity) in a Competing Business, other than owning less than 5% of the Equity Interests in a Competing Business that is a publicly-traded company; (b) disparaging or otherwise making negative comments about us, our affiliate, the System or any Restaurant; (c) diverting or attempting to divert any business from us, our affiliate or another franchisee; and/or (d) inducing any person to transfer their business from a Restaurant to a competitor.

"*Restaurant*" means any restaurant we authorize to operate under the Marks and use our System.

"*Restricted Period*" means the two (2) year period after you cease to be an officer, director, employee or independent contractor of Franchisee; *provided, however,* that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the Restricted Period means the one (1) year period after you cease to be an officer, director, employee or independent contractor of Franchisee.

"*Restricted Territory*" means: the geographic area within: (a) a 10-mile radius from Franchisee's Restaurant (and including the Restaurant's premises itself); and (b) a 10-mile radius from all other Restaurants that are operating or under construction as of the date hereof and remain in operation or under construction during all or any part of the Restricted Period; *provided, however*, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then Restricted Territory means: the geographic area within a 10-mile radius from Franchisee's Restaurant (and including the Restaurant's premises itself).

"*System*" means our system developed for the operation of a Restaurant, the distinctive characteristics of which include: distinctive interior and exterior design, décor, signage, color scheme and other trade dress elements; service style; menu items; comprehensive training programs; advertising and marketing strategies; merchandising strategies; and operating system.

2. **BACKGROUND.** You are an officer, director, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our franchise system if you were to unfairly compete with us or misuse our Intellectual Property. To avoid such damage, you agree to comply with the terms of this Agreement.

3. **BRAND PROTECTION COVENANTS.**

(a) Protection of Confidential Information and IP. You agree to: (i) refrain from using the Intellectual Property or Confidential Information in any business or for any purpose other than the operation of Franchisee's Restaurant for the exclusive benefit of Franchisee; (ii) refrain from using the Intellectual Property or Confidential Information for any purpose or in any manner unrelated to the performance of your responsibilities to Franchisee in accordance with the terms of your employment or engagement with Franchisee; (iii) maintain the confidentiality of Confidential Information at all times; (iv) refrain from making unauthorized copies of documents containing Confidential Information; (v) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (vi) immediately stop using the Intellectual Property and Confidential Information at such time that you are no longer an employee or independent contractor of Franchisee. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.

(b) Unfair Competition. You may not engage in any Prohibited Activities at any time: (i) that you are an officer, director, employee or independent contractor of Franchisee; or (ii) during the Restricted Period. Notwithstanding the foregoing, you may have an interest in a Competing Business that is not located within the Restricted Territory during the Restricted Period. If you engage in any Prohibited Activities during the Restricted Period (other than having an interest in a Competing Business permitted by this Section), your Restricted Period will be extended by the period of time during which you engaged in the Prohibited Activity. Any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach.

(c) Family Members. You could circumvent the purpose of §3 by disclosing Confidential Information to immediate family members (i.e., parent, sibling, child or grandchild) and it would be difficult for us to prove your breach. For that reason you are presumed to have breached this Agreement if an immediate family member: (i) engages in a Prohibited Activity at any time you are prohibited from doing so; or (ii) uses or discloses Confidential Information. However, you may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.

(d) Covenants Reasonable. You agree that: (i) the covenants in §3 are reasonable in duration and geographic scope; and (ii) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with these covenants. Although you and we believe the covenants in §3 are reasonable we may, upon written notice to you, unilaterally modify the brand protection covenants in §3 of this Agreement by limiting the scope of the Prohibited Activities, narrowing the definition of a Competing Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under §3 of this Agreement to ensure the covenants are enforceable under applicable law.

(e) Breach. You agree that: (i) any failure to comply with §3 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (ii) we are entitled to injunctive relief if you breach §3 together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the bond amount may not exceed $1,000. No remedy available to us under this Agreement is exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

4. MISCELLANEOUS.

(a) If either party hires an attorney or files suit against the other party for breach of this Agreement, the losing party must reimburse the prevailing party for its reasonable attorneys' fees and costs.

(b) This Agreement is governed by the laws of the state in which you reside and the courts in that state shall have exclusive jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement (and portion thereof) is severable. If any section (or portion thereof) is unenforceable, it shall not affect the enforceability of any other section (or portion thereof). A court may revise any provision of this Agreement to the extent necessary to make the provision enforceable.

(d) If you are a resident of Washington, D.C. as of the date you sign this Agreement, then the noncompetition covenant set forth in this Agreement shall not be applicable to you and the definition of "Prohibited Activities" shall be deemed amended by deleting clause (a) from such definition.

This Brand Protection Agreement is executed as of the date or dates set forth below.

By:__________________________________

Name:________________________________

Date:_________________________________

ATTACHMENT "G"

TO FRANCHISE AGREEMENT

CONFIDENTIALITY AGREEMENT

[See Attached]

CONFIDENTIALITY AGREEMENT

This Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of SilverLake Ramen Holdings, LLC, a California limited liability company, and its successors and assigns ("us").

1. DEFINITIONS. Capitalized terms that are not defined above have the meanings given to them below:

"*Business Data*" means all data pertaining to Franchisee's Restaurant, customers and business operations, whether collected by you, Franchisee, us or any other person.

"*Confidential Information*" means and includes: (a) Know-How; (b) Business Data; (c) information in the Manual or comprising the System; (d) terms of the Franchise Agreement (and related agreements) signed by Franchisee in connection with the Restaurant; and (e) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that are: (i) designated as confidential; (ii) known by you to be considered confidential by us; and/or (iii) reasonably to be considered confidential due to their nature. Confidential Information does not include information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee's owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we (or any person associated with us) or Franchisee (or any person associated with Franchisee) disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose the information to you without breaching a confidentiality covenant imposed on such third party.

"*Copyrighted Materials*" means all copyrightable materials for which we or our affiliate claim or secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Restaurant.

"*Franchisee*" means the SILVERLAKE RAMEN™ franchisee for whom you are an employee or independent contractor.

"*Improvement*" means any idea, addition, modification or improvement to the (a) goods or services offered or sold at a Restaurant, (b) method of operation of a Restaurant, (c) processes, systems or procedures utilized by a Restaurant, (d) marketing, advertising or promotional materials, programs or strategies utilized by a Restaurant or (e) trademarks, service marks, logos or other intellectual property utilized by a Restaurant, whether developed by you, Franchisee, us or any other person.

"*Intellectual Property*" means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks and System.

"*Know-how*" means all of our trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a Restaurant, including, but not limited to: architectural plans, drawings and specifications for a prototype Restaurant; site selection criteria; recipes; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; and information comprising the System or included in the Manual.

"*Manual*" means our confidential brand standards manual for the operation of a Restaurant.

"*Marks*" means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Restaurants to use, including SILVERLAKE RAMEN™ and the associated logo. The Marks also include any distinctive trade dress used to identify a Restaurant or the products it sells.

"*Restaurant*" means any restaurant we authorize to operate under the Marks and use our System.

"*System*" means our system developed for the operation of a Restaurant, the distinctive characteristics of which include: distinctive interior and exterior design, décor, signage, color scheme and other trade dress elements; service style; menu items; comprehensive training programs; advertising and marketing strategies; merchandising strategies; and operating system.

2. **BACKGROUND**. You are an employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our franchise system if you were to misuse our Intellectual Property. To avoid such damage, you agree to comply with the terms of this Agreement.

3. **INTELLECTUAL PROPERTY & CONFIDENTIAL INFORMATION**. You agree to: (a) refrain from using the Intellectual Property or Confidential Information in any business or for any purpose other than the operation of Franchisee's Restaurant; (b) maintain the confidentiality of Confidential Information at all times; (c) refrain from making unauthorized copies of documents containing Confidential Information; (d) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (e) immediately stop using the Intellectual Property and Confidential Information at such time that you are no longer an employee or independent contractor of Franchisee. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.

4. **FAMILY MEMBERS**. You could circumvent the intent of this Agreement by disclosing Confidential Information to immediate family members (i.e., parent, sibling, child or grandchild) and it would be difficult for us to prove your breach. For that reason you are presumed to have breached this Agreement if an immediate family member uses or discloses Confidential Information. You may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.

5. **BREACH**. You agree that: (a) any failure to comply with this Agreement is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (b) we are entitled to injunctive relief if you breach this Agreement together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the bond amount may not exceed $1,000. No remedy available to us under this Agreement is exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

6. **MISCELLANEOUS**.

   (a) If we hire an attorney or file suit against you for breach of this Agreement and we prevail, you must reimburse us for our reasonable attorneys' fees and costs.

   (b) This Agreement is governed by the laws of California. Any legal proceedings arising out of this Agreement must be brought exclusively in a court of competent jurisdiction in Los Angeles County, California.

   (c) Each section of this Agreement (and portion thereof) is severable. If any section (or portion thereof) is unenforceable, it shall not affect the enforceability of any other section (or portion thereof). A court may revise any provision of this Agreement to the extent necessary to make the provision enforceable.

This Confidentiality Agreement is executed as of the date set forth below.

By:_________________________________

Name:_______________________________

Date:________________________________

EXHIBIT "D"

TO DISCLOSURE DOCUMENT

AREA DEVELOPMENT AGREEMENT

[See Attached]

AREA DEVELOPMENT AGREEMENT

AREA DEVELOPER: ______________________________
DATE: ______________________________

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AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (this "Agreement") is entered into as of ____________, 202__ (the "Effective Date") between SilverLake Ramen Holdings, LLC, a California limited liability company ("we" or "us") and ___________________, a(n) ________________ ("you").

1. DEFINITIONS. Capitalized terms not defined above have the meanings given to them below, or if not defined below, the meanings given to them in the Initial Franchise Agreement.

"*Developer Entity*" means an Entity that: (a) signs this Agreement as the area developer (if this Agreement is signed by an Entity); or (b) assumes this Agreement subsequent to its execution by the original Owners.

"*Development Business*" means the business you conduct pursuant to this Agreement consisting of developing and opening Restaurants within the Development Territory.

"*Development Schedule*" means the schedule described in §4.1 and Part C of ATTACHMENT "A" for the development of the Restaurants within the Development Territory.

"*Development Territory*" means the geographic area described in Part D of ATTACHMENT "A".

"*Dispute*" means any Claim, dispute or disagreement between the parties, including any matter pertaining to: (a) the interpretation or enforcement of this Agreement; (b) the offer or sale of the area development rights; or (c) the relationship between the parties.

"*Franchise Agreement*" means a SILVERLAKE RAMEN™ Franchise Agreement executed by us and you (or your affiliate) for the development and operation of a Restaurant pursuant to this Agreement.

"*General Release*" means our then-current form of Waiver and Release of Claims that you and your Owners must sign pursuant to §7.2 in connection with a Transfer.

"*Initial Franchise Agreement*" means the Franchise Agreement you execute for the first Restaurant to be developed pursuant to this Agreement.

"*Initial Franchise Fee*" means the initial franchise fee that you must pay for each Restaurant to be developed under this Agreement, which initial franchise fee is set forth in Part B of ATTACHMENT "A" and determined based on the number of Restaurants you commit to develop.

"*Owner*" means a Person who meets any of the following criteria: (a) the Person directly signs this Agreement as the area developer, either alone or in conjunction with one or more other Persons; (b) the Person directly or indirectly through one or more intermediaries owns an Equity Interest in the Development Business or Developer Entity; (c) the Person directly signs a Franchise Agreement as the franchisee, either alone or in conjunction with one or more other Persons; and/or (d) the Person directly or indirectly through one or more intermediaries owns an Equity Interest in any affiliate of yours that executes a Franchise Agreement as authorized by §6.

"*Permitted Transfer*" means a Transfer: (a) between existing Owners; or (b) by the Owners to a new Developer Entity for which such Owners collectively own and control 100% of the Equity Interests; *provided, however*, that a Permitted Transfer does not include any Transfer that results in the Managing Owner owning less than 5% of the Equity Interests in the Development Business or Developer Entity.

"*Term*" means the period of time beginning on the Effective Date of this Agreement and expiring on the earlier to occur of: (a) the opening date listed in the Development Schedule for the last Restaurant you are required to open; or (b) the date this Agreement is effectively terminated.

"*Transfer*" means any direct or indirect, voluntary or involuntary, assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of:

(a) this Agreement (or any interest therein);

(b) the area development rights granted by this Agreement (or any interest therein);

(c) the Development Business you conduct pursuant to this Agreement (or any interest therein);

(d) the right to manage a Restaurant or occupy the Restaurant's premises; or

(e) an Equity Interest in the Development Business or Developer Entity;

including by: merger or consolidation; judicial award, order or decree; issuance of additional Equity Interests (including public and private offerings); foreclosure of a security interest by a lender; or operation of Law, will or a trust upon an Owner's death (including via the Laws of intestate succession).

2. **GRANT OF DEVELOPMENT RIGHTS**. Subject to the terms of this Agreement, we hereby grant you the right and obligation to develop, open and operate each of the Restaurants listed in the Development Schedule. This Agreement does not grant you any right or license to use our Intellectual Property.

