FRANCHISE DISCLOSURE DOCUMENT

TIFA CHOCOLATE & GELATO™

TIFA FOODS INTERNATIONAL, INC.
A California Corporation
~~30760 Russell Ranch Road, Unit A~~2060 D Avenida de los Arboles, #471
~~Westlake Village, California 91362~~Thousand Oaks, CA 91362-1361
Telephone: 310.902.7626
www.TifaFranchising.com
www.TifaChocolateAndGelato.com
sales@tifafoods.com

We offer you a franchise to own and operate one "Tifa Chocolate & Gelato" café, offering a blend of hand-crafted, classic and traditional gelato flavors with the freshest ingredients, achieving authentic flavors with an American twist and an assortment of artisan chocolate bars from around the world. We also offer unique truffles, bonbons, and caramel and nut clusters, using quality ingredients and also serve fresh pastries, espresso and cold brew coffees.

The total investment necessary to begin operation of one (1) location is from Three Hundred Fourteen Thousand Four Hundred Fifty-Nine Dollars ($314,459.00) to Five Hundred Seven Thousand Six Hundred Twenty-One Dollars ($507,621.00). This includes the initial franchise fee of Forty-Seven Thousand Five Hundred Dollars ($47,500.00) that must be paid to us (see Item 7). We also offer qualified parties the right to enter into multiple franchise agreements for adjoining territories at the same time for the operation of multiple Tifa Chocolate & Gelato cafés. The initial franchise fee for multiple contiguous territories purchased at the same time is Forty-Seven Thousand Five Hundred Dollars ($47,000) for the first franchise and Twenty Thousand $20,000 for each franchise thereafter (second through fifth).

The total investment to begin operation as an Area Developer for the minimum of two (2) locations required to be developed is from Three Hundred Thirty Four Thousand Four Hundred Fifty Nine Dollars ($334,459.00) to Five Hundred Twenty Seven Thousand Six Hundred Twenty One Dollars ($527,621.00). The development fee to be paid to us for the two (2) dessert cafés is Sixty-Seven Thousand Five Hundred Dollars ($67,500.00). A third location cost an additional Seventeen Thousand Five Hundred Dollars ($17,500.00). Each additional location is an additional Fifteen Thousand Dollars ($15,000.00). The maximum number of franchised locations permitted under the Area Development Agreement is negotiated and dependent upon the territory requested and other factors (see Items 5 and 7).

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read the Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least fourteen (14) calendar days before you sign a binding agreement with, or make any payments to 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 availability of disclosures in different formats, contact our Chief Executive Officer, Mike Ashamalla, ~~30760 Russell Ranch Road, Unit A~~2060 D Avenida de los Arboles, #471, ~~Westlake Village, California 91362~~Thousand Oaks, CA 91362-1361, 310.902.7626.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a

Franchise", which can help you understand how to use this Disclosure Document is available from the Federal Trade Commission ("**FTC**"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS:

April 2, 2024 As Amended October 10, 2024

How to Use This Franchise Disclosure Document

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

QUESTIONS	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 Exhibits B and C.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A 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 Tifa Foods International, Inc. business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Tifa Foods International, Inc. franchisee?	Item 20 or Exhibits B and C 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 F.

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.

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.

TIFA FOODS INTERNATIONAL, INC.

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TIFA FOODS INTERNATIONAL, INC.

FRANCHISE DISCLOSURE DOCUMENT

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language, this disclosure document uses "we," "us" or "our" to mean Tifa Foods International, Inc., the franchisor, and "you" or "your" means the individual, corporation or other entity that buys a Tifa Chocolate & Gelato franchise. "You" also includes the franchise owners, partners or members.

The Franchisor, Any Parents, Predecessors and Affiliates

We conduct business under the name "Tifa Chocolate & Gelato". Our principal business address is ~~30760 Russell Ranch Road, Unit A~~2060 D Avenida de los Arboles, #471, ~~Westlake Village, California 91362~~Thousand Oaks, CA 91362-1361. We are a California corporation which was formed January 5, 2017 to initiate our franchising program. We have not conducted a business of a type described in this Disclosure Document or conducted business in any other line of business but, our principals ~~have~~ owned and operated businesses of the type being franchised herein since 2007 in California through separate, affiliated entities, and sold the locations in 2024 to a franchisee.

None of the affiliated businesses will participate in the franchising operations nor will it provide any management or operational services or financial guarantees for our franchisees, except that use may be made of some of the affiliated location facilities and personnel for training purposes. Our affiliate Tifa, Inc. is the approved supplier for certain proprietary items. Neither we nor any affiliate has previously offered franchises of any type.

Agents for Service of Process

Our Agents for Service of Process are set forth in Exhibit "F" of the disclosure document.

The Franchises Being Offered

The "Tifa Chocolate & Gelato" franchise is a unique experience in a café setting, where, from the moment you enter you are greeted with a warm, homey feeling that is instantly welcoming. Our cafés offer a blend of hand-crafted, classic and traditional gelato flavors with the freshest ingredients, achieving authentic flavors with an American twist and an assortment of artisan chocolate bars from around the world. We also offer unique truffles, bonbons, and caramel and nut clusters, using quality ingredients and also serve fresh pastries, espresso and cold brew coffees.

We also offer qualified applicants the opportunity to develop and open a specified number of Tifa Chocolate & Gelato franchises within a defined geographical area over a required period of time (see Exhibit "H"). You will pay a development fee which will depend upon the number of Tifa Chocolate & Gelato locations required to be opened and sign the then current form of franchise agreement for each location, which may be different from the form of franchise agreement included in this franchise disclosure document and other factors specified in the Area Development Agreement (see Item 5).

The Franchise System and Proprietary Marks

Our franchises are characterized by, among other things, distinct standards and specifications for serving the public on and off premises using products, supplies and services, uniform standards, specifications and procedures for operations, training and assistance (the "System"). The System is identified by means of certain trade names, trademarks, service marks, logos, emblems and other indicia of origin, including the Mark "Tifa".

Market and Competition

The market for café and dessert businesses is well-established and highly competitive. There is active price competition among locations, as well as competition for management personnel and for attractive commercial real estate sites suitable for locations. You must expect to compete with many other businesses offering comparably priced desserts, delicacies and beverages. Competitors may be locally-owned or large regional or national chains. Your business will also be affected by differences in consumer taste, demographics, traffic patterns and economic conditions.

Industry Specific Regulations

The food service industry is heavily regulated. Many of the laws, rules and regulations that apply to business generally, such as the Americans with Disabilities Act, federal and state wage and hour laws and the Occupational Safety and Health Act, Affordable Care Act and data protection and privacy laws (such as credit card protection under the U.S. Fair and Accurate Credit Transactions Act) also apply to our locations. The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce laws and regulations that govern food preparation and service and facility sanitary conditions. State and local agencies inspect locations to ensure that they comply with these laws and regulations. Some states have adopted or have introduced legislation requiring disclosures on menu items. Federal law also requires disclosure on menu items.

The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

You should consider these and other applicable laws and regulations when evaluating your purchase of a franchise.

ITEM 2

BUSINESS EXPERIENCE

Michael Ashamalla: Chief Executive Officer

Mike has served as our Chief Executive Officer since the formation of our company and also as Chief Executive Officer of our affiliate Tifa, Inc. located in Agoura Hills, California, since its formation on March 7, 2007. Mike has been Sr. VP of Business Development and IT at Big Wave Systems since 2022 in Greenwood Village, CO. He previously served as Chief Technology Officer of Moss Corps in Solon, OH, (2019 to 2021), VP of IT Operations and Director of IT Operations at Warner Pacific in Westlake Village, California (2014 to 2019) where he has worked as a consultant, then an employee, since 2008. From 2005 to 2007, Mike was the Chief Technology Officer of

Insurance Neighborhood which was a spin-off of WellPoint/Anthem where Mike was a staff VP for the prior two years. For each company, Mike has been instrumental in developing core technology to support multiple insurance distribution channels and building first class technology teams.

Denise Orr: Chief Financial Officer

Denise Orr has served as the company's CFO since its formation. Before joining the company, she worked (2008-present) as CFO for our affiliate, Tifa, Inc. She manages all Operations for Tifa and oversees all aspects of customer service and customer experience. Prior to becoming our CFO, Denise worked for WellPoint/Anthem Blue Cross of California in Newbury Park, California from 2007 to 2008 in Direct Sales. Prior to working for WellPoint/Anthem, Denise spent more than 20 years as a legal assistant.

Shawn Orr: Chief Sales Officer

Shawn Orr has been our Chief Sales Officer since the company was formed. He has also worked for Tifa, Inc. in Agoura Hills, California since 2008 as the Chief Chocolatier and front of the house manager. A self-taught chocolatier, Shawn pioneered Tifa's unique signature chocolates like the Bleu Cheese & Honey bonbon. He has taught adult education classes in chocolate making and regularly hosts private events.

Candace Orr: Chief Creative Officer

Candace has been our Chief Creative Officer since the company's formation and also as the head chef, chief creative designer and back of the house manager of Tifa, Inc. in Agoura Hills, California since 2008. She is a Pastry and Baking graduate of Le Cordon Bleu in Pasadena, CA and uses her skills to develop Tifa's unique gelato and pastry recipes. Candace is also the designer of the Tifa interior look.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this disclosure document.

ITEM 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this disclosure document.

ITEM 5

INITIAL FEES

Franchise Agreement

The initial franchise fee for one Tifa Chocolate & Gelato location is Forty-Seven Thousand Five Hundred Dollars ($47,500.00) for a defined territory containing a minimum population of one hundred thousand (100,000) people as determined by the most recent published U.S. Census, or a

radius of four (4) miles, whichever is the lesser area. However, as described immediately below, you may also qualify for the opportunity to sign an Area Development Agreement that will allow you to open additional franchises within a specific development area. The initial franchise fee is payable in a lump sum, is uniform, non-refundable and fully earned upon payment. If you sign an Area Development Agreement you will not have to pay an initial franchise fee to us with the opening of each individual franchise, but will instead pay us a Development Fee for the entire package. The development fee is payable in a lump sum, is uniform, non-refundable, fully earned upon receipt and will be used for our general operating expenses, including costs of fulfilling our obligations to you.

Simultaneous Purchase of Adjoining Multiple Territories

In our sole discretion and if we consider you to have sufficient business experience and financial qualifications we may offer you the opportunity in select markets, to acquire multiple territories which are adjoining or contiguous to each other. The acquisition of multiple territories requires the purchase of at least two (2) territories but not more than five (5) territories, all of which must be purchased simultaneously. The initial franchise fee for each additional franchise is twenty thousand dollars ($20,000) per territory. You must sign a franchise agreement and pay the initial franchise fee at the time of signing each franchise agreement which must be at the time your first (1st) franchise agreement is signed.

Area Development Agreement

If you are qualified and enter into an Area Development Agreement with us, you must pay a Development Fee when you sign the Area Development Agreement together with the Franchise Agreement for your first location. The amount of the Development Fee depends upon the number of Tifa Chocolate & Gelato locations to be opened. The Development Fee for our minimum number of two (2) locations to be developed is Sixty-Seven Thousand Five Hundred Dollars ($67,500.00). The Development Fee for three (3) locations is Seventy-Five Thousand Dollars ($75,000.00) and the Development Fee for any additional location after the third location is Fifteen Thousand Dollars ($15,000.00) for each additional location to be developed. The second location must be opened within fourteen (14) months from the Opening Date of the first location. The third, fourth and subsequent locations must be opened within fourteen (14) months of the Opening Date for each of the preceding locations and you will sign a separate franchise agreement for each location to be opened. The Development Fee is payable in a lump sum, is uniform, non-refundable, fully earned upon receipt and will be used for our general operating expenses, including costs of fulfilling our obligations to you.

There are no other fees you pay to us or any affiliate before you begin operating your business.