3. **TERRITORIAL PROTECTIONS AND LIMITATIONS.** During the Term we will not develop or operate, or license a third party to develop or operate, a Restaurant that is located within the Development Territory other than: (a) any Restaurant that is operating, under development, or for which a franchise agreement has been executed, in each case as of the Effective Date, and that is (or will be) located in the Development Territory; and (b) any Restaurant otherwise permitted by this Section. At any time during the Term we reserve the right to: (a) develop and operate, and license third parties to develop and operate, Restaurants in Captive Venues located within the Development Territory; and (b) engage in Acquisitions that involve, or subsequently result in, conversion of the acquired or acquiring company's outlets to SILVERLAKE RAMEN™ outlets, even if those outlets are located in the Development Territory. We reserve the right to sell, and license third parties to sell, the same or similar goods and services (including under the Marks) within the Development Territory through Alternative Channels of Distribution.

4. **DEVELOPMENT OBLIGATIONS**

4.1. **<u>Development Schedule</u>**. You must develop, open and operate all Restaurants listed in the Development Schedule. You must develop and open each Restaurant in strict compliance with the opening dates set forth in the Development Schedule. We may, in our sole discretion, extend one or more opening dates listed in the Development Schedule if you demonstrate to our satisfaction that you used best efforts to comply with the opening date and the need for the extension is due to unforeseeable delays rather than your lack of diligence or funding. The opening date listed in the Development Schedule for a given Restaurant may be earlier than the opening date required under the terms of the associated Franchise Agreement. In order to comply with the Development Schedule you must open each Restaurant by the opening date listed in the Development Schedule even if such date is earlier than the opening date required by the associated Franchise Agreement.

4.2. **<u>Reasonableness of Development Schedule</u>**. You represent that you: (a) have conducted your own independent investigation and analysis of the prospects for development of the Restaurants in the Development Territory; (b) approve the Development Schedule as being reasonable and viable; and (c) recognize that any breach of the Development Schedule is a material breach of this Agreement.

4.3. **<u>Site Selection</u>**. All Restaurants you develop pursuant to this Agreement must be located in the Development Territory. You must select the specific site for each Restaurant in compliance with our then-current site selection criteria. We must approve the site for each Restaurant in accordance with the applicable Franchise Agreement.

4.4. **<u>Franchise Agreements</u>**. You must sign a separate Franchise Agreement for each Restaurant. You must sign the Initial Franchise Agreement for your first (1^{st}) Restaurant at the time you sign this Agreement. We will not review proposed sites for a Restaurant until you sign the applicable Franchise Agreement for that Restaurant. Each Franchise Agreement shall be our then-current form of Franchise Agreement, the terms of which may vary materially and substantially from the terms of the Initial Franchise Agreement. All Initial Franchise Fees are included in the development fee, so you do not pay us any additional Initial Franchise Fee when you sign Franchise Agreements for the Restaurants. You have no right to construct or operate a Restaurant until the parties have signed the Franchise Agreement and all ancillary agreements for that Restaurant. You must develop, open and operate each Restaurant in compliance with the Franchise Agreement and the Manual.

4.5. **<u>Additional Restaurants</u>**. You may not develop any Restaurant other than the Restaurants listed in the

Development Schedule unless we, in our sole discretion, permit you to enter into a new area development agreement, which will be upon such terms that we specify, after you develop all Restaurants listed in the Development Schedule in accordance with this Agreement.

5. **DEVELOPMENT FEE.** At the time you sign this Agreement, you must pay us the development fee set forth in Part B of ATTACHMENT "A", which is calculated as the sum of the Initial Franchise Fees you must pay us for all Restaurants to be developed under this Agreement. The development fee is fully earned and nonrefundable upon execution of this Agreement.

6. **DEVELOPER ENTITY.** You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon request, you must send us a resolution of the Developer Entity authorizing the execution of this Agreement, a copy of its organizational documents and a current Certificate of Good Standing. You may form a separate Entity to enter into each Franchise Agreement provided that: (a) the Person or Persons owning the Equity Interests (and the percentage of the Equity Interests owned) in each such Entity must be the same Person or Persons owning the Equity Interests (with the same percentage of the Equity Interests owned) in the Developer Entity; and (b) each such Entity guarantees the performance of all other Entities formed under the authority of this §6. Each Owner, and the spouse of each Owner who is a natural Person, must sign a Franchise Owner Agreement.

7. **TRANSFERS**

7.1. **By Us**. This Agreement is fully assignable by us, without prior notice to you, and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment.

7.2. **By You**. The rights and duties created by this Agreement are personal to you and the Owners. We are granting you area development rights in reliance upon the character, skill, attitude, business ability and financial resources of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in a Transfer (other than a Permitted Transfer) without our prior approval. Any Transfer (other than a Permitted Transfer) without our approval is void and constitutes a breach of this Agreement. We will not unreasonably withhold our approval of a proposed Transfer if all of the following conditions are satisfied:

(a) we believe the proposed transferee has sufficient business experience, aptitude and financial resources to develop, own and operate all of the remaining Restaurants to be developed under this Agreement and meets our minimum criteria for area developers;

(b) you and your Owners and affiliates are in full compliance with all Definitive Agreements;

(c) the transferee's owners successfully complete, or make arrangements to attend, the initial training program and the transferee pays us any applicable training fee;

(d) the transferee and its owners sign our then-current form of area development agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that: (i) the Term shall be the Term remaining under this Agreement; (ii) the transferee need not pay a separate development fee; and (iii) the Development Schedule and Development Territory shall be the same Development Schedule and Development Territory specified in this Agreement (modified to reflect the development obligations satisfied prior to the Transfer);

(e) you or the transferee pay us a $15,000 transfer fee (if the transferee is found by a broker we engage, you must also reimburse us for all commissions we pay to the broker, which amount shall be in addition to the transfer fee);

(f) you assign all Franchise Agreements to the transferee in accordance with the transfer provisions under each such Franchise Agreement, including payment of any transfer fee imposed under each such Franchise Agreement;

(g) you and your Owners sign a General Release;

(h) we choose not to exercise our right of first refusal described in §7.5; and

(i) you or the transferring Owner, as applicable, and the transferee satisfy all other conditions we reasonably require as a condition to our approval of the Transfer.

You may not: (a) transfer less than all development rights remaining under this Agreement (i.e., you may not retain the right to develop any Restaurant); or (b) transfer your development rights to multiple transferees. Our consent to a Transfer shall not constitute a waiver of any Claims we may have against the transferor or our right to demand the transferee comply with all terms of the area development agreement.

7.3. **Permitted Transfers.** You may engage in a Permitted Transfer without our prior approval, but you must: (a) give us at least 10 days' prior notice; and (b) upon our request, cause the former Developer Entity to sign a corporate guarantee in the format we require to secure performance of the new Developer Entity's financial obligations under all Definitive Agreements (if the Permitted Transfer results in a new Developer Entity). You and the Owners (and the transferee) agree to sign all documents we reasonably request to effectuate and document the Permitted Transfer.

7.4. **Owner Death or Disability.** Within 180 days after an Owner's death or permanent disability, the Owner's Equity Interest in the Development Business or Developer Entity must be Transferred to another Person in compliance with §7.2 or §7.3. An Owner is deemed to have a "permanent disability" if he/she has a medical or mental problem that prevents him/her from substantially complying with his/her obligations under this Agreement for a period of at least three (3) months.

7.5. **Our Right of First Refusal.** If you or an Owner wish to engage in a Transfer, you or the Owner, as applicable, must obtain and send us a bona-fide offer executed by the purchaser after completion of due diligence. We have 30 days after receipt of the offer to decide whether to purchase the interest for the same price and upon the same terms contained in the offer, except we may substitute cash for any non-cash form of payment proposed in the offer. If we notify you within the 30-day period that we intend to purchase the interest, you or the Owner, as applicable, must sell the interest to us. We will have an additional 60 days to prepare for closing. You or the Owner, as applicable, must provide us with all customary representations and warranties regarding the title to and condition of the assets or Equity Interest that we purchase, or at our option, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to the terms of the offer, subject to the requirements of §7.2, including our approval of the transferee. If the sale is not completed within 120 days after we receive the offer, or there is a material change to the terms of sale, we will again have the right of first refusal specified in this Section. Our right of first refusal shall not apply to a Permitted Transfer.

8. TERMINATION

8.1. **By Us**. We may terminate this Agreement, effective upon delivery of a notice of termination, for any of the following reasons, all of which constitute material events of default and "good cause" for termination, and without opportunity to cure except for any cure period expressly set forth below:

(a) if we terminate any Definitive Agreement due to a default committed by you or one of your Owners or affiliates; or

(b) if you (or an Owner) breach any provision of this Agreement and fail to cure within 30 days after receipt of a default notice.

8.2. **By Mutual Agreement**. If you and we mutually agree in writing to terminate this Agreement, any notice or cure period that might otherwise apply shall be deemed waived.

9. **EFFECT OF TERMINATION.** Termination of this Agreement ends all your rights and development obligations under this Agreement, including your interests in the Development Territory and right to sign new Franchise Agreements or open new Restaurants. We will not refund any portion of the development fee.

10. **DISPUTE RESOLUTION.** Any Dispute between the parties relating to this Agreement shall be resolved pursuant to the dispute resolution provisions in the Initial Franchise Agreement. All such dispute resolution provisions are incorporated herein by reference as if fully set forth in this Agreement.

11. **REPRESENTATIONS.**

11.1. **Corporate Representations**. You and your Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets are bound; (b) violate any order, injunction, decree, judgment or ruling of a Governmental Authority; or (c) violate any applicable Law. If the developer is an Entity, then you and your Owners also jointly and severally represent and warrant to us that: (a) the Developer Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and to perform its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement constitutes the legal, valid and binding obligation of, and is enforceable against, the Developer Entity in accordance with its terms.

11.2. **General Representations**. You and your Owners jointly and severally represent and warrant to us that: (a) other area developers may operate under different forms of agreement and our obligations and rights with respect to area developers differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other area developers and we have no obligation to offer you the same or similar negotiated terms or concessions.

11.3. **Anti-Terrorism Compliance**. You and your Owners jointly and severally represent and warrant to us that, to the best of your knowledge: (a) no property or interest owned by you or any Owner is subject to being "blocked" under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of an Equity Interest in the Development Business or Developer Entity) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name, alias, pseudonym, nickname or address on any Terrorist List, including the list of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at www.home.treasury.gov); and (c) you and the Owners are in compliance, and will continue to comply, with the Anti-Terrorism Law and all other U.S. Laws currently in effect, or enacted in the future, that prohibit corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government. The foregoing representations and warranties are 'continuing' representations and warranties for the duration of the franchise relationship. Accordingly, you must immediately notify us of the occurrence of an event or development of a circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

12. **GENERAL PROVISIONS**

12.1. **Governing Law.** This Agreement and the franchise relationship are governed by the Laws of the State of California without reference to its principles of conflicts of law, but any Law of the State of California that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

12.2. **Severability**. Each section of this Agreement (and portion thereof) is severable.

12.3. **Waivers.** Each party may waive any obligation imposed on the other party in writing. Neither party shall be deemed to have waived or impaired any of its contractual rights under this Agreement, including the right to require strict compliance with all terms of this Agreement or terminate this Agreement due to the other party's failure to comply with such terms, by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by a party to exercise any right under this Agreement or require the other party to strictly comply with its obligations under this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other developers; or (d) our acceptance of payment from you after your breach.

12.4. <u>Force Majeure</u>. Neither party shall be liable for loss or damage or deemed in breach of this Agreement if such party's failure to perform its obligations results from an event of Force Majeure; *provided, however*, that an event of Force Majeure shall not excuse or permit any failure to perform for more than: (a) 90 days for any failure to open a Restaurant by the required opening date; or (b) 30 days for any other failure to perform. If the period of non-performance exceeds 90 days from receipt of notice of the Force Majeure event (for failure to open a Restaurant by the required opening date) or 30 days from receipt of notice of the Force Majeure event (for any other failure to perform), the party whose ability to perform has not been affected may immediately terminate this Agreement by giving notice of termination to the other party.

12.5. <u>Approvals</u>. Whenever this Agreement requires our approval, you must make a timely written request for approval. Our approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request.

12.6. <u>Binding Effect</u>. This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a party to this Agreement.

12.7. <u>Integration</u>. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any email or informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both parties and specifically states it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which together with any Amendments or Addenda executed on or after the Effective Date constitutes the entire understanding and agreement of the parties. There are no other oral or written understandings or agreements between the parties about the subject matter of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) 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.

12.8. <u>Good Faith Covenant</u>. If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant shall not imply any rights or obligations inconsistent with the express terms hereof. This Agreement, and the relationship of the parties inherent in this Agreement, grants us discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests. We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees, but without considering the individual interests of you or any other franchisee.

12.9. <u>Rights of Parties are Cumulative</u>. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by Law.

12.10. **Survival**. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement, or the Transfer of an ownership interest in the Development Business or Developer Entity, shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire.

12.11. **Construction.** The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term "you" as used in this Agreement is applicable to one or more Persons, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

12.12. **Time of Essence.** Time is of the essence in this Agreement and every term thereof.

12.13. **Notice.** All notices and notifications given under this Agreement must be in writing and must be provided in accordance with the Notice Provision of the Initial Franchise Agreement.

12.14. **Counterparts.** This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

* * *

The parties below have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

SilverLake Ramen Holdings, LLC, a California limited liability company

By:____________________________________
Name:__________________________________
Title:___________________________________

YOU (If you are an Entity):

______________________________________,
a(n)___________________________________
By:____________________________________
Name:__________________________________
Title:___________________________________

YOU (If you are not an Entity):

____
Name:__________________________________
____
Name: _________________________________
____
Name: _________________________________
____
Name: _________________________________

ATTACHMENT "A"

TO AREA DEVELOPMENT AGREEMENT

DEAL TERMS

A. Area Developer Details.

Name of area developer: [____]

Is the area developer one or more natural Persons signing in their individual capacity? **Yes**: _____ **No**: _____

Type of Entity and State of Formation* (if applicable): [_______________________________________]

* *If the area developer is a business Entity, each Person holding a direct or indirect Equity Interest in the Developer Entity, and spouse of each such Person who is a natural Person, must sign a Franchise Owner Agreement concurrently with the execution of this Agreement.*

The following table includes the full name of each Person holding a direct or indirect Equity Interest in the Development Business or Developer Entity, as applicable, along with a description of their Equity Interest.

Owner's Name	% Equity Interest	Direct or Indirect (if indirect, describe nature of interest)

Notice Address: ______________________________
____
____
Attention:_______________________
Email:_________________________

B. Fees.

- The Initial Franchise Fee is defined based on the number of Restaurants to be developed in accordance with the following table:

Number of Restaurants to be Developed	Initial Franchise Fee
2 Restaurants	$40,000 per Restaurant
3 to 4 Restaurants	$35,000 per Restaurant
5 or more Restaurants	$30,000 per Restaurant

- The development fee is $[____________________].

C. **Development Schedule**.

You must comply with the following minimum development obligations as specified in §4 of the Agreement:

DEVELOPMENT PERIOD ENDING	NUMBER OF RESTAURANTS OPENED DURING DEVELOPMENT PERIOD	CUMULATIVE NUMBER OF RESTAURANTS OPENED AND IN OPERATION
1 year after Effective Date		
2 years after Effective Date		
3 years after Effective Date		
4 years after Effective Date		
5 years after Effective Date		
6 years after Effective Date		
7 years after Effective Date		
8 years after Effective Date		
9 years after Effective Date		
10 years after Effective Date		
Total Number of Restaurants to be Developed: [_____]		

D. **Development Territory**.

The Development Territory consists of, and shall be limited to, the following geographic area, as may be further depicted on a map attached below or on the following page:

[____]

If the boundaries that define the Development Territory change during the Term, the boundaries of your Development Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date (as may be depicted on a map attached below or on the following page).

[Insert Map (if applicable)]

EXHIBIT "E"

TO DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF BRAND STANDARDS MANUAL

[See Attached]

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EXHIBIT "F"

TO DISCLOSURE DOCUMENT

<u>LIST OF FRANCHISEES</u>

<u>Part A</u> (Current Franchisees)

The following table lists franchisees that were open as of December 31, 2024.

FRANCHISEES OPEN AS OF DECEMBER 31, 2024				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
California	Burbank	175 E. Palm Ave. Burbank, California 91502	(818) 562-7055	Aaron Kim*
California	Cerritos	11103 E.183rd St. Cerritos, California 90703	(562) 403-4477	Joanne Kahng
California	Chino Hills	13865 City Center Dr., Suite 3095 Chino Hills, California 91709	(909) 696-6052	Kevin Smothers John Smothers
California	Downey	8428 Firestone Blvd Downey, California 90241	213-247-2665	Jae Chang
California	Huntington Beach	7821 Edinger Ave., #118 Huntington Beach, California 92647	(562) 420-7422	Kiwon Youn
California	Irvine	511 Spectrum Center Dr. Irvine, California 92618	(949) 932-0640	Craig Chung Eric Chung
California	Irvine	3972 Barranca Pkwy Unit # I Irvine, California 92606	909-706-7694	Craig Chung
California	La Habra	421 E. La Habra Blvd. La Habra, California 90631	(562) 245-7208	Jae Chang
California	Long Beach	4101 McGowen St., #150 Long Beach, California 90808	(562) 420-7422	Craig Chung Eric Chung
California	Los Angeles	615 S. Spring St. Los Angeles, California 90014	(213) 372-5177	Jasmine Kim Roberta Harell
California	Los Angeles	3465 W. 6th St., #160 Los Angeles, CA 90020	(213) 318-5216	Craig Chung Eric Chung
California	Manhattan Beach	3360 N. Sepulveda Blvd., Suite #N-140 Manhattan Beach, California 90266	(310) 796-2100	Craig Chung Eric Chung
California	Mission Hills	10310 Sepulveda Blvd., #10392 Mission Hills, California 91345	(213) 281-1183	Man S. Hwang
California	Monterey Park	2150 S. Atlantic Blvd., Suite 2170 Monterey Park, California 91754	(909) 244-8545	Aaron Kim*
California	North Hollywood	6130 Laurel Canyon Blvd. Suite 145 North Hollywood, California 91606	765-543-3663	Kiwon Youn
California	Oxnard	550 Collection Blvd., #145 Oxnard, California 93036	(805) 351-0891	Jinsu Kim Jin Heo
California	Porter Ranch	20065 Rinaldi St., Unit 160 Porter Ranch, California 91326	(818) 477-2158	Jinsu Kim Jin Heo
California	Rancho Cucamonga	12466 N. Mainstreet Rancho Cucamonga, California 91739	(909) 803-0537	John Bae Matthew Kim

FRANCHISEES OPEN AS OF DECEMBER 31, 2024				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
California	Riverside	3775 Tyler St. Riverside, California 92503	(626) 825-6685	Harry Chopra Ritu Chopra
California	San Diego	7007 Friars Rd., #357B San Diego, California 92108	(619) 343-2625	Aaron Kim*
California	San Diego	4545 La Jolla Village Dr., #E7 San Diego, California 92122	(909) 706-7694	Craig Chung Eric Chung
California	Sherman Oaks	5608 Van Nuys Blvd. Sherman Oaks, California 91401	(818) 386-8589	Kiwon Youn
California	South Pasadena	1105 Fair Oaks Ave. South Pasadena, California 91030	(213) 500-4201	Jinsu Kim Jin Heo
California	Temecula	40756 Winchester Rd. Suite #235 Temecula, California 92591	714-398-4732	David Yoon
Georgia	Atlanta	1080 Peachtree St. NE, #9 Atlanta, Georgia 30309	(404) 390-3362	Peter Kim
Nevada	Las Vegas	3455 Arville St., Suite 101 Las Vegas, Nevada 89102	(213) 247-2665	Jae Chang Young Kim
North Carolina	Charlotte	2041 S. Blvd., #107 Charlotte, North Carolina 28203	(980) 299-2400	Xaiyi Zhu Ximei Chen
North Carolina	Concord	8694 Concord Mills Blvd. Concord, North Carolina 28027	(919) 579-7227	Xaiyi Zhu Ximei Chen
Texas	El Paso	6450 N. Desert Blvd., #B101-102 El Paso, Texas 79912	(915) 249-6085	Ji Young Lee* Erin Lee
Texas	El Paso	12261 Eastlake Blvd., Bldg. 3 E502 & E503 El Paso, Texas 79928	(915) 490-6495	Ji Young Lee* Erin Lee
Washington	Kirkland	12540 120th Ave., NE, #118 Kirkland, Washington 98034	(425) 242-1003	Ki Yeung Hyun

* These franchisees are also area developers that committed to open multiple franchised businesses under the terms of an area development agreement.

The following table lists franchisees with signed franchise agreements that were not open as of December 31, 2024.

FRANCHISEES NOT OPEN AS OF DECEMBER 31, 2024				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
California	Costa Mesa	To Be Determined	(949) 864-6563	Mark Tran

* These franchisees are also area developers that have committed to open multiple franchised businesses under the terms of an area development agreement.

<u>Part B</u> (Former Franchisees Who Left System During Prior Fiscal Year)

State	City	Current Business Phone or Last Known Home Phone	Owner Name(s)
California	Chino Hills	909-696-6052	Kevin Smothers John Smothers
California [1]	Santa Clara	949-688-3880	Andrew Yoo

State	City	Current Business Phone or Last Known Home Phone	Owner Name(s)
Washington	Kirkland	425-534-4141	Keuk Chan Yang Eun Kim

1. This outlet was terminated prior to opening.

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

EXHIBIT "G"

TO DISCLOSURE DOCUMENT

<u>FINANCIAL STATEMENTS</u>

[See Attached]

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

SILVERLAKE RAMEN HOLDINGS, LLC
Balance Sheet
As of February 28, 2026

	Feb 28, 26
ASSETS	
Current Assets	
Checking/Savings	475,259.08
Accounts Receivable	138,041.40
Other Current Assets	
Inventory	35,383.22
Deferred Costs - Current	5,250.00
Other Receivable	4,354.47
Prepaid Expense	15,000.00
Marketable Securities	358,202.64
Total Other Current Assets	418,190.33
Total Current Assets	1,031,490.81
Fixed Assets	
Machinery and Equipment	37,209.23
Furniture and Fixture	29,619.38
Accumulated Depreciation	-58,219.73
Total Fixed Assets	8,608.88
Other Assets	
Deferred Costs	114,395.50
Right of use - Operating	39,983.70
Security Deposit	8,058.53
Loans to Affiliates	333,612.89
Loans to Shareholders	500,500.00
Total Other Assets	996,550.62
TOTAL ASSETS	**2,036,650.31**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	17,000.00
Credit Cards	17,898.65
Other Current Liabilities	
Lease Liability - Current	43,189.74
Finance Insurance Payable	-931.96
Unearned Revenue - Current	108,500.00
SBA Loan - Current	33,840.95
Due to Affiliates	8,215.69
Payroll Liabilities	-338.00
Accrued PTO	19,218.65
Total Other Current Liabilities	211,695.07
Total Current Liabilities	246,593.72
Long Term Liabilities	
Unearned Revenue	669,000.50
Unearned Revenue - Other	20,000.00
SBA Loan	463,613.37
Total Long Term Liabilities	1,152,613.87
Total Liabilities	1,399,207.59

SILVERLAKE RAMEN HOLDINGS, LLC
Balance Sheet
As of February 28, 2026

	Feb 28, 26
Equity	
Equity	70,000.00
Retained Earnings	401,321.07
Net Income	166,121.65
Total Equity	637,442.72
TOTAL LIABILITIES & EQUITY	2,036,650.31

SILVERLAKE RAMEN HOLDINGS, LLC
Profit & Loss
January through February 2026

	Jan - Feb 26
Ordinary Income/Expense	
Income	584,950.03
Cost of Goods Sold	1,041.36
Gross Profit	583,908.67
Expense	
Advertising Fee	7,000.00
Business Licenses and Permits	4,447.73
Bank Service Charges	1,297.12
Design and Application	298.00
Due and Subscription	4,588.80
Guaranteed Payments	42,500.00
Insurance Expense	22,258.55
Lease Expenses	486.98
Management Fee	30,000.00
Marketing & Branding Fee	35,430.76
Meals and Entertainment	6,605.05
Office Expenses	3,969.10
Operating Expenses	28,739.25
Outside Contractors	32,693.34
Parking Fees	3,567.40
Payroll Expenses	107,500.04
Payroll Tax	12,686.25
Payroll Processing Fee	215.96
Professional Fees	38,419.36
Rent Expense	24,568.50
R&D Expenses	33,092.14
Telephone & Internet Expenses	254.94
Travel Expense	13,517.00
Website	3,500.00
Total Expense	457,636.27
Net Ordinary Income	126,272.40
Other Income/Expense	
Other Income	45,643.60
Other Expense	5,794.35
Net Other Income	39,849.25
Net Income	**166,121.65**

SILVERLAKE RAMEN HOLDINGS, LLC

Financial Statements

December 31, 2024

(With Independent Auditors' Report Thereon)

SILVERLAKE RAMEN HOLDINGS, LLC

Financial Statements

December 31, 2024

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KIM & LEE
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
of Silverlake Ramen Holdings, LLC
Los Angeles, California

Opinion

We have audited the accompanying financial statements of Silverlake Ramen Holdings, LLC (a California Limited Liability Company), which comprise the balance sheet as of December 31, 2024, and the related statements of income, members' equity, and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Silverlake Ramen Holdings, LLC as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

(Continue)

2207 W. 190th St. Torrance, CA 90504 **T** 213.387.6000 **F** 213.387.2473 www.kimleecpas.com

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Kim & Lee, LLP

Torrance, California
February 26, 2025

2207 W. 190th St. Torrance, CA 90504 T 213.387.6000 F 213.387.2473 www.kimleecpas.com

SILVERLAKE RAMEN HOLDINGS, LLC

Balance Sheet

December 31, 2024

Assets

Current assets:	
Cash (Note 2)	$ 1,152,232
Accounts receivable (Notes 2 and 5)	230,922
Inventories (Note 2)	35,927
Deferred costs, current portion (Note 2)	5,250
Prepaid expenses and other current assets	39,734
Total current assets	1,464,065
Property and equipment (Note 2):	
Office equipment	36,345
Furniture and fixtures	29,619
Total property and equipment	65,964
Accumulated depreciation	(51,842)
Property and equipment, net	14,122
Other assets:	
Deferred costs, net of current (Note 2)	73,083
Operating right-of-use asset (Note 6)	96,779
Security deposit	8,059
Total other assets	177,921
Total assets	$ 1,656,108

See accompanying notes to financial statements.