ITEM 6

OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Weekly Continuing License Fee	6% of Gross Revenue received by you from the previous week's operations.	A Weekly Report is due each Monday at 3 pm detailing all Gross Revenue received during the previous 7-day week (Monday through Sunday). Your weekly continuing License Fee will be debited by Electronic Funds Transfer ("**EFT**") from your bank account on Wednesday of each week.	(1) See definition of "Gross Revenue" below. In the absence of a timely weekly report we will debit a minimum fee of $500 from your bank account and resolve any difference or discrepancy when the report is made. A fee of $100 per occurrence of insufficient EFT will be charged.
Marketing and Technology Fund Fee	1% of Gross Revenue per month. It may be increased up to 2% upon a thirty-day written notice.	The Marketing and Technology Fund fee will be electronically debited by EFT from your bank account on the 15th day of each month.	See note (2) below
Insurance	Amount paid by us for insurance you fail to obtain, and an administrative fee of 15%.	As Incurred if purchased by us on your behalf. Due immediately upon billing.	If you fail to obtain the required insurance coverage, we may, in our sole discretion, obtain the coverage at your expense plus administrative fees of 15% (Franchise Agreement Paragraph 11.13)
Transfer Fee	If we approve a transfer, $12,500 to transfer an individual franchise	Prior to consummation of transfer.	You pay this fee to us if you transfer your business. Transfer fee is for supervision, marketing, selling, administrative, legal, accounting costs and other expenses for the

Type of Fee	Amount	Due Date	Remarks
			transfer of the franchise.
Training Fee Upon Transfer of Business	$2,500 per person trained & travel and living expenses	Prior to training	You or the transferee may request us to train additional employees upon the transfer of your business.
Audit Fee	Cost of Audit and 1.5% interest per month on understated amount.	Due when billed following any such audit.	You pay this fee only if the audit reflects an understatement of 2% or more for any audited month.
Seminars and Training Conferences	Currently a maximum of $300 per person, plus travel and living expenses of approximately $1,000 to $2,000.	Periodic Seminars and Conferences will be held at our company headquarters in California or at a different location of our choosing. These events will not exceed 8 days in length.	Fee is payable prior to attendance at the event and expenses are paid as incurred. You will not be required to attend more than two such conferences per year.
Additional Training Requested By You	Currently $350 per day, plus travel and expenses.	Immediately after notice from us.	If, at your request, we send one of our staff members to the franchised business to provide further assistance, we will charge you a daily rate for that assistance, plus the travel expenses for our employee.
Local Advertising Expense	During the first 3 years, commencing on the date of opening to the public, you must allocate 2% of your Gross Revenue monthly to be used throughout the year for local advertising.	As Incurred.	Various service providers. The local advertising expense is not mandatory after the first 3 years.

Type of Fee	Amount	Due Date	Remarks
	All allocated funds must be used by the end of each calendar year. Can include promotional costs for special events.		
Intranet Fee	If implemented, our cost	Invoice or EFT debit from your bank account.	Payable only if it is implemented
Costs and Attorneys' Fees	Will vary under the circumstances.	Immediately upon notice from us.	You only pay if we succeed in any arbitration or litigation we bring against you, or in defending any claim you bring against us.
Indemnification	Will vary under the circumstances.	As incurred	You have to reimburse us if we are sued or held liable for claims arising out of your business.
Late Payment Charges	Maximum allowed by law, but not to exceed 1.5% per month.	Immediately upon notice from us.	You only pay this fee if late in paying fees you owe us.
Review and Approval of Supplier	$1,000	On submission by you of supplier for review	Payable only if you submit a proposed supplier.
On-Line Menu and Ordering System	May be implemented in the future.	EFT debit from your bank account on the 5th day of each month.	Payable only if system is implemented.
Unauthorized Failure to Be Open	$250 per unauthorized day you are closed without written permission from us.	As it occurs, the fee will be an EFT debit from your bank account.	You pay this fee to us if you are not authorized to be closed.

Type of Fee	Amount	Due Date	Remarks
Training Cancellation Fee	$100	As it occurs, the fee will be an EFT debit from your bank account.	You pay us a cancellation fee of $100 for any training appointments cancelled with less than 24 hours notice.

All fees that are imposed by and payable to us are uniform, subject to change, and nonrefundable.

Notes to Above Chart:

(1) "Gross Revenue" means the aggregate of all revenue from the sale of services and products from all sources in connection with the franchised business, whether for check, cash, credit, barter or otherwise including, without limitation, all proceeds from any business interruption insurance, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by franchisee for or on behalf of and paid to any governmental taxing authority, and (c) any rebate received by franchisee from a manufacturer or supplier.

(2) Marketing and Technology Fund Fee. The Marketing and Technology Fund is the core of our marketing system and supports the National Website and the Franchisee's Micro-Site, which are explained in greater detail in Item 11 of this document. We reserve the right to decide the amount and nature of these expenditures and how, when and where all expenditures are made.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT (For Single Location)

Type of Expenditure	Estimated Amount Low	High	Method of Payment	When Due	To Whom Payment is to Be Made
Initial Franchise Fee (1)	$47,500	$ 47,500	Lump Sum	Upon Execution of Agreement	Us
Franchise Location – Rent/Security Deposit (2)	$5,000	$16,000	As Arranged	As Incurred	Landlord
Leasehold Improvement (3)	$136,509	$203,671	Lump Sum	As Incurred	Service Providers

Type of Expenditure	Estimated Amount Low	High	Method of Payment	When Due	To Whom Payment is to Be Made
Architectural, Engineering, Construction and/or Remodeling (4)	$5,000	$12,000	Lump Sum or On Arranged Terms	As Incurred	Supplier
Kitchen Equipment Package (5)	$61,950	$127,750	Lump Sum or On Arranged Terms	As Incurred	Suppliers
Indoor/outdoor Furniture and Furnishings & Décor (6)	$8,700	$13,500	Lump Sum or On Arranged Terms	As Incurred	Suppliers
Inventory of Food, Beverages & Supplies (7)	$ 500	$1,000	Lump Sum or On Arranged Terms	As Incurred	Supplier
Opening Inventory Food (8)	$ 13,000	$15,000	Lump Sum	As Incurred	Supplier
Pre-Operational Miscellaneous / Supply Cost & Small Wares (9)	$ 3,000	$4,500	Lump Sum or Monthly	Upon Signing Lease	Vendor
Signage (10)	$ 5,000	$12,000	Lump Sum or On Arranged Terms	As Incurred	Supplier
Utility Deposits, Licenses, Permits and System Set-up Fees (11)	$ 7,000	$ 16,500	Lump Sum or On Arranged Terms	As Incurred	Suppliers
Legal, Accounting and Insurance (12)	$ 2,000	$4,000	As Arranged	As Arranged	Approved Suppliers
P.O.S. System Software, Security & Cameras, Computers (13)	$1,600	$2,700	Lump Sum or On Arranged Terms	As Incurred	Suppliers
Opening Advertising (14)	$1,200	$2,500	As Arranged	As Arranged	Employees/ Suppliers
Franchisee / Management Certification Training (15)	$1,500	$4,000	As Arranged	As Arranged	Employees/ Suppliers
Additional Funds – Initial 3 Months (16)	$15,000	$25,000	Lump Sum or On Arranged Terms	As Incurred	Suppliers

Type of Expenditure	Estimated Amount Low	High	Method of Payment	When Due	To Whom Payment is to Be Made
Total Estimated Initial Investment (17)	$314,459	$507,621			

All fees paid to us are nonrefundable and fully earned when paid. The above estimates are based on information from our affiliates and information in the industry and do not include real estate purchases or lease payments.

Notes to Above Chart**:**

1. Initial Franchise Fee. The nonrefundable initial franchise fee for a single location is Forty-Seven Thousand Five Hundred Dollars ($47,500.00) for a territory surrounding the franchised location with a minimum population of one hundred thousand (100,000) persons (most recent U.S. Census), or a radius of four (4) miles, whichever is the lesser area. The franchise fee is payable in full when the franchise agreement is signed. You are able to receive a discount toward an Initial Franchise Fee if you purchase multiple contiguous territories (up to 5). However, if you sign an Area Development Agreement you will not pay an initial franchise fee to us with the opening of each individual franchise, but will instead pay us a Development Fee, as discussed in Item 5.

2. Franchise Location/Rent-Security Deposit. $5,000 to $16,000 based upon 1,000 to 2,000 square feet of space.

3. Leasehold Improvements. We anticipate that you will lease space for your Tifa Chocolate & Gelato franchise within a retail shopping area. The range of costs disclosed represents the estimated cost of leasehold improvements of a one thousand (1,000) to two thousand (2,000) square foot space in an existing developed or future developed retail shopping area complex. Factors that may significantly affect the costs of leasehold improvements include: new construction from the ground up, the condition of an existing building, the previous tenant's use of the space, the size and configuration of the premises, lease negotiation, union or non-union construction wages, varying material costs, contractor overhead and profitability, and the geographic location of your location. The estimated amount assumes that the landlord will provide adequate connections to electric, gas, sewage and water services, and pay any fees associated with water and sewer connections, impact fees, or any other fees associated with obtaining utility service to the unit. Some retail shopping areas may have the ability to accommodate a patio with your space, if so, there will be additional costs, including additional rent, CAM, property taxes, insurance, and license fees. Patio construction costs range from an additional Fifty Thousand Dollars ($50,000.00) to One Hundred Twenty-Five Thousand Dollars ($125,000.00) depending on size, material, labor, furniture, heating, permits and accessories.

These leasehold improvement estimates DO NOT include any allowance for landlord contributions. If your landlord contributes to the cost of tenant improvements, your costs may be substantially reduced as these allowances can range between Ten Dollars ($10.00) to Fifty Dollars

($50.00) per square foot, depending upon lease negotiations. Tenant allowance reimbursement estimates will vary substantially and will depend on your ability to negotiate with your landlord.

These amounts do not include cost of acquiring land or the cost of site improvements which varies widely in different parts of the country and according to the specific site size, conditions and local requirements. These amounts also do not include impact fees which may be assessed by local governing authorities. You should contact a contractor or engineer for these costs once you have identified a site for the location. By its nature, acquiring and developing land can be extremely risky, time consuming and expensive. Even experts in this field find it extremely difficult to navigate through all of the obstacles, such as planning and zoning requirements, soil conditions, environmental studies, and extensive impact and engineering costs. If you decide however, you may choose to purchase rather than rent real estate on which building a suitable location is already constructed, or could be constructed. Real estate costs depend on location, size, visibility, economic condition, accessibility, competitive market conditions and the type of ownership you are interested in buying. The estimated cost of construction will vary greatly depending on a number of factors including the specific site or building's level of completion when you acquire it and the utility infrastructure and construction improvements in place and needed. If you incur a mortgage loan or lease, then instead of some of the out of pocket expenditures described above, you will substantially increase your startup costs and working capital requirements. In the event you acquire an outparcel or site pad or raw lot, there are $150 to $250 per square foot of potential additional costs, depending on a number of factors including the size, zoning restrictions, soil conditions, lot configuration and status of the real estate when it is acquired. Most pad-ready improved sites and new retail buildings include a minimal amount of site work, including installing grease traps and appropriate trash receptacles and storage. More important site work and site development cost can then include additional cost, including but not limited to installing parking lots, appropriate storm water mitigation, receptacles and sidewalks. You should consult with the appropriate engineers and design professionals to best understand the needs and costs anticipated for your specific locations.

Unless you are experienced in land acquisition, or are a commercial developer, we highly recommend you conform to our suggested prototype of the rental of retail space.

4. Architectural, Engineering, Construction and/or Remodeling. The range of costs depends on variance of the standard floor plan to a unique floor plan, based on configuration.

5. Kitchen Equipment Package. The estimated price is based on a one-time purchase. You may choose a lease to purchase alternative for acquiring the kitchen equipment in which case your initial out of pocket investment should be less.

6. Indoor/Outdoor Furniture and Furnishings and Décor. The estimated price is based on brand new, top of the line items. Options exist such as lease-to-purchase, which may cut down on your out-of-pocket costs. In addition, certain interior design features are essential to the brand identity and must be purchased through Tifa or a required vendor. These items include the community table and stools, the Edison bulbs and the whisk chandelier.