SILVERLAKE RAMEN HOLDINGS, LLC

Balance Sheet

December 31, 2024

Liabilities and Members' Equity

Current liabilities:		
Accounts payable	$	13,566
Due to affiliates (Note 5)		13,391
Deferred franchise fee revenue, current portion (Note 3)		75,500
Lease liability – operating, current portion (Note 6)		75,077
Note payable, current portion (Note 4)		25,785
Total current liabilities		203,319
Long-term liabilities		
Deferred franchise fee revenue, net of current portion (Note 3)		711,313
Deferred revenue – other		20,000
Lease liabilities – operating, net of current		21,702
Note payable, net of current portion (Note 4)		502,009
Total long-term liabilities		1,255,024
Total liabilities		1,458,343
Commitments and contingencies (Note 6)		
Members' equity		197,765
Total liabilities and members' equity	$	1,656,108

See accompanying notes to financial statements.

SILVERLAKE RAMEN HOLDINGS, LLC

Statement of Income and Members' Equity

Year Ended December 31, 2024

Revenue (Notes 2 and 3):	
Royalty and franchise fee income	$ 2,928,761
Merchandise sales	306,780
Other revenue	210,754
Total revenue	3,446,295
Operating expenses:	
Cost of merchandise sales	183,515
General and administrative expenses (Notes 2 and 5)	2,069,059
Total operating expenses	2,252,574
Income from operations	1,193,721
Interest expense	19,733
Net income	1,173,988
Members' deficit, beginning of year	(541,776)
Distribution to members	(434,447)
Members' equity, end of year	$ 197,765

See accompanying notes to financial statements.

SILVERLAKE RAMEN HOLDINGS, LLC

Statement of Cash Flows

Year Ended December 31, 2024

Cash flows from operating activities:	
Net income	$ 1,173,988
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation expense	10,996
Amortization of deferred costs	23,825
Amortization of right-of-use asset	79,269
(Increase) Decrease in operating assets:	
Accounts receivable	(17,595)
Franchise fee receivable	30,000
Inventories	19,314
Prepaid expenses and other current assets	19,313
Increase (Decrease) in operating liabilities:	
Accounts payable	(34,257)
Deferred franchise fee revenue	(76,500)
Lease liability	(82,119)
Net cash provided by operating activities	1,146,234
Cash flows from investing activities:	
Proceeds from repayment of loans from members	20,000
Repayment of short-term borrowings to affiliates	(58,661)
Payments for capital expenditures	(2,294)
Net cash used in investing activities	(40,955)
Cash flows from financing activities:	
Proceeds from long-term debts	196,000
Repayment of long-term debts	(4,306)
Distribution to members	(329,447)
Net cash used in financing activities	(137,753)
Net increase in cash	967,526
Cash, beginning of year	184,706
Cash, end of year	$ 1,152,232

Supplemental Information:

Cash paid during year for interest	$ 19,733
Non-cash investing and financing activities	
Loans to member reclassified to distributions	$ 105,000

See accompanying notes to financial statements.

Note 1 – The Company and Nature of Business

Silverlake Ramen Holdings, LLC (the "Company"), was established as a California limited liability company in 2017. The rights and obligations of the equity holders of the Company are governed by the Operating Agreement as amended from time to time.

The Company is primarily engaged in franchise operations to authorize and manage franchises sold by the Company. The franchisees are granted the right to operate Japanese restaurants under the brand name "Silverlake Ramen."

As of December 31, 2024, there was a total of 34 franchisees in operation.

Note 2 – Summary of Significant Accounting Policies

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

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the Unites States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates are used primarily in determining the carrying amounts of allowance for bad debt, property and equipment and inventory valuation. When estimating contingent liabilities, the low end of the range is accrued. The process of determining significant estimates requires consideration of factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Fair value of financial instruments – The fair value of financial instruments, other than long-term debt or derivatives, approximates the carrying value because of the short-term nature of such instruments.

Cash – The Company considers all highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents. The Company had no cash equivalent as of December 31, 2024.

From time to time, the Company's cash balances may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of $250,000 per institution.

As of December 31, 2024, cash balance maintained with one bank exceeding the FDIC insured limit was approximately $905,000.

Note 2 – Summary of Significant Accounting Policies (Continued)

Accounts receivable – Allowance for doubtful accounts is computed based on the Company's historical experience and management's analysis of possible bad debts. As of December 31, 2024, the Company considered all amounts to be collectible and therefore, provided no allowance for doubtful accounts.

As of December 31, 2024, accounts receivable comprised of the following:

Royalty receivable	$ 154,179
Vendor rebate receivable	67,513
Others	9,230
	$ 230,922

Inventories – Inventories are stated at the lower of cost or net realizable value, where the cost is determined by first-in, first-out (FIFO) basis.

Property and equipment – Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of related assets ranging from 5 to 10 years. Renewals and betterment that extend the economic useful lives of the related assets are capitalized. Expenditure for maintenance and repairs are charged to expense as incurred.

Depreciation expense was $10,996 for the year ended December 31, 2024.

Revenue recognition – The Company records revenue based on a five-step model in accordance with ASC 606. For its customer contracts, the Company identifies the performance obligations, determines the transaction price, allocates the contract transaction price to the performance obligations, and recognizes the revenue when (or as) control of goods or services is transferred to the customer.

(1) Franchise fees – The Company recognizes franchise fees over the franchise contract term, starting from the date the franchisee opens for business. Royalty income is recognized as such when sales are reported through electronic sales report system on a semi-monthly basis. Comparative information from prior year periods has not been adjusted and continues to be reported under the accounting standards in effect for those periods under ASC 605.

The adoption changed the timing of recognition of initial franchise fees, development fees, the reporting of advertising fund contributions and related expenditures.

The Company sells individual franchises. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee prior to opening the respective location(s), and continuing royalty fees based upon a percentage of the franchisee's net sales. The initial term of franchise agreements is typically 10 years. Subject to the Company's approval, a franchisee may generally renew the franchise agreement upon its expiration. If a contract is terminated prior to its term, it is a breach of contract and a penalty is assessed based on a formula reviewed and approved by management. Revenue generated from a contract breach is termed settlement income by the Company and included in licensing fees and other income.

Note 2 – Summary of Significant Accounting Policies (Continued)

(1) Franchise fees (Continued) – Under the terms of our franchise agreements, the Company typically promises to provide franchise rights, pre-opening services such as blueprints, operational materials, planning and functional training courses, and ongoing services, such as management of the marketing fund. Under ASC 605, initial franchise fees paid by franchisees for each arrangement were deferred until the store opened and were recognized as revenue in their entirety on that date. Upon adoption of ASC 606, the Company determined that certain pre-opening activities, and the franchise rights and related ongoing services, represented two separate performance obligations. The franchise fee revenue has been allocated to the two separate performance obligations using a residual approach. Revenue allocated to preopening activities is recognized when (or as) these services are performed. Revenue allocated to franchise rights and ongoing services is deferred until the store opens and recognized on a straight-line basis over the duration of the term of the agreement, as this ensures that revenue recognition aligns with the customer’s access to the franchise right.

(2) Royalty income – As part of its strategy to support new franchise locations, the Company may grant franchisees a discretionary royalty-free period during their initial months of operation. These waivers are intended to assist franchisees in establishing their businesses by reducing early-stage financial burdens.

Royalty income is recognized during the respective franchise agreement based on the royalties earned each period as the underlying franchise store sales occur. Adoption of ASC 606 did not change when the royalty revenue is recognized as this new guidance did not impact the recognition of royalty income.

(3) Other revenues – The Company will recognize revenue from other fees and other services provided to the franchisees as a single performance obligation, when the services are rendered.

(4) Vendor rebates – The Company has entered into certain preferred vendor arrangements for which it earns a rebate payable by the vendor based on a percentage or volume of purchases made by its franchisees. Vendor rebates are recognized in the period purchases are made and reported to the Company. For the year ended December 31, 2024, rebate income was $165,751, which is included in other revenue in the accompanying statement of income.

Deferred costs – Commissions paid as referral fees in connection with obtaining a franchise are capitalized and amortized on a straight line basis over the term of the franchise arrangements. The capitalized cost was $92,500 and accumulated amortization was $14,167 as of December 31, 2024.

Advertising expense – Advertising costs are expensed as incurred. For the year ended December 31, 2024, total advertising and marketing expense was $54,693.

Income taxes – Under existing provisions of the Internal Revenue Code, the income or loss of a limited liability company is recognized by the members for income tax purposes. Accordingly, no provision for income tax has been provided in the accompanying financial statements.

Note 2 – Summary of Significant Accounting Policies (Continued)

Leases – The Company accounts for leases by first determining if an arrangement is a lease at inception. Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. The right-of use assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Company's lease does not provide an implicit rate, therefore, the risk-free rate based on the information available at commencement date was used to determine the present value of lease payments. The right-of-use assets exclude lease incentives, which are accounted as a reduction of lease liabilities if they have not yet been received. The Company's lease terms may include options to extend or terminate the lease. These options are included in the lease terms when it is reasonably certain the option will be exercised. Lease expense related to lease components is recognized on a straight-line basis over the lease term.

The carrying values of right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of such assets may not be recoverable. The determination of whether any impairment exists includes a comparison of estimated undiscounted future cashflows anticipated to be generated over the remaining life of an asset or asset group to their net carrying value. If the estimated undiscounted future cashflows associated with the asset or asset group are less than the carrying value, an impairment loss will be recorded based on the estimated fair value. For right-of-use assets that are impaired, the remaining carrying value of the right-of-use assets are amortized on a straight line basis over the remaining term of the lease.

Recent accounting pronouncements adopted – In February 2016, the FASB issued ASU 2016-2, "Leases" which superseded FASB ASC 840 Leases and adds FASB ASC 842. The new FASB ASC 842 requires lessees to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term: recognize a single lease cost, which is allocated over the lease term, generally on a straight line basis, and classify all cash payments within operating activities in the statement of cash flows. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and lease liabilities. In addition, at the inception of a contract, an entity should determine whether the contract is or contains a lease. As amended by ASU 2020-05, ASU 2016-2 was effective for nonpublic entities for fiscal years beginning December 15, 2021. On January 1, 2022, the Company adopted this provision of ASU 2016-2 and recognized lease asset and lease liability for its operating lease.

Subsequent events – The Company evaluated subsequent events for recognition or disclosure through February 26, 2025, the date the accompanying financial statements were available to be issued.

Note 3 – Revenue and Related Contract Balances

Revenue – The Company derives its revenue from franchisees located primarily in California. The economic risks of the Company's revenues are dependent on the strength of the economy of the United States, in particular, the state of California, and its ability to collect on its contracts.

Revenues by timing of recognition were as follows:

Point in time:	
Royalties	$ 2,862,261
Merchandise sales	306,780
Vendor rebates and other income	210,754
	3,379,795
Over time:	
Franchise fees	66,500
	$ 3,446,295

During the year ended December 31, 2024, the Company provided royalty-free periods and discretionary royalty waivers totaling approximately $93,500. These waivers are intended to assist franchisees in establishing their businesses by reducing early-stage financial burdens.

As a result, reported royalty revenue was reduced by these amounts. The Company does not have a recurring obligation to grant such waivers and evaluates them on a case-by-case basis.

Contracts – Contract assets are accounts receivable related to royalty and initial franchise fee receivable. Contract liabilities are comprised of unamortized initial franchise fees received from the franchisee, which are presented as "Deferred franchise fees revenues" on the accompanying balance sheet.

Royalty and franchise fees receivable as of January 1, 2024 and December 31, 2024 were $202,766 and $154,179, respectively.

A summary of significant changes in the deferred franchise fee during the year end December 31, 2024, is as follows:

Deferred franchise fees, beginning of year	$ 883,313
Revenue recognized during the year	(66,500)
Return of franchise fee due to cancellation	(30,000)
Deferred franchise fee, end of year	$ 786,813

Deferred franchise fee consisted of the following as of December 31, 2024:

Opened franchise units	$ 596,813
Franchise units not yet opened	190,000
Total	$ 786,813

Note 3 – Revenue and Related Contract Balances (Continued)

Deferred franchise fee are expected to be recognized as revenue of the remaining terms of the associated franchise agreement is provided in the following table. Expected timing of the recognition of franchise units not opened is not provided.

Years ending December 31:	
2025	$ 75,500
2026	75,500
2027	75,500
2028	75,500
2029	75,500
2030 and thereafter	219,313
	$ 596,813

Note 4 – Note payable

As of December 31, 2024, the Company had the following notes payable:

A $336,100 note payable to the U.S. Small Business Administration under the Economic Injury Disaster Loan Program secured by business assets. The note bears interest at a fixed rate of 3.75% per annum and matures in May 2050. The monthly payment, including principal and interest, is $1,678.	$ 331,794
A $196,000 note payable to a bank under the SBA Loan Program. The note, dated September 10, 2024, bears interest at a fixed rate of 8.1% per annum and matures in September 2031. The note secured by business assets and guaranty the majority owner and officer, and related affiliates by virtue of common ownership. The monthly payment, including interest, is $3,241.	196,000
Total notes payable	527,794
Current portion	(25,785)
	$ 502,009

Note 4 – Note payable (Continued)

At December 31, 2024, the following table summarizes the expected scheduled maturities of the above note payable:

Years ending December 31:	
2025	$ 33,826
2026	36,296
2027	38,960
2028	41,834
2029	44,933
2030 and thereafter	331,945
	$ 527,794

Note 5 – Related Party Transactions

As of December 31, 2024 the Company has non-interest bearing short-term borrowings from affiliates totaling $13,391.