7. Inventory of Food, Beverages and Supplies. Estimated cost of food and beverage while training staff, up to Opening.

8. Opening Initial Food and Beverage Inventory. Estimates include food and beverage inventory for the location's first two months of operations.

9. Pre-Opening Miscellaneous/Supply Costs and Small Wares. Hiring Site Rental, Employee Recruiting, Classified Costs, Employee Travel, Lodging, Linens, Printing, Courier, Postage, Training Supplies, Menu's, Cleaning Supplies, CO2, Stationery and Business Cards, Paper Goods, Uniforms, Serv-Safe, TIPS Certification, Safe, branded cups (coffee and gelato), gelato spoons, chocolate confections, pastries, gelato making supplies, coffee and tea supplies, chocolate bars and other retail products.

10. Signage. Estimated cost for one channel letter LED building sign, depending on length and letter size, state regulations, permit fees, and accessibility for installation.

11. Utility Deposits, Licenses, Permits, and System Set-up Fees. These costs will vary greatly based on utility company rates, jurisdiction, credit rating, history with utility company, and square footage. All permits (including building, health, signage, electrical, plumbing, HVAC, etc.) vary in cost based on jurisdiction, county by county. Costs vary depending on which company you choose, and how extensive of a security system you choose to install.

12. Legal, Accounting and Insurance. This range includes an estimate for annual insurance premiums and initial casualty insurance policies that you are required to carry and will vary depending upon such factors as size and region of location. Legal and Accounting services will also vary from region to region.

13. P.O.S. System, Software, Security and Cameras, Computers, Printers. Estimated cost is based on Clover POS system android – this assumes you have your own computer at home as one is not needed at the office. We highly recommend a security system, but do not require a specific type.

14. Opening Advertising. Estimated cost for all materials to market for Opening (i.e., flyers, newspaper ads, carryout menus, "now open" banners, VIP invitations, etc.) Costs will vary based on vendor and locations. These costs do not include media such as TV, radio, billboards, etc.

15. Franchisee/Management Certification Training. There is no cost for the franchisee certification training and it is included in your initial franchise fee, but only for the first location opened. This is a cost the franchisee incurs in salaries and benefits, lodging, meals, travel, training materials and uniforms, etc. These fees vary based on salaries, training time, and chosen hotel and travel accommodations. Franchisee owner is required to attend and Store manager is optional.

16. Additional Funds – Three (3) Months. You will need additional funds to cover expenses during your startup phase (approximately three (3) months).

The estimate of additional funds for the initial phase of your business is based on recurring expenses and operating expenses for the first three (3) months of operation. The estimate of additional funds does not include an owner's salary or draw or staff salaries. The additional funds required will vary by your management skill, experience, and business acumen; the relative effectiveness of staff you may employ; local economic conditions; the local market for your services; the prevailing wage rate; competition; and the sales level that you reach in your territory. These figures are estimates based upon information provided to us from our affiliate locations.

17. Total Estimated Initial Investment. For a single franchise location, your Initial Investment will fall within the above estimated range. See the chart below, and Item 5, for an explanation of the increased initial investment for opening additional locations under an area development agreement.

ESTIMATED INITIAL INVESTMENT FOR AREA DEVELOPERS

Type of Expenditure	Amount	Method of Payment	When Due	To whom payment is to be made
Area Development Fee (Note 1)	$67,500	One Installment	On Signing of Area Development Agreement	Us
Legal and Accounting	$2,500 - $10,000	As Third Party Specifies	As Incurred	Attorney, Accountant
Additional Funds	$20,000 - $50,000	As Suppliers require	Monthly except bi-weekly payroll	Start-up capital, employees
Total (Note 2,3,4)	$90,000 - $127,500 (excluding real property)			

Notes to Above Chart:

1. The Area Development Fee listed above is for the minimum number of two locations required for an Area Development Agreement (Forty-Seven Thousand Five Hundred ($47,500.00) for the first location plus Twenty-Thousand Dollars ($20,000.00) for the second location). A third location requires an additional Seventeen Thousand Five Hundred ($17,500.00). The Area Development Fee for each location after your third location is Fifteen Thousand ($15,000.00) per location.

   The second location must be open within fourteen (14) months from your Opening Date of the first location. The third and each subsequent location must be opened within fourteen (14) months of the Opening Date for each preceding location. The Area Development Fee is payable at the time of signing the Area Development Agreement.

2. If you participate in the Area Development Agreement program, you must also own and operate multiple franchised Tifa Chocolate & Gelato locations.

3. All fees payable to us are fully earned when paid and non-refundable.

4. These payments are only estimates and your costs may be higher. You should review these figures carefully with a business advisor, accountant or attorney before making any decision to enter into an Area Development Agreement. We do not offer financing for your initial investment. The availability and terms of financing with third party lenders will depend upon factors such as the availability of financing generally, your credit-worthiness and policies of lending institutions concerning the type of business to be operated.

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ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

One of our prime objectives is to ensure quality control and protect the image of Tifa Chocolate & Gelato franchise system. The success of our system depends upon the high standards, uniformity of menu items, dietary satisfaction of customers and the health and safety of franchise patrons. In order to achieve these high standards, you are required to sell or offer for sale all products, items and services approved by us and not deviate from our standards and specifications by offering or selling unapproved products, items or services.

Site Selection and Lease of Premises

Pursuant to the Franchise Agreement, you must obtain our approval for the site of your Tifa Chocolate & Gelato location. We have the right to approve the terms of any lease. Any lease that you sign must be exclusively for the operation of Tifa Chocolate & Gelato location(s), and must provide that upon termination or expiration of the franchise, for any reason, we or an affiliate will have the right, but not the obligation, to assume the lease, and replace you as tenant. If we exercise that right, we will fully indemnify you from liability for future rent and other future obligations under the lease (though not from liability for unpaid rent or any then-existing liabilities or obligations under the lease). You must agree to sign any document required to assign the lease to us or our designee (see Exhibit "J" to the FDD).

Purchase or Lease of Equipment, Furniture, Fixtures

You must use signs, furnishings, supplies, fixtures and equipment which comply with our standards and specifications. Specifications may include minimum standards for delivery, performance, design, and appearance, and local zoning, sign and other restrictions.

Specifications, Standards and Procedures

You agree to operate Tifa Chocolate & Gelato franchise in strict conformity with our standards, specifications and procedures as described in the Franchise Agreement, the Operations Manual and other written documents. You must equip, maintain, staff and operate the franchised location strictly in accordance with the methods, procedures and techniques we, from time to time, establish and publish in the Operations Manual and other written documents. We have the right under the Franchise Agreement, to change standards, specifications and procedures applicable to the operation of the Franchise, including those for equipment, furniture, fixtures, signs, products, new techniques, use of new or modified logos, trade names, service marks, new food items, or copyrighted materials. You recognize our right to make any such modifications or changes and agree to accept, implement, use and display such changes and modifications at your expense. You agree that you will make all changes or modifications that we may require, within a reasonable time after notice from us.

Supplies

We reserve the right, under the Franchise Agreement, to require you to purchase certain items from us, our affiliate or an unaffiliated designated supplier. Our criteria for supplier approval are not available to you and we do not issue our standards and specifications to suppliers. We currently approve suppliers upon request submitted upon our "Supplier Approval Form" and payment of a supplier approval fee of One Thousand Dollars ($1,000.00). Based upon information and samples you supply us, we will test the items supplied and review the proposed supplier's financial records, business reputation, delivery performance, credit, and other information we request from you on the supplier. We will complete our review promptly, generally within ninety (90) days. We have the right to revoke our approval of particular products or suppliers when we determine, in our sole discretion, that such products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease purchasing products from such supplier. You must use products purchased from approved suppliers solely in connection with the operation of your Tifa Chocolate & Gelato location and not for any competitive business purpose. Once we approve a supplier, we have the exclusive right to negotiate price terms directly with the supplier on your behalf and on behalf of all System franchisees. We may receive rebates from approved suppliers from time to time as part of our purchasing negotiations and auditing services. We or our affiliate Tifa, Inc. may be the only approved supplier for certain proprietary items.

During the year ending December 31, 2023, our affiliate Tifa, Inc. derived approximately $80,000 of revenue from franchisee required purchases of gelato dry base, grab 'n go items and other miscellaneous items.

We estimate that your required purchases will account for eighty percent (80%) to ninety percent (90%) of all purchases and leases necessary to establish the franchised business, and approximately eighty percent (80%) to ninety percent (90%) of all purchases and leases necessary to operate the franchised business after opening.

All deliveries of products that you purchase may be made only to your Franchised Business. You may not have products delivered to any other address. If you violate this restriction, you agree

that we have the right to contact your suppliers and/or distributors to notify them that your deliveries may only be made to the Franchised Business. In this event, we will not be liable to you for any damages that may result from our notification to your suppliers and/or distributors. You may not offer for sale any products that you are authorized to sell in your Franchised Business at any location other than your Franchised Business (except for approved delivery services) or otherwise in compliance with your Franchise Agreement. There are no purchasing or distribution cooperatives in existence.

Advertising by Franchisee

You may not engage in any advertising program or use any other advertising, including local advertising placed on television, print or any other media (including but not limited to websites, online advertising, social media marketing or presence, digital marketing and sponsorships), or prepare or use any marketing materials, unless we have approved them in writing. All references to advertising shall include, but shall not be limited to, electronic advertising, whether by internet, social media platforms or otherwise.

Insurance

You are required to obtain: worker's compensation insurance with limits in compliance with your state law and employer's liability insurance, with One Million Dollars ($1,000,000.00) limit, as well as such other insurance as may be required by statute or rule of the state in which the franchised business is located or operated.

Additionally you must obtain comprehensive general liability insurance employer's liability insurance and product liability insurance with limits of One Million Dollars ($1,000,000.00) including the following coverages: broad form contractual liability, personal injury (employee and contractual exclusion); insuring us and you against all claims suits, obligations, liabilities and damages, including attorneys' fees, for actual or alleged personal injuries or property damage relating to the franchised business, provided that the required amounts herein may be modified from time to time by us to reflect inflation or future experience with claims; automobile liability insurance on company vehicles, including owned, hired and non-owned vehicle coverage, with a limit of at least One Million Dollars ($1,000,000.00); and loss of income insurance (in an amount sufficient to cover the royalty Marketing and Development Fund fees due under the Franchise Agreement, for a period of at least six (6) months); rental value insurance (in an amount sufficient to cover the rents and other fees due the landlord and/or Merchants' Association under the lease, if any, during any period of business interruption or inability to operate the location) or such greater amounts of insurance as required by the lease for the location; additional insurance and types of coverage as may be required by the terms of any lease for the franchised business, or as may be required by us, including an umbrella policy with limits of One Million Dollars ($1,000,000.00).

All insurance policies must be issued by carriers rated A- or better by Alfred M. Best and Company, Inc. who are authorized to do business in the state where the location is located, must contain the types and minimum amounts of coverage, exclusions and maximum deductibles as we prescribe from time to time, must name us as additional insured, must provide for thirty (30) days'

prior written notice to us of any material modification, cancellation or expiration of such policy and must include all other provisions we may require from time to time.

Insurance policies shall indemnify both the Franchisee (as named insured), the Franchisor and any other party having an insurable interest in either your operations or our operations as an Additional Insured from an actual or alleged claim by a third party caused by or occurring in conjunction with the operation of Tifa Chocolate & Gelato location or otherwise in conjunction with the conduct of business by you pursuant to the Franchise Agreement. We reserve the right to adjust the limits of indemnification (up or down) or to require you to procure and maintain other additional coverage prescribed from time to time by us and issued by insurance carriers rated A- or better by Alfred M. Best and Company, Inc. We may increase the minimum liability protection requirements annually and require different or additional kinds of insurance to reflect inflation, changes in standards of liability or higher damage awards in public, product or motor vehicle liability litigation, or other relevant change in circumstances. You shall submit to us annually a copy of the certificate of, or other evidence of, the renewal or extension of such insurance policy or policies. We reserve the right to reject any policy with exclusions or sub limits that are not satisfactory to us.

You shall procure and maintain at your sole cost and expense a policy of Commercial Fire Insurance on a Special Form Basis providing for one hundred percent (100%) replacement cost of franchisee's Business Personal Property, Leasehold Improvements and Betterments and Real Property (including signs and plate glass). You shall also provide Business Interruption and Extra Expense on a one hundred percent (100%) co-insurance basis. We shall be named as loss Payee on the Business Interruption coverage on a primary basis so as to enable you to provide us with an uninterrupted stream of payments (as if you were still in operation) for a period of a minimum of six (6) months.

You shall further carry any additional insurance covering such additional risks or providing higher limits as we may reasonably request.

If you at any time fail or refuse to maintain in effect any insurance coverage required by us, or to furnish satisfactory evidence thereof, we at our option and in addition to its other rights and remedies hereunder, may, but shall not be required to, obtain such insurance coverage on behalf of you, and you shall promptly execute any applications or other forms or instruments required to obtain any such insurance and pay to us, on demand, any costs and premiums incurred by us plus an administrative fee of fifteen percent (15%) of that cost (see Items 8 and 11).

Computer Equipment

You must purchase or lease a combined computer and Point of Sale (POS) system for on-line reporting of sales and other information from your computer to us as required under the Franchise Agreement or Confidential Operating Manual. You may not use any hardware and/or software in the operation of a Tifa Chocolate & Gelato location without our prior approval, which approval will not be unreasonably withheld (see Item 11). The cost of computer hardware and software purchased in accordance with our specifications represents approximately one percent (1%) to one and one half

percent (1 1/2%) of your total purchases in connection with the establishment of your Tifa Chocolate & Gelato location.

Sponsorships

Our franchise system will depend on a growing list of handpicked and highly qualified preferred vendors. These vendors will be important to you and to our corporate staff and any training and support programs we put in place. Each year, we will survey the customer service and pricing programs offered to our franchisees. Each preferred vendor may be required to commit Two Thousand Dollars ($2,000.00) annually to our corporate training budget. In exchange, each member will receive:

1. A listing on our company newsletter
2. Priority access to our franchisee directory
3. A tabletop banner at franchise training events
4. A thirty (30)-minute presentation at all local or regional training events

Except as described above, neither we nor any affiliate currently derive any revenue or other material consideration as a result of required purchases or leases, but we reserve the right to do so. There are currently no purchasing or distribution cooperatives. We do not currently negotiate purchase agreements with suppliers for the benefit of our franchisees nor provide you with material benefits based on your use of designated or approved sources.

Test Products

Periodically, we will conduct market research and testing to determine consumer trends and the salability of new food or non-food products and services. If we require, you must participate in any market research programs or test marketing of new products and services in your Franchised Business, and provide us with timely reports and any other relevant information we request for the market research. You must purchase for your Franchised Business a reasonable quantity of the test products, and you must effectively promote and make a reasonable effort to sell test products. The amount that you pay for the test products will not reduce your obligation.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

OBLIGATION		SECTION IN FRANCHISE AGREEMENT	SECTION IN AREA DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
a	Site selection and acquisition/lease	§ 2 and 4	§ 5	Items 6 and 11
b	Pre-Opening purchases/leases	§ 4, 5 and 6	§ 3, 4, 5 and 6	Items 7, 8 and 11
c	Site development and other pre-opening requirements	§ 2, 4, 5 and 6	§ 3 and 5	Items 6, 7 and 11
d	Initial and ongoing training	§ 3, 4 and 7	None	Items 6, 7 and 11
e	Opening	§ 3.4, 5, 7, 11 and 15	§ 2, 3 and 4	Item 11
f	Fees	§ 3, 6, 7 and 12	§ 4	Items 5, 6 and 7
g	Compliance with standards and policies / Operation Manual(s)	§ 3, 4, 5, 6, 7, 9, 11, 12, 13 and 19	§ 3, 5, 7 and 8	Items 11 and 17
h	Trademarks and proprietary information	§ 5, 8 9, 11 and 12	§ 7 and 8	Items 13, 14 and 17
i	Restrictions on products/services offered	§ 5, 8 and 11	§ 3, 5, 7 and 8	Items 16 and 17
j	Warranty and customer service requirements	None	None	None
k	Territorial development and sales quotas	None	§ 2, 3 and 5	Item 12
l	Ongoing product/service purchases	§ 5 and 11	§ 3, 5 and 8	Item 8
m	Maintenance, appearance and remodeling requirements	§ 5 and 11	§ 3, 4, 6 and 8	Items 11 and 17
n	Insurance	§ 11	§ 3 and 12	Items 6 and 8
o	Advertising	§ 5, 8, 11 and 12	§ 3, 7 and 8	Items 6 and 11

OBLIGATION		SECTION IN FRANCHISE AGREEMENT	SECTION IN AREA DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
p	Indemnification	§ 18	§ 12	Item 6
q	Owner's participation/ management/staffing	§ 1, 5 and 7	§ 6	Items 11 and 15
r	Records/reports	§ 3, 4, 6, 10, 11 and 13	§ 3, 4, 5 and 10	Items 6, 11 and 17
s	Inspections/Audits	§ 6 and 14	§ 3, 4, 5 and 10	Items 6, 11 and 17
t	Transfer	§ 15	§ 11	Item 17
u	Renewal	§ 3	§ 2 and 3	Item 17
v	Post termination obligations	§ 16 and 17	§ 9 and 10	Item 17
w	Non-competition covenants	§ 9, 10, 17 and 19	§ 7, 10 and 13	Item 17
x	Dispute Resolution	§ 19	§ 13	Item 17

ITEM 10

FINANCING

We do not offer, directly or indirectly, any financing arrangements to you. Neither do we guarantee your note, lease or any other obligation. We do not place financing and, therefore, we do not receive payments for the placement of financing.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Preopening Assistance

Before you begin operating your business:

(i) We will approve the location of your business and provide a territory surrounding the site of your business where we will not place another Tifa Chocolate & Gelato franchisee (Franchise Agreement - Section 4).

You must select a site for your business and submit the location for our approval within two hundred forty (240) days of signing your agreement, enter into a lease or purchase agreement within one hundred twenty (120) days of site selection and be conducting business at the approved location within one hundred eighty (180) days after signing a lease or purchase agreement or your franchise may be terminated without refund of fees or expenses. We may in our sole discretion extend the site selection period to three hundred sixty-five (365) days of signing of our agreement. We may also, in our sole discretion, extend your date to enter into a lease or purchase agreement from one hundred twenty (120) days to two hundred forty (240) days. We will accept or reject a site you propose within thirty (30) days. If we notify you we will not accept a site, you must within the site selection period (ninety (90) days after execution of the Franchise Agreement), submit an alternative site. We are not obligated to accept any site outside the site selection period. Failure to obtain our approval of a site is a violation of your Franchise Agreement. We do not own any real estate locations that we would lease to you and will not be responsible for locating your business site. We require you use our approved real estate services partner, or you may submit your own real estate services partner for our approval (Franchise Agreement - Section 4).

In determining whether or not to approve any site you may propose for the franchised business, we will consider such factors as population and income level in the area, the number of comparable contiguous businesses, competition, zoning, general location and neighborhood, traffic patterns, parking, size, layout and other physical characteristics, and available square footage.

(ii) We will provide you with layout designs and other information, (if and when needed for your lease negotiation process) including specifications and sources for construction, fixtures and furnishings required for your franchised business from our approved architect.

We will lend you basic layout plans which may or may not fit the space you have chosen. The floor plan layout is the template and can be adapted to fit most spaces.

Along with the floor plan layout we will lend you the equipment specifications and approved design packages so your architect may reflect the dimensions and surfaces on your plans.

(iii) We will provide to you lists of approved and suggested suppliers for the goods and materials you will need to operate the Franchised Business (Franchise Agreement – Section 5).

(iv) We will loan you copies of the Operating Manual and other documents containing reasonable, mandatory and suggested specifications, standards, operation rules established from time to time by us and information relative to your obligations and the operation of your franchise business (Franchise Agreement – Section 11).

(v) We will provide a detailed training program to assist and guide you in operating your franchise.

(vi) We will suggest pricing for your location.

(vii) We will provide preopening telephone support and assistance prior to opening your Tifa Chocolate & Gelato location such as offering advice to you in the necessary tasks, steps and actions to open your location.

(viii) We will provide five (5) days of on-site Opening assistance.

(ix) You are required to spend between One Thousand Two Hundred ($1,200.00) to Two Thousand Five Hundred ($2,500.00) for opening advertising. The amount must be spent in a sixty

(60)-day period starting thirty (30) days before and ending thirty (30) days after the location opens to the public.

Marketing and Technology Fund

We will maintain a Marketing and Technology Fund into which all franchisees will contribute one percent (1%) per month of gross sales. The fund may be increased up to two percent (2%) upon a thirty (30)-day written notice. Several services to you are supported by this fund and the amount of your fee may reasonably be increased in response to rising costs. Monthly payments to the Marketing and Technology Fund will be made through our electronic funds transfer system described in Item 6. Our current affiliate locations as well as future affiliate or company owned locations will not contribute to the fund. Any locations owned jointly or separately by any of our officers or directors will not contribute to the fund. The fund will be administered by us and there will be annual unaudited financial statements accounting for the placement of all Marketing and Technology Fund fee. We will not receive any payment or fee for providing services to the fund. Surplus funds at the end of any year will be carried over into the following year. Some advertising media will be generated by us and other items may be produced by selected agencies. We will determine how and where the money will be spent at our sole discretion whether local, regional or national. Marketing will not be designated for the benefit of any specific franchisee, but for the benefit of the system as a whole as we may determine from time to time. Upon your written request, we will provide you a copy of our annual report of expenditures of the Marketing and Technology Fund and how funds were raised during the most recently ended fiscal year on a confidential basis.

The Marketing and Technology Fund fee will be paid by electronic funds withdrawal. If any automatic electronic funds withdrawal is denied and remains unpaid for a period of seven (7) days, your website account may be deactivated. We reserve the right to increase this fee to two percent (2%) of Gross Revenue each month upon a thirty (30) day written notice. For the fiscal year ending December 31, 2023, advertising cost amounted to approximately $6,557.45. The purpose for which we spent the Marketing and Technology Fund contributions in 2023 was:

Production	20.52%
Franchise Technology Systems	42.66%
Media Placement	36.82%

The Marketing and Technology Fund supports our National Consumer Website which also contains each franchisee's individual location website.

The National Website is the primary marketing "tool chest" for the entire franchise system. Its major purpose is to establish and promote Tifa Chocolate & Gelato brand that will attract retail business for our franchisees and to provide an internet presence for each franchisee. We will benefit from contacts by new franchisee candidates through this website, and our franchise opportunity information and application pages will be present within the site. As with all other advertising materials, stationery and business cards, the site will also contain references to the fact that "Franchises Are Available" and that "Each Tifa Chocolate & Gelato franchise Is Independently

Owned and Operated." Other than the website notice, we do not use any part of the Marketing Fund to solicit new franchise sales, but reserve the right to do so.

The National Website contains all of the basic information about the franchise system and the high quality menu items and services offered by our locations. Each franchisee receives the following direct benefits from the website in return for the payment of the Marketing and Technology Fund:

National Website

The National Website contains all of the basic information about the franchise system including menu items and services offered by each franchised restaurant. Each Franchisee will receive the following benefits from the National Website in return for the payment of the Marketing and Technology Fund fee:

(i) Full Hosting and management services for your individual Location Website (location finder or microsite) which will provide your franchise with an internet presence, including your business address and telephone information, customer testimonials, photographs showing your personnel and location and other information about your local franchise. You do not have any responsibility or expense for designing, hosting, modifying, managing or operating this website presence;

(ii) A listing of the franchise in the location finder or microsite portions of the National Consumer Website; and

We may develop proprietary software or alternate sources to provide your Location Website hosting and/or other services. If so, we or our designee shall license the software to you and we may need to make a reasonable increase the Marketing and Technology Fund fee as a result. You agree to pay the increased fee required by us and you will comply with all specifications and standards prescribed by us from time to time in our operations manual.