For the year ended December 31, 2024, royalty revenue and merchandise sales to affiliates by virtue of common ownership was $188,951 and $47,901, respectively.

As of December 31, 2024, the accounts receivable from affiliates was $9,315.

Guaranteed payment and other compensation to members for services provided to the Company for the year ended December 31, 2024 was $180,000.

Cost reimbursement to an affiliate related to research and development was $49,692 for the year ended December 31, 2024.

Note 6 – Commitments and Contingencies

Litigation – The Company is a co-defendant in a lawsuit filed by a landlord against a former franchisee for breach of a commercial lease related to a franchise location that was unable to open due to COVID-19.

In response, the franchisee has filed a cross-complaint against the Company and certain individuals, alleging promissory fraud, breach of contract, negligence, breach of fiduciary duty, and other claims. The cross-complaint does not specify the amount of damages being sought.

The Company denies the allegations and has filed an answer asserting various affirmative defenses. The case is in the discovery phase, with a trial scheduled for September 29, 2025. At this time, it is not possible to determine the outcome or estimate any potential loss, but the Company will continue to assess the matter as it progresses.

Note 6 – Commitments and Contingencies (Continued)

Operating lease – The Company leases its corporate office in Los Angeles, California under a non-cancellable operating lease. The Company entered into an amendment of lease which was expected to expire at the end of year 2024 for additional eighteen months extending the expiration date to June 30, 2026. The managing member of the Company provided personal guaranty for the full payment of all rents and other payments as required under the lease. The Company is obligated to pay for the Company's share of building operating expenses. The amended lease provides for abatement of rent for the second month. The lease also includes provision for annual three percent rent increase.

Other information related to operating lease for the year ended December 31, 2024 is as follows:

Operating lease costs	$	79,441
Other information:		
Cash paid for amounts included in the measurement of lease liability:		
Operating cash flows for operating lease	$	(83,938)
Non-cash investing and financing activities:		
Additions to right-of-use assets obtained from amended leases	$	96,779
Remaining lease term – operating lease		18 months
Discount rate – operating lease		4.16%

At December 31, 2024, minimum future payment for the lease is as follows:

2025	$	77,793
2026		21,853
Total		99,646
Amount representing interest		(2,867)
	$	96,779

SILVERLAKE RAMEN HOLDINGS, LLC

Financial Statements

December 31, 2023

(With Independent Auditors' Report Thereon)

SILVERLAKE RAMEN HOLDINGS, LLC

Financial Statements

December 31, 2023

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Independent Auditors' Report

To the Board of Directors
of Silverlake Ramen Holdings, LLC
Los Angeles, California

Opinion

We have audited the accompanying financial statements of Silverlake Ramen Holdings, LLC (a California Limited Liability Company), which comprise the balance sheet as of December 31, 2023, and the related statements of income, members' deficit, and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Silverlake Ramen Holdings, LLC as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

(Continue)

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Silverlake Ramen Holdings, LLC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Silverlake Ramen Holdings, LLC's ability to continue as a going concern for a reasonable period of time.

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

Kim & Lee, LLP

Torrance, California
March 6, 2024

SILVERLAKE RAMEN HOLDINGS, LLC

Balance Sheet

December 31, 2023

Assets

Current assets:	
Cash (Note 2)	$ 184,706
Accounts receivable (Notes 2 and 5)	213,327
Franchise fee receivables (Notes 2 and 3)	30,000
Due from members (Note 5)	125,000
Inventories (Note 2)	55,241
Deferred costs, current portion (Note 2)	4,250
Prepaid expenses and other current assets	59,047
Total current assets	671,571
Property and equipment, net (Note 2):	
Office equipment	34,051
Furniture and fixture	29,619
Total property and equipment	63,670
Accumulated depreciation	(40,846)
Property and equipment, net	22,824
Other assets:	
Deferred costs, net of current (Note 2)	97,908
Right-of-use asset (Note 6)	79,269
Security deposit	8,059
Total other assets	185,236
Total assets	$ 879,631

See accompanying notes to financial statements

SILVERLAKE RAMEN HOLDINGS, LLC

Balance Sheet

December 31, 2023

Liabilities and Members' Deficit

Current liabilities:	
Accounts payable	$ 47,823
Due to affiliates (Note 5)	72,052
Deferred franchise fee revenue, current portion (Note 3)	58,500
Note payable, current portion (Note 4)	2,000
Lease liability, current portion (Note 6)	82,119
Total current liabilities	262,494
Long-term liabilities	
Deferred franchise fee revenue, net of current portion (Note 3)	824,813
Note payable, net of current portion (Note 4)	334,100
Total long-term liabilities	1,158,913
Total liabilities	1,421,407
Commitments and contingencies (Note 6)	
Members' deficit	(541,776)
Total liabilities and members' deficit	$ 879,631

See accompanying notes to financial statements

SILVERLAKE RAMEN HOLDINGS, LLC

Statement of Income and Members' Deficit

Year Ended December 31, 2023

Revenue (Notes 2 and 3):	
Royalty and franchise fee income	$ 2,368,804
Merchandise sales	116,691
Other revenue	215,018
	2,700,513
Operating expenses:	
Cost of merchandise sales	54,385
General and administrative expenses (Notes 2 and 5)	2,216,445
Total operating expenses	2,270,830
Income from operations	429,683
Interest expense	(20,136)
Net income	409,547
Members' deficit, beginning of year	(595,823)
Distribution to members	(355,500)
Members' deficit, end of year	$ (541,776)

See accompanying notes to financial statements

SILVERLAKE RAMEN HOLDINGS, LLC

Statement of Cash Flows

Year Ended December 31, 2023

Cash flows from operating activities:	
Net income	$ 409,547
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation expense	10,611
(Increase) Decrease in operating assets:	
Accounts receivable	(92,232)
Franchise fee receivable	(30,000)
Inventories	(16,461)
Prepaid expenses and other current assets	(36,676)
Deferred costs, net	4,250
Increase (Decrease) in operating liabilities:	
Accounts payable	18,088
Accrued guaranteed payments	(18,000)
Deferred franchise fee revenue	(21,500)
Net cash provided by operating activities	227,627
Cash flows from investing activities:	
Loan to members	(125,000)
Proceeds from short-term borrowings from affiliates, net	79,182
Payments for purchase of office equipment and furniture	(1,859)
Net cash used in investing activities	(47,677)
Cash flows from financing activities:	
Distribution to members	(355,500)
Net cash used in financing activities	(355,500)
Net decrease in cash	(175,550)
Cash, beginning of year	360,256
Cash, end of year	$ 184,706

See accompanying notes to financial statements

Note 1 – The Company and Nature of Business

Silverlake Ramen Holdings, LLC (the "Company"), was established as a California limited liability company in 2017. The rights and obligations of the equity holders of the Company are governed by the Operating Agreements as amended from time to time.

The Company is primarily engaged in franchise operations to authorize and manage franchises sold by the Company. The franchisees are granted the right to operate Japanese restaurants under the brand name "Silverlake Ramen".

As of December 31,2023, there was a total of 27 franchisees in operation.

Note 2 – Summary of Significant Accounting Policies

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

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the Unites States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates are used primarily in determining the carrying amounts of allowance for bad debt, property and equipment and inventory valuation. When estimating contingent liabilities, the low end of the range is accrued. The process of determining significant estimates requires consideration of factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Cash – The Company considers all highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents. The Company had no cash equivalent as of December 31, 2023.

From time to time, the Company's cash balances may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of $250,000 per institution.

Note 2 – Summary of Significant Accounting Policies (Continued)

Accounts receivable – Allowance for doubtful accounts is computed based on the Company's historical experience and management's analysis of possible bad debts. As of December 31, 2023, the Company considered all amounts to be collectible and therefore, provided no allowance for doubtful accounts.

Inventories – Inventories are stated at the lower of cost or net realizable value, where the cost is determined by first-in, first-out (FIFO) basis.

Property and equipment – Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of related assets ranging from 5 to 10 years. Renewals and betterment that extend the economic useful lives of the related assets are capitalized. Expenditure for maintenance and repairs are charged to expense as incurred.

Depreciation expense was $10,611 for the year ended December 31, 2023.

Revenue recognition – The Company records revenue based on a five-step model in accordance with ASC 606. For its customer contracts, the Company identifies the performance obligations, determines the transaction price, allocates the contract transaction price to the performance obligations, and recognizes the revenue when (or as) control of goods or services is transferred to the customer.

(1) Franchise fees – The Company recognizes franchise fees over the franchise contract term, starting from the date the franchisee opens for business. Royalty income is recognized as such when sales are reported through electronic sales report system on a semi-monthly basis. Comparative information from prior year periods has not been adjusted and continues to be reported under the accounting standards in effect for those periods under ASC 605.

The adoption changed the timing of recognition of initial franchise fees, development fees, the reporting of advertising fund contributions and related expenditures.

The Company sells individual franchises. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee prior to opening the respective location(s), and continuing royalty fees based upon a percentage of the franchisee's net sales. The initial term of franchise agreements is typically 10 years. Subject to the Company's approval, a franchisee may generally renew the franchise agreement upon its expiration. If a contract is terminated prior to its term, it is a breach of contract and a penalty is assessed based on a formula reviewed and approved by management. Revenue generated from a contract breach is termed settlement income by the Company and included in licensing fees and other income.

Note 2 – Summary of Significant Accounting Policies (Continued)

Franchise fees (Continued) – Under the terms of our franchise agreements, the Company typically promises to provide franchise rights, pre-opening services such as blueprints, operational materials, planning and functional training courses, and ongoing services, such as management of the marketing fund. Under ASC 605, initial franchise fees paid by franchisees for each arrangement were deferred until the store opened and were recognized as revenue in their entirety on that date. Upon adoption of ASC 606, the Company determined that certain pre-opening activities, and the franchise rights and related ongoing services, represented two separate performance obligations. The franchise fee revenue has been allocated to the two separate performance obligations using a residual approach. Revenue allocated to preopening activities is recognized when (or as) these services are performed. Revenue allocated to franchise rights and ongoing services is deferred until the store opens and recognized on a straight-line basis over the duration of the term of the agreement, as this ensures that revenue recognition aligns with the customer's access to the franchise right.

Royalty income – Royalty income is recognized during the respective franchise agreement based on the royalties earned each period as the underlying franchise store sales occur. Adoption of ASC 606 did not change when the royalty revenue is recognized as this new guidance did not impact the recognition of royalty income.

Other revenues – The Company will recognize revenue from other fees and other services provided to the franchisees as a single performance obligation, when the services are rendered.

Vendor rebates – The Company has entered into certain preferred vendor arrangements for which it earns a rebate payable by the vendor based on a percentage or volume of purchases made by its franchisees. Vendor rebates are recognized in the period purchases are made and reported to the Company. For the year ended December 31, 2023, rebate income was $181,350, which is included in other revenue in the accompanying statement of income.

Deferred costs – Commissions paid as referral fees in connection with obtaining a franchise are capitalized and amortized on a straight line basis over the term of the franchise arrangements. The capitalized cost was $112,500 and accumulated amortization was $10,342 as of December 31, 2023.

Advertising expense – Advertising costs are expensed as incurred. For the year ended December 31, 2023, total advertising and marketing expense was $64,628.

Income taxes – Under existing provisions of the Internal Revenue Code, the income or loss of a limited liability company is recognized by the members for income tax purposes. Accordingly, no provision for income tax has been provided in the accompanying financial statements.

Note 2 – Summary of Significant Accounting Policies (Continued)

Leases – The Company accounts for leases by first determining if an arrangement is a lease at inception. Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. The right-of use assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Company's leases do not provide an implicit rate, therefore, the incremental borrowing rate based on the information available at commencement date was used to determine the present value of lease payments. The right-of-use assets exclude lease incentives, which are accounted as a reduction of lease liabilities if they have not yet been received. The Company's lease terms may include options to extend or terminate the lease. These options are included in the lease terms when it is reasonably certain they will be exercised. Lease expense related to lease components is recognized on a straight-line basis over the lease term.

The carrying values of right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of such assets may not be recoverable. The determination of whether any impairment exists includes a comparison of estimated undiscounted future cashflows anticipated to be generated over the remaining life of an asset or asset group to their net carrying value. If the estimated undiscounted future cashflows associated with the asset or asset group are less than the carrying value, an impairment loss will be recorded based on the estimated fair value. For right-of-use assets that are impaired, the remaining carrying value of the right-of-use assets are amortized on a straight line basis over the remaining term of the lease.

Fair value of financial instruments – The fair value of financial instruments, other than long-term debt or derivatives, approximates the carrying value because of the short-term nature of such instruments.

Recent accounting pronouncements – In June 2016, FASB issued Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, to replace the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. In connection with recognizing credit losses on receivables and other financial instruments, the Company will be required to use a forward-looking expected loss model rather than the incurred loss model. The new standard will be effective nonpublic entities effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, with early adoption permitted, as result of issuance of ASU 2019-10. Adoption of this standard is through a cumulative-effect adjustment to retained earnings as of the effective date. The adoption of ASU 2016-13 did not have a material impact on the financial condition or result of operations.

Note 2 – Summary of Significant Accounting Policies (Continued)

Recent accounting pronouncements adopted – In February 2016, the FASB issued ASU 2016-2, "Leases" which superseded FASB ASC 840 Leases and adds FASB ASC 842. The new FASB ASC 842 requires lessees to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term: recognize a single lease cost, which is allocated over the lease term, generally on a straight line basis, and classify all cash payments within operating activities in the statement of cash flows. For finance leases, a lessee is required to recognize a right-of-use asset and a lease liability; recognize interest on the lease liability separately from amortization of the right-of-use asset, and classify repayments of the principal portion of the lease liability within financing activities and payments of interest on the lease liability within operating activities in the statement of cash flows. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and lease liabilities. In addition, at the inception of a contract, an entity should determine whether the contract is or contains a lease. As amended by ASU 2020-05, ASU 2016-2 is effective for nonpublic entities for fiscal years beginning December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022 with early adoption permitted. On January 1, 2022, the Company adopted this provision of ASU 2016-2 and recognized lease asset and lease liability for its finance lease.

Subsequent events – The Company evaluated subsequent events for recognition or disclosure through March 6, 2024, the date the accompanying financial statements were available to be issued.

Note 3 – Revenue and Related Contract Balances

Revenue – The Company derives its revenue from franchisees located mainly in California. The economic risks of the Company's revenues are dependent on the strength of the economy of the United States, and its ability to collect on its contracts.

Revenues by timing of recognition were as follows:

Point in time:	
Royalties	$ 2,317,304
Merchandise sales	116,691
Vendor rebates and other income	215,018
	2,649,013
Over time:	
Franchise fees	51,500
	$ 2,700,513

Note 3 – Revenue and Related Contract Balances (Continued)

Contracts – Contract liabilities are comprised of unamortized initial franchise fees received from the franchisee, which are presented as "Deferred franchise fees" on the accompany balance sheet.

A summary of significant changes in the deferred franchise fee during the year end December 31, 2023, is as follows:

Deferred franchise fees, beginning of year	$	904,813
Revenue recognized during the year		(51,500)
Additions for initial franchise fee receivable		30,000
Deferred franchise fee, end of year	$	883,313

Deferred franchise fee consisted of the following:

Opened franchise units	$	563,313
Franchise units not yet opened		320,000
Total	$	883,313

Deferred franchise fee are expected to be recognized as revenue of the remaining terms of the associated franchise agreement is provided in the following table. Expected timing of the recognition of franchise units not opened is not provided.

Years ending December 31:		
2024	$	58,500
2025		58,500
2026		58,500
2027		58,500
2028		5,8500
2029 and thereafter		270,813
	$	563,313

Note 4 – Note payable

The Company has a note payable of $336,100 as of December 31, 2023 to U.S Small Business Administration under Economic Injury Disaster Loan Program. The note, with interest at a fixed rate of 3.75% per annum, will mature in May 2050. The monthly payment, including principal and interest, is $1,678.

At December 31, 2023, the following table summarizes the expected scheduled maturities of the above note payable:

Years ending December 31:		
2024	$	2,000
2025		12,000
2026		12,000
2027		12,000
2028		12,000
2029 and thereafter		286,100
	$	336,100

Note 5 – Related Party Transactions

As of December 31, 2023 the Company has non-interest bearing short-terms loans to members of the Company totaling $125,000 and non-interest bearing short-term borrowings from affiliates totaling $72,052.

For the year ended December 31, 2023, royalty revenue and merchandise sales from affiliates by virtue of common ownership was $108,923.

As of December 31, 2023, the accounts receivable from affiliates was $11,665.

Guaranteed payments to members for services provided to the Company for the year ended December 31, 2023 was $192,000.

Note 6 – Commitments and Contingencies

Litigation – The Company was a defendant in a lawsuit brought by one former member against the company and its members on certain matters alleging, among other things, breach of fiduciary duty. The lawsuit was settled amongst the members in July of 2021 and the Company was released of liability.

Note 6 – Commitments and Contingencies (Continued)

Operating lease – The Company leases its office in Los Angeles, California under non-cancellable operating lease. The prior lease had expired in April of 2023 and was extended for additional eighteen months expiring December 2024 with no option to renew. The managing member of the Company provided personal guaranty for the full payment of all rents and other payments as required under the lease. The Company is obligated to pay for the Company's share of building operating expenses. The lease provides for abatement of rent for the second and thirteenth month. The lease also includes provision for annual three percent rent increase.

As of December 31, 2023

Lease-Related Asset and Liability	Financial Statement Line Items		Amounts
Right-of-use asset:			
Operating lease	Right-of-use asset	$	79,269
Lease liability:			
Operating lease	Lease liability, current portion	$	82,119

Year Ending December 31, 2023		**Amounts**
Operating lease costs	$	88,296
Other information:		
Cash paid for amounts included in the measurement of lease liability:		
Operating cash flows for operating lease	$	(75,437)
Non-cash investing and financing activities:		
Additions to ROU assets obtained from:		
Amended lease liability	$	130,625
Weighted-average remaining lease term – operating lease		12 months
Weighted-average discount rate – operating lease		4.04%

At December 31, 2023, minimum future payment for the lease is as follows:

2024	$	82,119

SILVERLAKE RAMEN HOLDINGS, LLC

Financial Statements

December 31, 2022

(With Independent Auditors' Report Thereon)

SILVERLAKE RAMEN HOLDINGS, LLC

Financial Statements

December 31, 2022

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Independent Auditors' Report

To the Board of Directors
of Silverlake Ramen Holdings, LLC
Los Angeles, California

Opinion

We have audited the accompanying financial statements of Silverlake Ramen Holdings, LLC (a California Limited Liability Company), which comprise the balance sheet as of December 31, 2022, and the related statements of income, members' deficit, and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Silverlake Ramen Holdings, LLC as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

(Continue)

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Kim & Lee, LLP

Torrance, California
April 14, 2023

SILVERLAKE RAMEN HOLDINGS, LLC

Balance Sheet

December 31, 2022

Assets

Current assets:		
Cash (Note 2)	$	360,256
Accounts receivable (Note 2)		121,095
Franchise fee receivables (Notes 2 and 3)		30,000
Inventories (Note 2)		38,780
Deferred costs, current portion (Note 2)		4,250
Prepaid expenses and other current assets		22,370
Total current assets		576,751
Property and equipment, net (Note 2):		
Machinery and equipment		32,192
Furniture and fixture		29,619
Total property and equipment		61,811
Accumulated depreciation		(30,234)
Property and equipment, net		31,577
Other assets:		
Due from affiliate (Note 5)		10,949
Deferred costs, net of current (Note 2)		102,158
Right of use asset (Note 6)		20,494
Security deposit		8,059
Total other assets		141,660
Total assets	$	749,988

See accompanying notes to financial statements

SILVERLAKE RAMEN HOLDINGS, LLC

Balance Sheet

December 31, 2022

Liabilities and Members' Deficit

Current liabilities:		
Accounts payable (Note 5)	$	29,735
Accrued guaranteed payments (Note 5)		18,000
Accrued distribution payments (Note 5)		30,000
Deferred franchise fee revenue, current portion (Note 3)		38,250
Note payable, current portion (Note 4)		5,722
Lease liability, current portion (Note 6)		23,344
Due to affiliates (Note 5)		3,819
Total current liabilities		148,870
Long-term liabilities		
Deferred franchise fee revenue, net of current portion (Note 3)		866,563
Note payable, net of current portion (Note 4)		330,378
Total long-term liabilities		1,196,941
Total liabilities		1,345,811
Commitments and contingencies (Note 6)		
Members' deficit		(595,823)
Total liabilities and members' deficit	$	749,988

See accompanying notes to financial statements

SILVERLAKE RAMEN HOLDINGS, LLC

Statement of Income and Members' Deficit

Year Ended December 31, 2022

Revenue (Notes 2 and 3):	
Royalty and franchise fee income	$ 1,725,933
Merchandise sales	138,109
Other revenue	54,748
	1,918,790
Operating expenses:	
Cost of merchandise sales	85,733
General and administrative expenses (Note 2)	1,743,607
Total operating expenses	1,829,340
Income from operations	89,450
Other expense: Interest expense	(3,356)
Net income	86,094
Members' deficit, beginning of year	(321,917)
Distribution to members	(360,000)
Members' deficit, end of year	$ (595,823)

See accompanying notes to financial statements

SILVERLAKE RAMEN HOLDINGS, LLC

Statement of Cash Flows

Year Ended December 31, 2022

Cash flows from operating activities:		
Net income	$	86,094
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation expense		9,604
Lease asset and liability		2,850
(Increase) Decrease in operating assets:		
Accounts receivable		(20,189)
Franchise fee receivable		(30,000)
Inventories		19,718
Prepaid expenses and other current assets		(7,777)
Deferred costs, net		14,014
Increase (Decrease) in operating liabilities:		
Accounts payable		21,731
Accrued guaranteed payments		18,000
Accrued distribution payments		30,000
Deferred franchise fee revenue		(129,333)
Deferred rent obligations		(9,540)
Other liabilities		(18,453)
Net cash used in operating activities		(13,281)
Cash flows from investing activities:		
Net proceeds from repayment of loan from affiliates		167,091
Payments for purchase of office equipment and furniture		(9,623)
Net cash provided by investing activities		157,468
Cash flows from financing activities:		
Distribution to members		(360,000)
Proceeds from borrowing on note payable		254,444
Net cash used in financing activities		(105,556)
Net increase in cash		38,631
Cash, beginning of year		321,625
Cash, end of year	$	360,256

See accompanying notes to financial statements

Note 1 – The Company and Nature of Business

Silverlake Ramen Holdings, LLC (the "Company"), was established as a California limited liability company in 2017. The rights and obligations of the equity holders of the Company are governed by the Operating Agreements as amended from time to time.

The Company is primarily engaged in franchise operations to authorize and manage franchises sold by the Company. The franchisees are granted the right to operate Japanese restaurants under the brand name "Silverlake Ramen".

As of December 31, 2022, there was a total of 21 franchisees were in operation.

Note 2 – Summary of Significant Accounting Policies

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

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the Unites States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates are used primarily in determining the carrying amounts of allowance for bad debt, property and equipment and inventory valuation. When estimating contingent liabilities, the low end of the range is accrued. The process of determining significant estimates requires consideration of factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Cash – The Company considers all highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents. The Company had no cash equivalent as of December 31, 2022.

From time to time, the Company's cash balances may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of $250,000 per institution. The Company's cash balances exceeding the FDIC limit was approximately $110,000 at December 31, 2022; however, the management does not believe the Company is exposed to any significant risk on their cash balance.

Note 2 – Summary of Significant Accounting Policies (Continued)

Accounts receivable – Allowance for doubtful accounts is computed based on the Company's historical experience and management's analysis of possible bad debts. As of December 31, 2022, the Company considered all amounts to be collectible and therefore, provided no allowance for doubtful accounts.

Inventories – Inventories are stated at the lower of cost or net realizable value, where the cost is determined by first-in, first-out (FIFO) basis.

Property and equipment – Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of related assets ranging from 5 to 10 years. Renewals and betterment that extend the economic useful lives of the related assets are capitalized. Expenditure for maintenance and repairs are charged to expense as incurred.

Depreciation expense was $9,604 for the year ended December 31, 2022.

Revenue recognition – On January 1, 2019, the Company adopted ASC 606, Revenue from Contracts with Customers. The Company's adoption did not impact the recognition of the revenue. The Company does not expect a material impact to its statement of operations on an ongoing basis from the adoption of the new standard.

The Company records revenue based on a five-step model in accordance with ASC 606. For its customer contracts, the Company identifies the performance obligations, determines the transaction price, allocates the contract transaction price to the performance obligations, and recognizes the revenue when (or as) control of goods or services is transferred to the customer.

Franchise fees – The Company recognizes franchise fees over the franchise contract term, starting from the date the franchisee opens for business. Royalty income is recognized as such when sales are reported through electronic sales report system on a semi-monthly basis. Comparative information from prior year periods has not been adjusted and continues to be reported under the accounting standards in effect for those periods under ASC 605.

The adoption changed the timing of recognition of initial franchise fees, development fees, the reporting of advertising fund contributions and related expenditures.

The Company sells individual franchises. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee prior to opening the respective location(s), and continuing royalty fees based upon a percentage of the franchisee's net sales. The initial term of franchise agreements is typically 10 years. Subject to the Company's approval, a franchisee may generally renew the franchise agreement upon its expiration. If a contract is terminated prior to its term, it is a breach of contract and a penalty is assessed based on a formula reviewed and approved by management. Revenue generated from a contract breach is termed settlement income by the Company and included in licensing fees and other income.

Note 2 – Summary of Significant Accounting Policies (Continued)

Franchise fees (Continued) – Under the terms of our franchise agreements, the Company typically promises to provide franchise rights, pre-opening services such as blueprints, operational materials, planning and functional training courses, and ongoing services, such as management of the marketing fund. Under ASC 605, initial franchise fees paid by franchisees for each arrangement were deferred until the store opened and were recognized as revenue in their entirety on that date. Upon adoption of ASC 606, the Company determined that certain pre-opening activities, and the franchise rights and related ongoing services, represented two separate performance obligations. The franchise fee revenue has been allocated to the two separate performance obligations using a residual approach. Revenue allocated to preopening activities is recognized when (or as) these services are performed. Revenue allocated to franchise rights and ongoing services is deferred until the store opens and recognized on a straight-line basis over the duration of the term of the agreement, as this ensures that revenue recognition aligns with the customer's access to the franchise right.