Media Manager

You will have subscription and password access (included in your Marketing and Technology Fund fee) to downloadable print and digital marketing materials and programs administered and managed by the franchisor for all downloadable newspaper, magazine and direct mail advertising materials and the ability to order television and radio advertisements and bulk advertising materials, as may be made available by us from time to time. There is no cost for downloadable materials, but you must pay the cost of video duplication and for the tagging, printing and shipping of all ordered products.

Graphic Designer

We will also provide you information on our approved advertising and graphic design provider. In addition to the materials approved by us pursuant to the Marketing and Technology Fund, you may request the provider to create advertising materials on your behalf. If you do, you must pay

the provider directly for the total cost of any such materials and the materials must be approved by us prior to being ordered by you.

We will decide the amount and nature of all expenditures of the Marketing and Technology Fund and how and where all expenditures are made. In accordance with Section 16 of the Franchise Agreement services provided pursuant to this fund may be deactivated upon a franchisee's failure to pay the monthly fee in a timely manner and will be reinstated only when payments and penalties are brought current. Franchisor has ownership rights to any designs purchased and the right to share those with other franchisees.

We do not maintain any other Advertising or Marketing Fund or any Advertising Council or Cooperative of any kind.

Point of Sales System

The currently required POS system, which may change from time to time, is based on the Clover POS system and has been programmed to Tifa Chocolate & Gelato franchise operations. The system will come to you preprogrammed and adapted to your specific location address and phone number, currently at a cost of One Thousand Two Hundred Dollars ($1,200.00). You may talk to the vendor and discuss upgrades (at your cost) if you desire a faster processing speed or other hardware. Technology is rapidly changing so the hardware specified by us may become out of date. The vendor is expected to be very cooperative in satisfying your specific needs.

There is a monthly service fee between Twenty Dollars ($20.00) to Seventy-Five Dollars ($75.00) per month (per unit) which you will pay to the supplier of our approved software. Depending upon technology development and upgrade requirements, there may be an initial cost required. We require you to pay the monthly fee in order to avoid any future problems with updating costs or services. All of the costs involved in the installation of your POS system and future updates are included in the estimates of your initial investment as described in Item 7. Although we are very satisfied with the current POS system, we do reserve the right to alter or eliminate this system and/or to substitute another system if we determine to do so and you must at that time change to whatever program or system we prescribe at your sole cost and expense.

Business Facility Computer System, Programs and Printer

In order to be properly serviced by our Franchise Operations System and for word processing, spreadsheets, internet access and general accounting and business operations purposes you must have access to a computer, computer programs, fax and printer to use in your business with the following minimum specifications: Intel Pentium 4 processor of at least 2 GHz speed; Windows Vista Professional or later operating system (or MAC equivalent); 4GB RAM, 300 GB hard drive and a seventeen (17)-inch monitor; a modem; and, a combination printer/scanner/fax machine. The equipment will cost approximately Nine Hundred Fifty Dollars ($950.00), unless you elect certain upgrades. We do not have any obligation to provide ongoing maintenance, repairs, upgrades or updates of your equipment.

You also must use general computer software in your business that we designate to assist you in conducting your business. The general software you will need includes readily available programs such as Word and Excel. None of these items are proprietary to us. We do not provide assistance in obtaining, installing or upgrading these items.

You are required to purchase and use the Clover Point of Sale System. The initial cost is $1,200 with a monthly fee of $10.00 per month for the homebased employee time tracking.

Tifa Chocolate & Gelato Franchise Operations System

There may be in the future a required monthly fee to activate Tifa Chocolate & Gelato Franchise Operations System (FOS). It will be the company-wide communication system provided by us through the Website to enable timely and efficient transfer of information, instruction, training, conferences and overall management and communication purposes with our franchisees. In this event, this program will be provided to you with a user and password access. We reserve the right to alter or eliminate this system and/or to substitute another system or method, if we determine to do so.

Accounting Application

You must comply with the requirements and standard processes to maintain accurate and up to date accounting records. You will provide monthly and other reports as determined by us, including updating master file records to comply with changes in accounting practices. As with all computer and internet information we have complete access to all of the information at all times.

Surveillance System.

We require you to install a surveillance system in your location as a deterrent to theft, documentation of incidents and monitoring your business. Your system should stream live to your smart phone to monitor operations. We require access to your instore camera system.

Audio & Music Systems.

You must install and use the audio equipment and music system approved by us and used in accordance with our policies and procedures. We are now using Pandora for business which costs $130 for the initial purchase and requires you to pay a monthly fee, currently $30 per month.

It is best, and more cost effective, to have all of these systems purchased, pre-wired and ready for installation during initial construction. Please refer to Item 7 for costs and other information.

Our Access to Your Systems

In order to maintain high quality standards, we reserve the right to audit and monitor each of our franchisee's locations at any time through physical or electronic access to all information of your computer systems, POS, FOS, surveillance and website systems and information referenced in this Item 11 and we reserve the right to use this information and data at our discretion, for our benefit and for the benefit of the franchise system as a whole. We have no plans to do so, but may in the future require you to purchase different or other software or hardware. In that event you will receive written

notification and be given a reasonable time (not to exceed sixty (60) days) in which to purchase the required software or hardware (Franchise Agreement – Section 11).

Franchisee Operating Manual

We will loan you one copy of our Franchisee Operations Manual ("Manual") which contains mandatory and suggested specifications, standards and operation procedures as we prescribe and may also include information relative to your Franchise Agreement. The Manual may be amended or modified from time to time to reflect changes in our System. You must keep the Manual confidential and current, and may not copy any part of the Manual. The table of contents for the Manual is listed in Exhibit "D". There are 153 pages in the Manual.

Time to Open

You must be open to the public within five hundred forty (540) days from the signing of the Franchise Agreement, subject to unavoidable delay or failure to perform [Force Majeure] (Franchise Agreement – Section 5). The typical length of time between signing the franchise agreement or payment of initial consideration, whichever is earlier, is one hundred twenty (120) days to three hundred sixty (360) days.

You may not open your Tifa Chocolate & Gelato location for business until: (1) We approve that Tifa Chocolate & Gelato location is being developed according to our specification and standards; (2) Pre-opening training of you and your personnel has been completed to our satisfaction; (3) You have completed all pre-opening marketing requirements; (4) The Initial Franchise Fee or Area Development Fee and all other amounts then due to us have been paid; (5) We have been furnished with copies of all required insurance policies, or such other evidence of insurance coverage and payment of premiums as we request; and (6) We have received signed counterparts of all required documents pertaining to your Site.

You must have signed a purchase or lease agreement within one hundred twenty (120) days from the end of the site selection period (Franchise Agreement – Section 5). If you have signed an Area Development Agreement, you must open the second location within fourteen (14) months of the Opening Date of the first location. If applicable to your agreement, you must open the third and any subsequent locations within fourteen (14) months of the Opening Date for each of the immediately preceding locations (Area Development Agreement – Section 3).

Franchisee Management Certification Training

We provide a mandatory initial training course before you begin to operate the location. Training consists of on the job and classroom sessions for a period of six (6) to eight (8) days. Training will be held either at the Westlake Village, California, or the Agoura, California location or within twenty miles of these locations. It is mandatory that the majority owner and/or operating partner, general manager, assistant manager, and kitchen manager complete the management training program to our satisfaction.

Franchisee Management Certification Training Program

Subject	Classroom Training Hours	On-the-Job Training Hours	Location
Overview of business and what it is to be a business operator.	0.5		Agoura Hilla, CA or Westlake Village, CA (Approximately 2.5 miles apart)
Operations: Goal Setting, Purchasing and Receiving, Merchandising, Customer Service (high level; detailed in Section 2 below), Utilities, Repairs, Cleaning, Supplies, Safety Standards	1.0		Same
Branding: Marketing and Image, Brand Understanding and Image, Advertising within Relevant Media, In store signage, Overview of Fixtures and Store Layout	0.5		Same
Basic Accounting: Basic Accounting Principles including AP, AR, etc.	0.5		Same
Human Resources: Hiring and Firing, Maintaining Good Employees, Employee Issues, Government Regulations, Benefits and Payroll	0.5		Same
Core Philosophies: The Tifa Way, History of Tifa and Core Philosophies, The story of Tifa (Founder's Story through present time), Mission Statement and Explanation, Standards of Service, Appropriate Dimensions of Service	0.5	3.0	Same
Training: Technology, Basic Computer Skills, Clover POS System, Homebase, Basic Operations, Loyalty/Reward Programs, Purchasing and Receiving, Special Orders, Other, Tifa Website, Social Media & Review Sites (e.g. Yelp), Outlook and Other Relevant Office Products, Gift Card System	5.0	0.5	Same
Customer Service: Handling Accounts, Bids (catering), Servicing Upset Customers, Practical Problem Solving & Empowering Employees, Processing Returns, How to Help Customers		2.0	Same
Human Resources: Payroll and hours reporting (laws and issues), Tifa Employee Handbook, Disciplinary Processes, Recruitment and Selection, Teamwork, Pay-scale, Benefits programs, Scheduling, EDD and unemployment claims, Worker's Comp, Accident Reports, Claims Administration, Accident Prevention (OSHA guidelines, prevention program), Uniforms (aka Dress Code)	2.0		Same
Merchandising: Resources, Store Layout, Fixtures, Signage	2.0		Same
Store Operations: Maintenance and safety issues, Utilities, Security and Loss Prevention, Opening/Closing Procedures, Handling Cash, Sidework, Landlord Relations, SOP, Checklists, Security – internal systems, Setting up a multi-location operation – the transfer system, Continuing standards quality control systems, Counterfeit Procedures		3.0	Same
Marketing: Advertising, Using Ad agency, Media – TV, billboard, print, radio, Use of logo, Coop, Opportunities,	1.5		Same

Subject	Classroom Training Hours	On-the-Job Training Hours	Location
Promotions, Facebook, Eblasts, Community Relations & Events, Gracefully Rejecting Requests, Marketing Calendar,			
Franchise Agreements: expectations and delivery, The lease, Territory, Advertising system, The Franchise system	1.0		Same
Accounting, Budgeting, Inventory: selection, management, Payroll and payroll reports, Accounts Payable – payment schedule, Accounts Receivable, Taxes & fees, Sales tax, Local and property tax, EDD, Payroll withholdings, IRS payments, Licenses, Cash Flow, Reports, Systems – Banking and cash management, Using your credit card and petite cash purchases	5.0		Same
Product Knowledge: Artisan Chocolate, Bon bons & truffles, Espresso and other drinks, Waffle Cones, Gelato, Pastries, Dry Goods, Other		32	Same
Continuing Education: Webinars, Tradeshows, Manufacturer, Visits to their sites, In Store Seminars, Web Sites, Catalogs	2.0		Same
Opening Checklist: Build-out – planning and implementation, Advertising, Inventory/stocking, The Opening, Employee Training	1.0		Same
Vendors: Business reference sheet, Manufacturers, Ordering systems	2.0		Same
TOTALS	**25.0**	**40.5**	

* Typical day is based on ten (10) - hour shift and lasts approximately six (6) to eight (8) days.

Notes on Above Chart:

1. We will provide this initial franchisee management certification training at no additional charge to you. You must pay all travel and living expenses for you and your trainees. We may increase, decrease and/or adjust the above training program to the extent that we deem appropriate.

2. All of the persons listed in Item 2 of this document may at one time or another provide training services. We may use additional trainers and speakers depending on availability. Manuals will be used as our primary instructional material.

3. Your designated trainees must also complete the management Serve-Safe Food Safety Certification Program, or show evidence of current certification. You will be responsible for all fees and other costs associated with the certification program.

4. If you are signing the Franchise Agreement for your first Tifa Chocolate & Gelato franchise location, we will provide you at your cost with a Opening onsite training of two (2) persons

to assist for three (3) days prior to opening and two (2) days after you open your location (travel and lodging at franchisee's expense). We do not provide this opening support for any additional franchised locations.