Royalty income – Royalty income is recognized during the respective franchise agreement based on the royalties earned each period as the underlying franchise store sales occur. Adoption of ASC 606 did not change when the royalty revenue is recognized as this new guidance did not impact the recognition of royalty income.

Other revenues – The Company will recognize revenue from other fees and other services provided to the franchisees as a single performance obligation, when the services are rendered.

Vendor rebates – The Company has entered into certain preferred vendor arrangements for which it earns a rebate payable by the vendor based on a percentage or volume of purchases made by its franchisees. Vendor rebates are recognized in the period purchases are made and reported to the Company. For the year ended December 31, 2022, rebate income was $52,022, which is included in other revenue in the accompanying statement of operations.

Deferred costs – Commissions paid as referral fees in connection with obtaining a franchise are capitalized and amortized on a straight line basis over the term of the franchise arrangements. The capitalized cost was $112,500 and accumulated amortization was $6,092 as of December 31, 2022.

Advertising expense – Advertising costs are expensed as incurred. For the year ended December 31, 2022, total advertising and marketing expense was $57,715.

Income taxes – Under existing provisions of the Internal Revenue Code, the income or loss of a limited liability company is recognized by the members for income tax purposes. Accordingly, no provision for income tax has been provided in the accompanying financial statements.

Note 2 – Summary of Significant Accounting Policies (Continued)

Leases – The Company accounts for leases by first determining if an arrangement is a lease at inception. Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. The right-of use assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Company's leases do not provide an implicit rate, therefore, the incremental borrowing rate based on the information available at commencement date was used to determine the present value of lease payments. The right-of-use assets exclude lease incentives, which are accounted as a reduction of lease liabilities if they have not yet been received. The Company's lease terms may include options to extend or terminate the lease. These options are included in the lease terms when it is reasonably certain they will be exercised. Lease expense related to lease components is recognized on a straight-line basis over the lease term.

The carrying values of right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of such assets may not be recoverable. The determination of whether any impairment exists includes a comparison of estimated undiscounted future cashflows anticipated to be generated over the remaining life of an asset or asset group to their net carrying value. If the estimated undiscounted future cashflows associated with the asset or asset group are less than the carrying value, an impairment loss will be recorded based on the estimated fair value. For right-of-use assets that are impaired, the remaining carrying value of the right-of-use assets are amortized on a straight line basis over the remaining term of the lease.

Fair value of financial instruments – The fair value of financial instruments, other than long-term debt or derivatives, approximates the carrying value because of the short-term nature of such instruments.

Recent accounting pronouncements – In June 2016, FASB issued Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, to replace the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. In connection with recognizing credit losses on receivables and other financial instruments, the Company will be required to use a forward-looking expected loss model rather than the incurred loss model. The new standard will be effective nonpublic entities effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, with early adoption permitted, as result of issuance of ASU 2019-10. Adoption of this standard is through a cumulative-effect adjustment to retained earnings as of the effective date. The Company has not determined the financial statement implications of the new provisions.

Note 2 – Summary of Significant Accounting Policies (Continued)

Recent accounting pronouncements adopted – In February 2016, the FASB issued ASU 2016-2, "Leases" which superseded FASB ASC 840 Leases and adds FASB ASC 842. The new FASB ASC 842 requires lessees to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term: recognize a single lease cost, which is allocated over the lease term, generally on a straight line basis, and classify all cash payments within operating activities in the statement of cash flows. For finance leases, a lessee is required to recognize a right-of-use asset and a lease liability; recognize interest on the lease liability separately from amortization of the right-of-use asset, and classify repayments of the principal portion of the lease liability within financing activities and payments of interest on the lease liability within operating activities in the statement of cash flows. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and lease liabilities. In addition, at the inception of a contract, an entity should determine whether the contract is or contains a lease. As amended by ASU 2020-05, ASU 2016-2 is effective for nonpublic entities for fiscal years beginning December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022 with early adoption permitted. On January 1, 2022, the Company adopted this provision of ASU 2016-2 and recognized lease asset and lease liability for its finance lease.

Subsequent events – The Company evaluated subsequent events for recognition or disclosure through April 14, 2023, the date the accompanying financial statements were available to be issued.

Note 3 – Revenue and Related Contract Balances

Revenue – The Company derives its revenue from franchisees located mainly in California. The economic risks of the Company's revenues are dependent on the strength of the economy of the United States, and its ability to collect on its contracts.

Revenues by timing of recognition were as follows:

Point in time:	
Royalties	$ 1,656,600
Merchandise sales	138,109
Vendor rebates and other income	54,748
	1,849,457
Over time:	
Franchise fees	69,333
	$ 1,918,790

Note 3 – Revenue and Related Contract Balances (Continued)

Contracts – Contract liabilities are comprised of unamortized initial franchise fees received from the franchisee, which are presented as “Deferred franchise fees” on the accompany balance sheet.

A summary of significant changes in the deferred franchise fee during the year end December 31, 2022, is as follows:

Deferred franchise fees, beginning of year	$	1,034,146
Revenue recognized during the year		(69,333)
Revenue recognized due to cancellation of contract		(40,000)
Additions for initial franchise fee received		70,000
Additions for initial franchise fee receivable		30,000
Refund of franchise fee		(120,000)
Deferred franchise fee, end of year	$	904,813

Deferred franchise fee consisted of the following:

Opened franchise units	$	342,313
Franchise units not yet opened		562,500
Total	$	904,813

Deferred franchise fee are expected to be recognized as revenue of the remaining terms of the associated franchise agreement is provided in the following table. Expected timing of the recognition of franchise units not opened is not provided.

Years ending December 31:		
2023	$	38,250
2024		38,250
2025		38,250
2026		38,250
2027		38,250
2028 and thereafter		151,063
	$	342,313

Note 4 – Note payable

The Company has a note payable of $336,100 as of December 31, 2022 to U.S Small Business Administration under Economic Injury Disaster Loan Program. The note, with interest at a fixed rate of 3.75% per annum, will mature in May 2050. The monthly payment, including principal and interest, is $1,678.

At December 31, 2022, the following table summarizes the expected scheduled maturities of the above note payable:

Years ending December 31:		
2023	$	5,722
2024		7,881
2025		8,182
2026		8,494
2027		8,818
2028 and thereafter		297,003
	$	336,100

Note 5 – Related Party Transactions

As of December 31, 2022, the Company has outstanding amounts due from its affiliates totaling $10,949 and payable to its affiliates totaling $3,819.

Accrued distributions payable to members as of December 31, 2022 was $30,000 which is included in accounts payable.

For the year ended December 31, 2022, royalty revenue and merchandise sales from franchisees in which its general member of the Company has equity ownership was $23,259.

Franchise fee of $40,000 was waived to a franchisee in which a member of the Company had an equity ownership interest during 2022.

Guaranteed payments to members for services provided to the Company for the year ended December 31, 2022 was $207,000. Accrued balance as of December 31, 2022 was $18,000.

Note 6 – Commitments and Contingencies

Litigation – The Company is a defendant in a lawsuit brought by one former member against the company and its members on certain matters alleging, among other things, breach of fiduciary duty. The damages sought by the plaintiff is unknown. The Superior Court had ordered a mandatory arbitration hearing which is expected to occur in October 2023.

Note 6 – Commitments and Contingencies (Continued)

Litigation (Continued) – The company has disputed all claims and also asserted a counterclaim against the plaintiff. Although both parties are engaging in settlement discussions, no solution has been reached and it is uncertain whether or when a settlement will be reached. At this time, the outcome of the case, an evaluation of the likelihood of unfavorable outcome to the Company, and the potential damages arising from an unfavorable outcome, are uncertain and not estimable. As such no provision has been recorded in the accompanying financial statements.

Operating lease – The Company leases its office in Los Angeles, California under non-cancellable operating lease expiring April 2023. The managing member of the Company provided personal guaranty for the full payment of all rents and other payments as required under the lease. The Company is obligated to pay for the Company's share of building operating expenses. The lease provides for abatement of rent for the second and thirteenth month. The lease also includes provision for annual three percent rent increase.

As of December 31, 2022

Lease-Related Asset and Liability	Financial Statement Line Items		Amounts
Right of use asset:			
Operating lease	Right of use asset	$	20,494
Lease liability:			
Operating lease	Lease liability, current portion	$	23,344

Year Ending December 31, 2022

		Amounts
Operating lease costs	$	94,079
Other information:		
Cash paid for amounts included in the measurement of lease liability:		
Operating cash flows for operating lease	$	(93,658)
Non-cash investing and financing activities:		
Additions to ROU assets obtained from:		
New operating lease liability	$	114,203
Weighted-average remaining lease term – operating lease		3 months
Weighted-average discount rate – operating lease		4.40%

At December 31, 2022, minimum future payment for the lease is as follows:

2023	$	23,941

EXHIBIT "H"

TO DISCLOSURE DOCUMENT

OTHER AGREEMENTS

EXHIBIT "H"-1

STATE ADDENDA

[See Attached]

STATE ADDENDA AND AMENDMENTS TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR SILVERLAKE RAMEN HOLDINGS, LLC

BACKGROUND AND PURPOSE

The following modifications are made to the SilverLake Ramen Franchise Disclosure Document ("FDD" or "Disclosure Document") issued by SilverLake Ramen Holdings, LLC ("we" or "us" or "franchisor") to franchisee ("you" or "franchisee") and may supersede, to the extent required by applicable state law, certain portions of the Franchise Agreement between you and us dated __________________________, 202__ (the "Franchise Agreement"). When the term "Supplemental Agreements" is used, it means any area development agreement, area representative agreement, master franchise agreement, or similar agreement entered into between us and you, if applicable.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement, Supplemental Agreements and other documents related to the sale of a franchise. This State-Specific Addendum ("State Addendum") will modify these agreements to comply with the applicable state's laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum (but only the State Addendum for the applicable State) will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements. If you sign this State Addendum, only the terms applicable to the state or states whose franchise laws apply to your transaction will govern. If you sign this State Addendum, but none of the state franchise laws listed above applies because their jurisdictional requirements have not been met, then this State Addendum will be void and inapplicable to you.

CALIFORNIA

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the Disclosure Document.

2. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

3. Neither the franchisor nor any person or franchise broker in Item 2 of the FDD 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 such association or exchange.

4. The financial performance representations do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees listed in the Disclosure Document may be one source of this information

5. The Franchise Agreement and Supplemental Agreements require binding arbitration. The arbitration will occur in California with the costs initially being borne by the party filing for arbitration.

6. 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 or Supplemental Agreement restricting venue to a forum outside the State of California.

7. The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

8. The Franchise Agreement and Supplemental Agreements may contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

9. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

10. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

11. 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).

12. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT https://dfpi.ca.gov/.

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

HAWAII

1. The following is added to the Cover Page:

   THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

   THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

   THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

2. Our registered agent in the state authorized to receive service of process:

   Commissioner of Securities of the State of Hawaii
   Department of Commerce and Consumer Affairs
   Business Registration Division
   335 Merchant Street, Room 203
   Honolulu, Hawaii 96813

3. The states in which this filing is effective are listed on the Exhibit to the FDD titled “State Effective Dates”.

4. The states in which this filing is or will be shortly on file include the following: ________________________________

5. The states, if any, which have refused, by order or otherwise, to register these franchises include the following: ________________________________

6. The states, if any, which have revoked or suspended the right to offer these franchises include the following: ________________________________

7. The states, if any, in which the filing of these franchises has been withdrawn include the following: ________________________________

ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Disclosure Document and the Franchise Agreement and Supplemental Agreements are amended as follows:

1. Illinois law shall apply to and govern the Franchise Agreement and Supplemental Agreements.

2. In accordance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement and Supplemental Agreements that designated jurisdiction and venue in a forum outside of the State of Illinoi is void. However, the Franchise Agreement and Supplemental Agreements may provide for arbitration to take place outside of Illinois. Therefore, any arbitration proceeding may be brought in California in accordance with the dispute resolution provision set forth in the Franchise Agreement and Supplemental Agreements.

3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

5. The Franchise Agreement and Supplemental Agreements are amended to state the following:

To the extent that any provision in the Illinois State Addendum is inconsistent with any provision in this Agreement, the provision in the Illinois State Addendum shall control.

INDIANA

In recognition of the requirements of the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement and Supplemental Agreements are amended as follows:

1. The laws of the State of Indiana supersede any provisions of the Disclosure Document, Franchise Agreement and Supplemental Agreements if such provisions are in conflict with Indiana law.

2. The Franchise Agreement and Supplemental Agreements are amended to provide that such agreements will be construed in accordance with the laws of the State of Indiana.

3. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement and Supplemental Agreement issued in the State of Indiana.

4. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement or Supplemental Agreement (as applicable), shall supersede the provisions of the Franchise Agreement or Supplemental Agreement (as applicable) in the State of Indiana to the extent they may be inconsistent with such prohibition.