5. All of the above specifications and descriptions are subject to change as we may determine the need to do so.

ON-SITE OPENING TRAINING

Course	Hours/Days Classroom Training	Hours/Days On-the-Job Training	Location
Business Operating Procedures	N/A	8	Franchisee's Location
General Business Practices	N/A	8	Franchisee's Location
Marketing	N/A	6	Franchisee's Location
Sales	N/A	6	Franchisee's Location
Property Management Procedures	N/A	10	Franchisee's Location
Accounting / Financials	N/A	6	Franchisee's Location
TOTAL HOURS	N/A	**44 Hours**	

Other Conference/Training/Educational Events

Each person who signs the franchise agreement must attend our on-site Opening training session and any Conferences scheduled from time to time as we may determine to be necessary, at our company headquarters in California, or at a different location of our choosing. Conferences will not exceed eight (8) days in length. If you purchase more than one (1) franchise territory, then the manager from each location must attend the above sessions.

During the operation of your business, we will, upon your request and at your expense, and to the extent we have personnel available, send one (1) or more members of our staff to the franchised business to provide additional follow-up assistance and training (Franchise Agreement – Paragraph 7.3).

ITEM 12

TERRITORY

Your Territory

You will receive a geographic territory (the "Protected Territory") in which you will operate a Tifa Chocolate & Gelato location. During the Site Selection Period, you must obtain our acceptance of the Site, which must be located in the Site Selection Area. If we have not accepted the site and designated the Protected Territory before execution of the Franchise Agreement, you must, during the first two hundred forty (240) days of the Site Selection Period, submit to us for acceptance, and obtain our acceptance of your franchised location. Your Protected Territory will be an area surrounding the location with a minimum population of one hundred thousand (100,000) (based upon the U.S. Census Bureau report) persons, or a radius of four (4) miles, whichever is the lesser area. Subject to this grant of minimum population and area, we reserve the absolute right to adjust the territorial boundaries as we determine to be necessary in our sole discretion. You must submit a proposed Site located in the Site Selection Area to us for acceptance during the first two hundred forty (240) days of the Site Selection Period. We will notify you of our acceptance or rejection of any proposed Site within thirty (30) days of our receipt of all information we request. However, if you have submitted a proposed Site to us before the expiration of the Site Selection Period (240 days after signing the Franchise Agreement), and we have not notified you of our acceptance or rejection before expiration of the Site Selection period, we will have thirty (30) additional days to notify you of our decision. You may not relocate your Tifa Chocolate & Gelato location without our prior written approval. We may in our sole discretion extend your site selection period to three hundred sixty-five (365) days of signing your agreement.

The Protected Territory will be designated by us once the location is accepted by us and indicated as Exhibit G-Two to the Franchise Agreement. Once a site has been selected and lease negotiations entered into, a copy of the lease must be provided to us for our review and approval prior to execution. Our approval of the lease indicates that we believe that its terms fall within the acceptable criteria we have established as of the time of our approval. (Franchise Agreement – Section 4 and Exhibits G-One and G-Two). Except for the rights we reserve below, we will not sell another franchise or open a company-owned Tifa Chocolate & Gelato location in your Protected Area during the term of the Franchise Agreement. We may develop, use, and license within or outside your Protected Territory other products or services involving Marks other than those used in connection with the System. There are no restrictions on your ability to accept orders from consumers outside your Protected Territory. You may solicit or accept orders from consumers outside your Protected Territory, through channels of distribution, such as internet, provided such activity is not conducted within another franchisee's Protected Territory. You may not solicit or market outside your Protected Territory by means of (a) direct marketing by telephone, mail, flyers or other means; or (b) any other marketing method targeting anywhere outside your Protected Territory, except for our written approval of television, radio and print advertising media that may incidentally be covered by such advertising.

If a city is located particularly within your Protected Territory, then you may utilize the name of the city in your marketing methods.

Except by written agreement with us you do not receive the right to acquire additional franchises within your territory.

Rights We Reserve: Franchise Agreement

You will not receive an exclusive territory. You may face competition from other franchisors, from outlets we own, or from other channels of distribution or competitive brands that we control. We retain the rights to:

1. establish and grant to other franchisees the right to establish Tifa Chocolate & Gelato locations anywhere outside the Protected Territory, on such terms and conditions as we deem appropriate (even immediately outside the border of the Protected Territory), but not within the Protected Territory of your Tifa Chocolate & Gelato location you open under the Franchise Agreement and continue to operate under it;

2. operate, and grant franchises to others to operate businesses, whether inside or outside the Protected Territory, specializing in the sale of products or services, other than a Competitive Business or Tifa Chocolate & Gelato locations, using some of the Marks and/or all of the Marks pursuant to such terms and conditions as we deem appropriate;

3. operate, and grant franchises to others to operate businesses or provide other services, whether inside or outside the Protected Territory, that do not use any of the Marks;

4. market and sell, inside and outside of the Protected Territory, through channels of distribution other than full service Tifa Chocolate & Gelato locations (like mail order, Internet or Intranet, Website or other forms of e-commerce or grocery, retail or convenience stores or kiosks), or through special purpose sites including military bases, public transportation facilities, sport facilities. race tracks, airports, student unions or similar buildings on college or university campuses, amusement and theme parks and special events, all of which are designated ("Special Sites"). Special sites designated above are not granted a Protected Territory. We will not pay franchisees any compensation for soliciting orders or accepting orders within a Protected Territory; and

5. purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other business' facilities, and that following such activity we may operate, franchise or license those other businesses and/or facilities under any names or marks other than, while this agreement is in effect, the Marks, regardless of the location of these businesses and/or facilities, which may be within the Protected Territory or immediately outside its border.

There is no minimum sales quota for maintaining the Protected Territory granted for your franchise, or other circumstance that gives us the right to modify your territory, if you are otherwise in compliance with all of your agreements with us.

Area Development Agreement

We may, but are not required to, enter into an Area Development Agreement with you which provides for the development of a specified minimum number of Tifa Chocolate & Gelato locations within a defined geographic area over a specified term. An Area Development Fee for the geographic area is required, based upon the number of franchised locations developed. You must enter into the then-current Franchise Agreement for each Tifa Chocolate & Gelato location established under the Area Development Agreement. You are not entitled to additional development rights beyond those specified in the Area Development Agreement. You are responsible for submitting a complete site report for each franchised location. Each site is subject to our acceptance, which will not be unreasonably withheld. We also have the right to refuse to grant a franchise for a proposed Tifa Chocolate & Gelato location if you do not meet financial criteria established by us.

Area Development Agreement: Minimum Development Quota

Your Area Development Agreement will contain a Minimum Development Quota specifying a series of Development Periods, the number of franchised locations you must open during each Development Period and the cumulative number of franchised locations you must have opened through the end of the Development Period in question. Franchised locations will not count towards meeting the Minimum Development Quota for any Development Period until it has been fully constructed, developed and opened operations in accordance with the specific respective franchise agreements with us. We determine if any franchised location has "opened" for purposes of meeting the Development Schedule and any Minimum Development Quota for any Development Period. If a franchised location is permanently closed after having been opened, you must develop and open a substitute franchised location within one year from the date of its permanent closing separate and apart from the Development Schedule.

Rights We Reserve: Area Development Agreement

Your Development Territory is not exclusive; we retain the right to:

(a) establish and grant our affiliates, subsidiaries or parent entity the absolute right to establish Tifa Chocolate & Gelato locations at a specific location or an area within the Designated Territory or to grant other franchisees the right to establish franchise locations within the Designated Territory. But if other franchisees desire to enter into a Franchise Agreement for a Tifa Chocolate & Gelato location at a specific location or an area within the Designated Territory, we will offer you a right of refusal to open your next scheduled Tifa Chocolate & Gelato location at that specific location or area within the Designated Territory ("Right of Refusal Area"), provided, however, if your Area Development Agreement for the Designated Territory was executed first in time (the first Area Development Agreement signed within the Designated Territory), your right of refusal shall be a First Right of Refusal for the specific location or area within the Designated Territory. If you entered into an Area Development Agreement second in time for the Designated Territory, your right of refusal shall be a Second Right of Refusal and you will not be offered the Right of Refusal Area unless the Developer with the First Right of Refusal did not accept the Right to Develop Tifa Chocolate & Gelato locations within the Right of Refusal Area. If there are any Developers which entered into an

Area Development Agreement subsequent in time to a preceding Developer, they will be offered a right of refusal for the Right of Refusal Area only if the preceding Developer refused the opportunity to develop a Tifa Chocolate & Gelato location for the Right of Refusal Area, and you will have seven (7) days from the date of our notice offering you the right to develop your next Tifa Chocolate & Gelato location in the Right of Refusal Area, to provide us with your written commitment to accept the obligation to open your next Tifa Chocolate & Gelato location within the Right of Refusal Area and in addition you must find a site within two hundred forty (240) days which is acceptable to us and also enter into our Franchise Agreement for the location. You will then have one hundred twenty (120) days from the site selection period to enter into a lease or purchase agreement for the Tifa Chocolate & Gelato location. You will not receive an exclusive territory. You may face competition from other Franchisees, from outlets that we own, or from other channels of distribution or competitive brands we control.

If the number of locations to be developed is greater than two, then each location required to be developed must be opened within twenty-four months of the Opening Date for each of the preceding Tifa Chocolate & Gelato locations you are required to open under the Area Development Agreement;

(b) establish and grant to other franchisees the right to establish Tifa Chocolate & Gelato locations anywhere inside or outside the Designated Territory, on such terms and conditions as we deem appropriate (but not within the Protected Territory specified in the Franchise Agreement of any Tifa Chocolate & Gelato location you operate under that Agreement and continue to operate);

(c) operate and grant franchises to others to operate businesses, whether inside or outside the Designated Territory, specializing in the sale of products or provision of services, other than a Competitive Business or Tifa Chocolate & Gelato location, using certain of the Marks and pursuant to such terms and conditions as we deem appropriate;

(d) operate and grant franchises to others to operate businesses, or provide other services, whether inside or outside the Designated Territory, that do not use any of the Marks;

(e) market and sell, inside and outside of the Designated Territory, through channels of distribution other than the franchised location (like internet, e-commerce, mail order or grocery, retail or convenience stores) or through special purpose sites including military bases, public transportation facilities, race tracks, airports, student unions or similar buildings on college or university campuses, amusement and theme parks, all of which are designated ("Sites We Reserve"). Such Sites We Reserve are not protected and are not part of your Designated Territory; and

(f) purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other business' facilities, and that following such activity we may operate, franchise or license those other businesses and/or facilities under any names or marks other than, while this Agreement is in effect, the Marks, regardless of the location of these businesses and/or facilities, which may be within the Designated Territory or immediately outside its border.

Designated Territory: Default under the Area Development Agreement.

We have the right to terminate an Area Development Agreement if you default under its terms or under the terms of any Franchise Agreement or other agreement you have with us. If you do not achieve the Minimum Development Quota specified in the Area Development Agreement, we, in our sole control, may, (but are not required to do so):

(a) terminate the Area Development Agreement;

(b) operate (directly or through affiliates) or grant franchises for the operation of Tifa Chocolate & Gelato locations within the Designated Territory; and

(c) reduce the Designated Territory and the Development Schedule to a size and magnitude that we estimate you are capable of operating otherwise in accordance with the Area Development Agreement.

ITEM 13

TRADEMARKS

Effective February 1, 2017, Tifa, Inc. licensed the word mark "Tifa" and Tifa design to us with the exclusive right to franchise the mark and system for fifty (50) years. We are obligated to assure that all sublicensees comply with quality standards set by Tifa, Inc. The trademark license agreement can be terminated by Tifa, Inc. only if we breach the agreement and fail to cure the breach within thirty (30) days after receiving written notice of the breach, or if we become insolvent or are unable to pay our debts as they become due, or we commence a case for relief or reorganization, or are the subject of an involuntary case for relief or reorganization under the Federal Bankruptcy Code or under any other state or federal bankruptcy or insolvency laws. At termination of the trademark license agreement, we are obligated to assign to Tifa, Inc. all license, or franchise agreements which we have entered into for the use of the mark and the system, which shall continue in full force and effect until the expiration of the terms in effect. If an assignment occurs, Tifa, Inc. will not assume any liabilities that pre-date the assignment, for which we will remain liable.

Under the Franchise Agreement, we grant you the non-exclusive right to use the proprietary Mark "Tifa" and Tifa design in connection with your franchise for your use and only in the manner authorized and permitted by us. The Area Development Agreement does not grant you the right to use the proprietary Mark or System. You may not directly or indirectly contest our rights in the Mark.

The marks are registered with the United States Patent and Trademark Office ("USPTO") on the principal register filed by Tifa, Inc. and based upon actual use, as follows:

TIFA

Standard Character Mark

Registration Number: 5218115

Registration Date: June 6, 2017

Registration Number: 5218135

Registration Date: June 6, 2017

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeals Board, the Trademark Administrator of any state or any court relating to the Marks. There is no pending infringement, opposition or cancellation involving the Marks; no known superior rights or infringing uses actually known to us that could materially affect your use of the Marks; and no pending material litigation involving the Marks. All affidavits and renewals required to be filed have been filed.

There are no currently effective agreements that significantly limit our rights to use or license the use of the Marks listed in this section in a manner material to the franchise to be sold.

The franchise agreement grants you the non-exclusive right to use the Marks to identify the products and services offered by us. We have the right to require you to modify or discontinue your use of any Mark. If we exercise this right, we will provide advance notice to all franchisees. We will have no liability or obligation for your modification or discontinuance of any Mark or promotion of a substitute trademark, service mark or trade dress.

You must follow our rules when using the Marks. You must receive our approval when choosing your corporate name and you cannot use the Marks as part of the corporate or other legal entity name or with modifying words, designs or symbols without our consent. All of your usage of the Marks and any goodwill you establish is to our exclusive benefit and you retain no right in the Marks on termination or expiration of the franchise agreement. You must also obtain fictitious or assumed name registrations as we require, or under applicable law.

Neither the franchise agreement nor area development agreement contain any provisions under which we are required to defend or indemnify you against any claims of infringement or unfair competition arising out of your use of the Marks. You must immediately notify us of any apparent infringement of or challenge to your use of any Mark or claim by any person of any rights to any Mark. We will have the sole discretion to take any action we deem appropriate and will have the right to control exclusively, any litigation or USPTO or other administrative proceedings arising out of any infringement, challenge or claim or otherwise relating to any Mark. You must execute any and all instruments and documents, provide assistance and do such things as, in the opinion our counsel, may be necessary or advisable to protect our interest or our licensor's interest in any litigation or USPTO or other proceeding or otherwise to protect our interest in the Marks. We have no obligation under the franchise agreement or area development agreement to protect you against or reimburse you for any damages for which you are held liable.

We may not be able to prevent anyone who began using the name Tifa, Tifa Chocolate & Gelato or any variation thereof before our use of it from continuing their use of that name in the area of prior use. The name Tifa or Tifa Chocolate & Gelato may be in use by other businesses in the United States who are not our franchisees or in any way affiliated with us. You will be responsible for finding out whether the name Tifa or Tifa Chocolate & Gelato is already being used in your granted Territory. Under the Franchise Agreement you release us from any liability to you caused by any prior use of the name Tifa or Tifa Chocolate & Gelato or any variation thereof by anyone else.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents that are material to the franchise. We claim copyright protection of our Manuals and related materials, certain proprietary information, knowledge and know-how concerning the methods of operation of the franchised location and promotional materials, although these materials have not been registered with the United States Registrar of Copyrights. These items are considered proprietary and confidential and are considered our property and may be used by you only as provided in the Franchise Agreement.

There are no agreements in effect which significantly limit our right to use or license the copyrighted materials.

Franchisee Operations Manual(s)

During the term of the Franchise Agreement, we will loan to you at no charge our Confidential Operating Manual(s) in which we assert a copyright interest. The Confidential Operating Manual(s), its supplements, and any other materials or information designated by us is confidential. You will not provide your employees access to the Confidential Operating Manual(s) unless necessary to operate your franchise location.

You must use your best efforts to keep confidential all provisions in the Confidential Operating Manual(s), including any supplements or amendments that we provide. You are

responsible for keeping your copy of the Confidential Operating Manual(s) up-to-date. The provisions in our master copy will control any disputes that arise. You agree to comply with every provision in the Confidential Operations Manual(s) and every revision to the Confidential Operating Manual(s) that we may make from time to time, provided such revisions do not implement new or different requirements which alter the fundamental terms and conditions of the Franchise Agreement.

We will loan you a replacement copy if you lose or misplace your copy or supplements but we may require a reasonable replacement charge. You must not photocopy any part of the Confidential Operating Manual(s) without our written consent.

Trade Secrets and Know-How

We will be disclosing to you certain proprietary information in our programs, systems, techniques manuals, and trade secrets as well as know-how and operating format related to our methods and materials. You will also use certain materials in the operation of your Tifa Chocolate & Gelato franchise location in which we have a copyright interest. You, however, do not acquire any right or interest in such proprietary information.

You must not disclose any of our proprietary rights, information, or know-how, except as authorized in the Franchise Agreement. You must maintain adequate security in the control, use and handling of our proprietary materials as specified in the Confidential Operating Manual or in writing from us. All persons you employ who can access our proprietary materials are required to sign our approved Confidentiality Agreement (Exhibits "E" and "M"). All persons with an ownership or voting interest in an entity franchise and all individual franchisees who enter into Franchise Agreements or Area Development Agreements and any person employed by or under an independent contractor relationship with you who receives or who will receive any training by us or you which is directly or indirectly related to the System or involves any of the Confidential Information must sign our Approved Confidentiality, Non-solicitation and Non-competition Agreement (Exhibits "M" and "N"). You must immediately notify us of any unauthorized use of our trade secrets. We have complete authority under the Franchise Agreement and Area Development Agreement to take such action or inaction as deemed appropriate.

Failure to comply with the requirements of the Franchise Agreement and Area Development Agreement with respect to confidentiality will cause us irreparable injury and you agree to pay us an amount equal to the aggregate of our cost of obtaining specific performance of, or an injunction against violation of, the requirements of the Franchise Agreement and Area Development Agreement concerning confidentiality, including without limitation, reasonable attorney fees, cost of investigation and proof of facts, court expenses, and damages incurred by us.

ITEM 15

OBLIGATIONS TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

We require you to participate in the supervision of the franchise. We may, however, agree in

writing to allow someone other than an owner to act as the on-premises manager. That person must complete our training program and cannot have any interest or business relationship with any of our competition and must sign a written agreement to maintain confidentiality of the proprietary information and trade secrets described in Item 14 and conform to the covenants not to compete as described in Item 17. We may, in our sole discretion, allow franchisees or Area Developers to be corporations, limited liability companies or other entities subject to our approval; however, if a corporation, limited liability company or other entity is allowed to be a franchisee, the individual stockholders, members, etc. must personally guarantee the obligations under the Franchise Agreement and also agree to be personally bound by, and personally liable for, the breach of every provision of the Franchise Agreement, including confidentiality and non-competition provisions. If you are a partnership, each partner must personally guarantee your obligations under the Franchise Agreement and also agree to be personally bound by, and personally liable for, the breach of every provision of the Franchise Agreement. They must further agree to be bound by the confidentiality and non-competition provisions of the Franchise Agreement and agree to certain restrictions on their ownership interest. Non-individual franchisees that enter into Area Development Agreements are subject to these requirements as well. All persons with an ownership or voting interest in an entity franchise and all individual franchisees who enter into Franchise Agreements or Area Development Agreements must execute a confidentiality/non-competition agreement in the form of our "Confidentiality, Non-solicitation and Non-Competition Agreement" (see Exhibits "M" and "N").

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must use only those products, services, equipment, programs and other items in the operation of your Tifa Chocolate & Gelato location that we have designated in the Franchise Agreement, the Confidential Operating Manual, or specifically approved in writing unless, as to any one or more items, you are prohibited by local law or regulation or unless we have granted you our advance written approval to exclude some menu items, products, services or programs. If you would like to sell any product, service, equipment or program which is not a part of the System, then you must seek and obtain our advance written permission. If we grant our advance written approval, then the product, service, equipment or program in question will become a part of the System (though we will not be required to, but may, authorize it for sale at one or more other Tifa Chocolate & Gelato locations). We may subsequently revoke our approval. We will own all rights associated with the product, service, equipment or program. You will not be entitled to any compensation in connection with it.

We may add to, delete from or modify the services, products, equipment, programs and other items which you can and must offer or we may modify the System. You must abide by any additions, deletions and modifications. There are no limits on our rights to make these changes. We may designate, prohibit or otherwise limit your use of music or other entertainment within Tifa Chocolate & Gelato franchised location. These requirements are set forth in greater detail in Item 8 of this Disclosure Document.

If at any time any Approved Products or any other components of the System are unavailable at your Tifa Chocolate & Gelato location for any reason, and you can affirmatively prove such unavailability, we will identify alternative products or other components of the System that you may offer at your Tifa Chocolate & Gelato location, only until such time as the Approved Product or other component of the System becomes available. When the Approved Product or other component of the System becomes available, you will be required to offer it at your Tifa Chocolate & Gelato location.

You may only sell System products and services at retail, and you may not engage in the wholesale sale and/or distribution of any System product, service, equipment or other component, or any related product or service.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions and the exhibits attached to this disclosure document.

Provision	Section in Franchise Agreement	Section in Area Development Agreement	Summary
a. Length of the franchise term	Paragraph 2.1	Paragraphs 2.1 and 3.3	10 years for Franchise Agreement; the Area Development Agreement varies depending upon the number of franchised locations to be opened.
b. Renewal or extension of the term	Paragraph 3.1	Not Applicable	If you are in good standing and not in default under the Franchise Agreement, you may enter into a successor franchise agreement, provided that: (i) you maintain possession of and agree to remodel and/or expand your franchised location, add or replace improvements, equipment and signs and otherwise modify your franchised location as we require to bring it into compliance with specifications and standards then applicable for an franchised location, or (ii) if you are unable to maintain

Provision	Section in Franchise Agreement	Section in Area Development Agreement	Summary
			possession of the Site, or if in our sole judgment your franchised location falls below our then current location standards and should be relocated, you secure substitute premises we accept, develop such premises in compliance with specifications and standards then applicable for your franchised location and continue to operate your franchised location at the Site until operations are transferred to the substitute premises.
c. Requirements for you to renew or extend	Paragraphs 3.1-3.5	Not Applicable	Maintain Site or secure substitute Site, bring your franchised location into compliance with our then current specifications and standards, sign new Franchise Agreement and ancillary agreements, general releases (subject to state law), satisfactory completion of training and refresher programs, and pay us the fee. On renewal, you may be asked to sign a successor contract with materially different terms and conditions than your original Franchise Agreement.
d. Termination by you	None	None	None
e. Termination by us without cause	None	None	None
f. Termination by us with cause	Section 16	Section 9	We can terminate only if you commit one of several violations (subject to State Law, see Exhibit "P").