5. Termination penalties are prohibited by law in the State of Indiana. Therefore, the Disclosure Document, the Franchise Agreement and Supplemental Agreements are amended to delete all references to any fees or other financial obligations that constitute termination penalties under Indiana law.

6. No release language set forth in the Disclosure Document or Franchise Agreement or Supplemental Agreement shall relieve franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana. Any provision in the Franchise Agreement or Supplemental Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the Maryland Franchise Law, the Franchise Agreement is amended to add the following:

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

2. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.

3. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.

4. This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

5. Any acknowledgements or representations by you that disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Law.

FRANCHISOR:

SilverLake Ramen Holdings, LLC

By: ________________________________

Title: ______________________________

Date: ______________________________

FRANCHISEE:

____

By: ________________________________

Title: ______________________________

Date: ______________________________

MARYLAND ADDENDUM TO AREA DEVELOPMENT AGREEMENT

In recognition of the requirements of the Maryland Franchise Law, the Area Development Agreement is amended to add the following:

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

2. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.

3. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.

4. This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

5. Any acknowledgements or representations by you that disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Law.

FRANCHISOR:	**FRANCHISEE:**
SilverLake Ramen Holdings, LLC	______________________________
By: ______________________________	By: ______________________________
Title: ______________________________	Title: ______________________________
Date: ______________________________	Date: ______________________________

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law (the "Maryland Franchise Law"), the Disclosure Document is amended as follows:

1. Item 17 of the Disclosure Document is amended to add the following:

   a. The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply any liability under the Maryland Franchise Registration and Disclosure Law.

   b. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

   c. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

   d. In the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.

   e. The Franchise Agreement and Area Development Agreement provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

   f. This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

   g. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.

MICHIGAN

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

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

(j) A prohibition on the right of a franchisee to join an association of franchisees.

(k) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(l) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

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

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

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

(p) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

  (v) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

  (vi) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

  (vii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

  (viii) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a general release.

2. We will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement or Supplemental Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

3. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statues, chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. In addition, we will comply with the provisions of Minnesota Rule 2860.4400(J), which state that you cannot waive any rights, you cannot consent to our obtaining injunctive relief, we may seek injunctive relief, and a court will determine if a bond if required.

4. We will comply with Minnesota Statute Section 80C.12, Subd. 1(g), which requires that we protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

5. We will comply with Minnesota Statute Section 80C.17, Subd. 5 regarding limitation of claims.

NEW YORK

In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§680 through 695, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

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

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

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

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

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

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

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

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

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

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

4. The following language replaces the "Summary" section of Item 17(d) of the Disclosure Document, titled **"Termination by franchisee"**:

   You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v) of the Disclosure Document, titled "Choice of forum", and Item 17(w) of the Disclosure Document, titled "**Choice of law"**:

   The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

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

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law (the "North Dakota Franchise Law"), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Covenants not to compete are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Law. Item 17(r) of the Disclosure Document and certain provisions in the Franchise Agreement and Supplemental Agreements include certain covenants restricting competition to which you must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statue, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Law. The Disclosure Document, Franchise Agreement and Supplemental Agreements are amended accordingly to the extent required by law.

2. Provisions requiring arbitration or mediation to be held at a location that is remote from the site of the franchisee's business are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the parties must agree on the site where arbitration or mediation will be held.

3. Provisions requiring jurisdiction in a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.

4. Provisions requiring that agreements be governed by the laws of a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.

5. Provisions requiring your consent to liquidated or termination damages are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.

6. Provisions requiring you to sign a general release upon renewal of the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

7. Provisions requiring you to pay all costs and expenses incurred by us in enforcing the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

8. Provisions requiring you to consent to a waiver of trial by jury have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

9. Provisions requiring you to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the statute of limitations under North Dakota Law will apply.

10. Provisions requiring you to consent to a waiver of exemplary and punitive damages have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Invest Law.

RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act (the "Rhode Island Franchise Law"), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Rhode Island Franchise Law. This provision does not apply to the settlement of disputes, claims, or civil lawsuits brought under the Rhode Island Franchise Law.

2. Section 19-28.1-14 of the Rhode Island Franchise Law provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." If a claim is enforceable under the Rhode Island Franchise Law, we will not restrict jurisdiction or venue to a forum outside the State of Rhode Island or require the application of the laws of another state.

3. We will not prohibit you from joining a trade association or association of franchisees. We will not retaliate against you for engaging in these activities.

4. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the Rhode Island Franchise Law is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Rhode Island Franchise Law. Notwithstanding the foregoing, if a rescission offer has been approved by the Rhode Island director of business registration, then the statute of limitations is ninety (90) days after your receipt of the rescission offer.

VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Item 17 of the Disclosure Document is amended to add the following:

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

   Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee/area developer to surrender any right given to him under the applicable agreement.

2. If any provision of the Franchise Agreement or any Supplemental Agreement involves the use of undue influence by the franchisor to induce a franchisee/area developer to surrender any rights given to him under the applicable agreement, that provision may not be enforceable.

3. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Virginia Retail Franchising Act. This provision does not prohibit you and us from entering into binding arbitration consistent with the Virginia Retail Franchising Act.

4. Any provision in the Franchise Agreement or Supplemental Agreement that limits the time period in which you may assert a legal claim against us under the Virginia Retail Franchising Act is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Virginia Retail Franchising Act.

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

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

7. The following risk factor shall be added to the **Special Risks to Consider About *This* Franchise page:**

   "**Estimated Initial Investment.** The franchisee will be required to make an estimated initial investment ranging from $615,850 to $1,346,950. This amount exceeds the franchisor's stockholders equity as of December 31, 2024, which is $197,765."

<u>**WASHINGTON**</u>

In recognition of the requirements of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

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

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

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

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

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

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

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

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement and Supplement Agreements (if applicable) if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

(Signatures on following page)

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states ("**Addenda**") is checked as an "Applicable Addenda" below, then that Applicable Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreements (if applicable) and any other specified agreement(s) entered into by us and the undersigned franchisee. To the extent any terms of an applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreement (if applicable) and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

☐ California	☐ Michigan	☐ South Dakota
☐ Hawaii	☐ Minnesota	☐ Virginia
☐ Illinois	☐ New York	☐ Washington
☐ Indiana	☐ North Dakota	☐ Wisconsin
☐ Maryland	☐ Rhode Island	

Dated: ____________________, 202____

FRANCHISOR:

SilverLake Ramen Holdings, LLC

By: _________________________________

Title: ________________________________

FRANCHISEE:

____

By: _________________________________

Title: ____

EXHIBIT “H”-2

GENERAL RELEASE

[See Attached]

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (this "Agreement") is made as of _____________, 202__ (the "Effective Date") by __________________________, a(n) ____________________ ("you") and each individual holding a direct or indirect ownership interest in you (collectively "Owner") in favor of SilverLake Ramen Holdings, LLC, a California limited liability company ("us," and together with you and Owner, the "Parties").

Background

A. We signed a Franchise Agreement with you, dated _______, 202____ (the "Franchise Agreement") pursuant to which we granted you the right to own and operate a SilverLake Ramen restaurant;

B. You have notified us of your desire to transfer the Franchise Agreement and all rights related thereto, or an ownership interest in the franchisee entity, to a transferee, [**enter into a successor franchise agreement**] and we have consented to such transfer [**agreed to enter into a successor franchise agreement**]; and

C. As a condition to our consent to the transfer [**your ability to enter into a successor franchise agreement**], you and Owner have agreed to execute this Agreement upon the terms and conditions stated below.

D. In consideration of our consent to the transfer [**our entering into a successor franchise agreement**], and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, you and Owner hereby agree as set forth below.

Agreement

1. Release. Owner, you, and each of your officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them (the "Franchisee Parties"), hereby release, acquit and forever discharge us, any and all of our past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals (collectively, the "Franchisor Parties"), from any and all claims, liabilities, damages, expenses, actions or causes of action which any of the Franchisee Parties may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, directly or indirectly arising out of or relating to the execution and performance (or lack thereof) of the Franchise Agreement or the offer, sale or acceptance of the franchise related thereto (including, but not limited to any disclosures and representations made in connection therewith). The foregoing release shall not be construed to apply with respect to any obligations contained within this Agreement.

2. California Law. You and Owner hereby express your intention to release all existing claims, whether known or unknown, against the Franchisor Parties. Accordingly, you and Owner hereby waive §1542 of the California Civil Code, which provides the following:

   "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

3. Washington Franchise Law. The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

   [Section 3 only applies for Washington franchisees; otherwise it is omitted]

4. Nondisparagement. Each of the Franchisee Parties expressly covenant and agree not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Franchisor Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Franchisor Parties, the business conducted by any of the Franchisor Parties or the reputation of any of the Franchisor Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications,

including the making of statements or representations through direct verbal or written communication as well as the making of statements or representations on the Internet, through social media sites or through any other verbal, digital or electronic method of communication. The obligations in this Section also prohibit the Franchisee Parties from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by a Franchisee Party.

5. Representations and Warranties. You and Owner each represent and warrant that: (a) [Insert franchisee entity name] is duly authorized to execute this Agreement and perform its obligations hereunder; (b) neither you nor Owner has assigned, transferred or conveyed, either voluntarily or by operation of law, any of their rights or claims against any of the Franchisor Parties or any of the rights, claims or obligations being terminated or released hereunder; (c) you and Owner have not and shall not (i) institute or cause to be instituted against any of the Franchisor Parties any legal proceeding of any kind, including the filing of any claim or complaint with any state or federal court or regulatory agency, alleging any violation of common law, statute, regulation or public policy premised upon any legal theory or claim whatsoever relating to the matters released in this Agreement or (ii) make any verbal, written or other communication that could reasonably be expected to damage or adversely impact any Franchisor Party's reputation or goodwill; and (d) the individuals identified as Owners on the signature pages hereto together hold 100% of the legal and beneficial ownership interests in [Insert franchisee entity name].

6. Miscellaneous.

(a) The Parties agree that each has read and fully understands this Agreement and that the opportunity has been afforded to each Party to discuss the terms and contents of said Agreement with legal counsel and/or that such a discussion with legal counsel has occurred.

(b) This Agreement shall be construed and governed by the laws of the State of California.

(c) In the event that it shall be necessary for any Party to institute legal action to enforce, or for the breach of, any of the terms and conditions or provisions of this Agreement, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

(d) All of the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective current and future directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns.

(e) This Agreement contains the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes and is in lieu of all prior and contemporaneous agreements, understandings, inducements and conditions, expressed or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified except in a writing signed by each of the Parties.

(f) If one or more of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

(g) The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the transactions contemplated hereby.

(h) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one document.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

FRANCHISEE:

____

By: ____
Name: ______________________________________
Title: _______________________________________

FRANCHISE OWNERS:

____
Name: _______________________________

____
Name: _______________________________

____
Name: _______________________________

EXHIBIT "I"

TO DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

State Effective Dates

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

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

State	Effective Date
California	May 13, 2025
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	October 27, 2025
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	September 15, 2025
Washington	
Wisconsin	

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

EXHIBIT "J"

TO DISCLOSURE DOCUMENT

RECEIPTS

[See Attached]

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If SilverLake Ramen Holdings, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If SilverLake Ramen Holdings, 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, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

Jitaek Lim; 3530 Wilshire Blvd., Suite 1425, Los Angeles, California 90010; (213) 269-5323

[____]

[____]

Issuance Date: March 14, 2025

SilverLake Ramen Holdings, LLC's agent to receive service of process is listed in EXHIBIT "A" to this Disclosure Document (for franchise registration states) or EXHIBIT "B" to this Disclosure Document (for all other states).

I received a Franchise Disclosure Document that included the following Exhibits:

EXHIBIT "A"	List of State Administrators and Agents for Service of Process
EXHIBIT "B"	Agent for Service of Process
EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Area Development Agreement
EXHIBIT "E"	Table of Contents of the confidential Brand Standards Manual
EXHIBIT "F"	List of Franchisees
EXHIBIT "G"	Financial Statements of SilverLake Ramen Holdings, LLC
EXHIBIT "H"	Other Agreements
EXHIBIT "H"-1	State Addenda
EXHIBIT "H"-2	General Release
EXHIBIT "I"	State Effective Dates
EXHIBIT "J"	Receipts

____
Print Name

____________________ ______________________________
Date (Signature) Prospective Franchise Owner

____

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to SilverLake Ramen Holdings, LLC.)

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If SilverLake Ramen Holdings, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If SilverLake Ramen Holdings, 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, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

Jitaek Lim; 3530 Wilshire Blvd., Suite 1425, Los Angeles, California 90010; (213) 269-5323

[____]

[____]

Issuance Date: March 14, 2025

SilverLake Ramen Holdings, LLC's agent to receive service of process is listed in EXHIBIT "A" to this Disclosure Document (for franchise registration states) or EXHIBIT "B" to this Disclosure Document (for all other states).

I received a Franchise Disclosure Document that included the following Exhibits:

EXHIBIT "A"	List of State Administrators and Agents for Service of Process
EXHIBIT "B"	Agent for Service of Process
EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Area Development Agreement
EXHIBIT "E"	Table of Contents of the confidential Brand Standards Manual
EXHIBIT "F"	List of Franchisees
EXHIBIT "G"	Financial Statements of SilverLake Ramen Holdings, LLC
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