Provision	Section in Franchise Agreement	Section in Area Development Agreement	Summary
g. "Cause" defined-defaults which can be cured	Section 16	Section 9	You have 5 days to cure health, safety or sanitation law violations, except we may require the immediate shut down of your franchised location in the event we deem such violation to be a health threat to anyone, 10 days to cure noncompliance with any provision other than Paragraph 16.2 of the Franchise Agreement or the System Standards. For the Area Development Agreement, you have: 10 days to cure monetary defaults; 30 days to have vacated an attachment, seizure, writ, warrant or levy on any franchised location or any order, appoint a receiver, trustee or liquidator of you or any franchised location; and 14 days to cure noncompliance with provision of the Area Development Agreement other than Section 9.
h. "Cause" defined – non-curable defaults	Section 16	Section 9	Non curable defaults include material misrepresentation or omission, failure to complete training, failure to comply with management requirements, failure to obtain an approval of the location within the time periods specified for such approvals, failure to commence construction of the franchised location within 180 days, abandonment, unapproved transfers, conviction of or a plea of no contest to, a felony or other serious crime, violations of anti-

Provision	Section in Franchise Agreement	Section in Area Development Agreement	Summary
			terrorism laws of "blocking" of assets under anti-terrorism laws, dishonest or unethical conduct, unauthorized assignment of the Franchise Agreement or of an ownership interest in you or the franchised location, loss of the Site, unauthorized use or disclosure of the Confidential Operating Manual or confidential information, failure to pay taxes, repeated defaults (even if cured), an assignment for the benefit of creditors or written admission of insolvency or inability to pay debts as they become due. Failure to meet the development obligations or pay any fees owed.
i. Your obligations on termination/nonrenewal	Section 17	Section 10	Obligations include payment of outstanding amounts, complete de-identification and return of confidential information (also see (r) below). Ceasing your development activities.
j. Assignment of contract by us	Paragraph 15.1	Paragraph 11.1	No restriction on our right to assign.
k. "Transfer" by you-definition	Paragraph 15.2	Paragraph 11.2	You, your owners or your affiliate(s)' voluntary or involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in the Area Development Agreement, any Franchise Agreement, you, or franchised location.

Provision	Section in Franchise Agreement	Section in Area Development Agreement	Summary
l. Our approval of transfer by you	Paragraphs 15.2-15.5	Paragraphs 11.2 and 11.3	We have the right to approve all transfers, even to a Business Entity controlled by you.
m. Conditions for our approval of transfer	Paragraph 15.3	Paragraph 11.4	New franchisee qualifies, you pay us all amounts due, transferee and its managerial employees agree to complete training, transferee agrees to enter a new Franchise Agreement, transfer fee paid, we approve material terms, you subordinate amounts due to you, and you sign other documents we require- including general releases (also see "r" below).
n. Our right of first refusal to acquire your business	Paragraph 15.8	Paragraph 11.5	We can match any offer for an ownership interest in you, your Franchise Agreement or your franchised location provided that we may substitute cash for any form of payment at a discounted amount if an interest rate will be charged on any deferred payments, our credit will be deemed equal to that of any proposed purchaser, we will have no less than 60 days to prepare for closing and we receive all customary representations and warranties, as we specify.
o. Our option to purchase your business	Paragraph 17.5	None	We have the option to buy your franchised location, including leasehold rights to the Site, at fair market value after our termination or your termination without cause, of the agreement (but not expiration).

Provision	Section in Franchise Agreement	Section in Area Development Agreement	Summary
p. Your death or disability	Paragraphs 15.5 and 15.6	Paragraph 11.6	Franchise or an ownership interest in you must be assigned to an approved buyer within 6 months and must be run by a trained manager during the period before the assignment. Assignment is subject to our right of first refusal.
q. Non-competition covenants during the term of the franchise	Paragraph 9.3 & Section 10	Paragraph 7.3	No interest in a Competitive Business, no controlling ownership interest in, or performance of services for, a Competitive Business anywhere.
r. Non-competition covenants after the franchise is terminated or expires	Paragraph 17.4	Paragraph 10.2	No interest in competing business for 2 years at, or within 15 miles of, the Site or within 50 miles of any other Tifa Chocolate & Gelato location in operation or under construction (same restrictions apply after assignment).
s. Modification of the agreement	Paragraph 19.13	Paragraph 13.13	Franchise Agreement- No modifications except by written agreement, but Confidential Operating Manual and System Standards are subject to change.
t. Integration/merger clause	Paragraph 19.13	Paragraph 13.12	Only the terms of the Franchise Agreement (including the Confidential Operation Manual, System Standards, addenda and exhibits) are binding (subject to state law). Any other promises may not be enforceable.
u. Dispute resolution by arbitration or mediation	Paragraphs 19.9 and 19.10	Paragraph 13.7 and 13.8	Except for certain claims, all disputes must be mediated and

Provision	Section in Franchise Agreement	Section in Area Development Agreement	Summary
			arbitrated at our headquarters (subject to State Law, see "P").
v. Choice of forum	Paragraph 19.8	Paragraph 13.8	Mediation/Arbitration in Westlake Village, California
w. Choice of law	Paragraph 19.5	Paragraph 13.5	California law applies (subject to State Law, see Exhibit, "P").

See Exhibit P for state specific and other Addenda and Riders.

The provisions of the Franchise Agreement that provide for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or any franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in this 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.

During the calendar years 2019, 2020, 2021, 2022 and 2023 our affiliate, Tifa, Inc. operated two locations in Los Angeles County, California similar to our franchise concept. The location at 28888 Roadside Drive, Agoura Hills, CA 91301 opened in Agoura (20078-2013) at another location and moved to the current location in 2013 ("Agoura Store"), and 30760 Russell Ranch Road, Suite A, Westlake Village, CA 91361 ("Westlake Store") opened January 26, 2015.

Chart 1 below represents the unaudited annual gross sales for our affiliate locations operating one or more years. Chart 2 represents the unaudited gross sales for the franchise locations opened and operating 1 year or more. Wholesale and Catering sales were excluded from each Store's gross sales.

Chart 1 Affiliate Locations					
Year	**2023**	**2022**	**2021**	**2020***	**2019**
Number of Locations	2	2	2	2	2
High	$643,592.56	$655,429.02	$568,766.16	$448,619.36*	$518,173.97
Median / Average	$632,909.38	$627,126.43	$566,427.22	$419,636.91*	$513,065.43
Low	$622,226.21	$598,823.84	$564,088.28	$390,654.46*	$507,956.89

Chart 2 Franchise Locations					
Year	**2023**	**2022**	**2021**	**2020***	**2019**
Number of Locations	3	3	3	1	0
High	$468,409.29	$427,592.25	$387,437.20		
Median	$355,135.50	$352,806.65	$364,136.24		
Average	$389,072.22	$367,566.44	$351,571.41	$296,193.03*	
Low	$343,671.87	$322,300.42	$303,140.78		

*** Note:** On March 4, 2020 California declared a State of Emergency to help the State prepare for a broader spread of COVID-19. In addition, on March 11, 2020, the World Health Organization characterized COVID-19 as a global pandemic resulting in a global economic downturn. Due to the COVID-19 pandemic, our affiliate and franchise restaurants were impacted by governmental requirements, capacity restrictions, reduced operating hours, limited-service measures, extensive safety protocols, and consumer behavior adjustments.

The average Annual Gross Sales above are for locations operating within populated areas and using different square footage. The above Annual Gross Sales figures as adjusted to exclude catering and wholesale sales DO NOT reflect the costs of sales, operating expenses or other cost and expenses that must be deducted from the average Annual 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 franchised location. Franchisees or former franchisees, listed in the Franchise Disclosure Document, may be one source of this information.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

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

Other than the preceding financial performance representation, Tifa Foods International, Inc. does 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 the Franchise Administration Department at 2060 D Avenida de los Arboles, #471~~30760 Russell Ranch Road~~, ~~Westlake Village, California~~

~~91362~~Thousand Oaks, CA 91362-1361, 310-902-7626, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE 1
Systemwide Outlet Summary
For 2021, 2022 and 2023

Outlet Type	Year	Outlets at the Start of Year	Outlets at the End of Year	Net Change
Franchised	2021	3	4	+1
	2022	4	3	-1
	2023	3	5	+2
Company-Owned*	2021	2	2	0
	2022	2	2	0
	2023	2	2	0
Total Outlets	**2021**	**5**	**6**	**+1**
	2022	**6**	**5**	**-1**
	2023	**5**	**7**	**+2**

Note: Although franchisor does not operate any company owned locations, certain of our shareholders and officers owned two independent Tifa Chocolate & Gelato locations in Los Angeles County, California and sold the locations in 2024 to a franchisee.

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TABLE 2
Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor)
For 2021, 2022 and 2023

State	Year	Number of Transfers
North Carolina	2021	0
	2022	0
	2023	1
Total	**2021**	**0**
	2022	**0**
	2023	**1**

TABLE 3
Status of Franchised Outlets
For 2021, 2022 and 2023

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations –Other Reasons	Outlets at End of Year
Arizona	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
California	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	1	2
	2023	2	1	0	0	0	0	3
Idaho	2021	0	1	0	0	0	1	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations –Other Reasons	Outlets at End of Year
North Carolina	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Total	**2021**	**3**	**2**	**0**	**0**	**0**	**1**	**4**
	2022	**4**	**0**	**0**	**0**	**0**	**1**	**3**
	2023	**3**	**2**	**0**	**0**	**0**	**0**	**5**

TABLE 4
Status of Company – Owned Outlets
For 2021, 2022 and 2023

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
California	2021	2*	0	0	0	0	2*
	2022	2*	0	0	0	0	2*
	2023	2*	0	0	0	0	2*
Total*	**2021***	**2***	**0**	**0**	**0**	**0**	**2***
	2022*	**2***	**0**	**0**	**0**	**0**	**2***
	2023*	**2***	**0**	**0**	**0**	**0**	**2***

*Although franchisor does not operate any company owned locations, certain of our shareholders and officers owned two affiliate ~~locations at the end of 2016. The two affiliate locations are located~~ in Los Angeles County, California and sold the locations in 2024 to a franchisee.

TABLE 5

Projected Openings As Of December 31, 2023

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	2	1	0
Texas	1	1	0
Totals	**3**	**2**	**0**

Exhibit "B" lists the name of our current franchisees and the addresses and telephone number of each of their outlets as of date of issuance.

Exhibit "C" lists the name, city and state, and current business telephone number, or if unknown, the last known home telephone number for each franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who did not communicate with us within ten (10) weeks of the disclosure document issuance date.

If you buy this franchise, your contact information may be disclosed to other buyers if you leave the franchise system. No franchisees signed any confidentiality clauses during the last three (3) fiscal years.

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

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit "A" is our Audited Financial Statement for the period December 31, 2021, December 31, 2022 and December 31, 2023.

ITEM 22

CONTRACTS

The following agreements are attached as exhibits to this disclosure document:

Exhibit "E" Form of Key-Employee Manager Confidentiality Agreement

Exhibit "G" Form of Franchise Agreement

Exhibit "G-One" Multi-Territory Addendum

	Exhibit "G-Two" State Required Amendment to Franchise Agreement
Exhibit "H"	Form of Area Development Agreement
	Exhibit "H-One" State Required Amendment to Area Development Agreement
Exhibit "I"	Form of Conditional Assignment of Telephone numbers and Listings
Exhibit "J"	Form of Conditional Assignment and Assumption of Leases
Exhibit "K"	Form of Principal Owner's Guaranty
Exhibit "M"	Form of Confidentiality, Non-Solicitation and Non-Competition Agreement for Franchise Agreement
Exhibit "N"	Form of Confidentiality, Non-Solicitation and Non-Competition Agreement for Area Development Agreement
Exhibit "O"	Franchisee Questionnaire
Exhibit "P"	State Specific and Other Addenda and Riders
Exhibit "Q"	Form of Release

ITEM 23

RECEIPTS

See Exhibit "R" for detachable receipts.

EXHIBIT "A" TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

OF

TIFA FOODS INTERNATIONAL, INC.

TIFA FOODS INTERNATIONAL
FINANCIAL STATEMENTS
DECEMBER 31, 2023

TIFA FOODS INTERNATIONAL
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MUHAMMAD ZUBAIRY, CPA PC
Certified Public Accountant
646.327.7013

INDEPENDENT AUDITOR'S REPORT

To the shareholders
TIFA Foods International

Opinion

We have audited the financial statements of TIFA Foods International, which comprises the balance sheets as of December 31, 2023, and 2022, and the related statements of operations, and changes in member's (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of TIFA Foods International as of December 31, 2023, and 2022. and the results of its operations and its cash flows for the for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 gen-erally 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 **TIFA** Foods International's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circum-stances, but not for the purpose of expressing an opinion on the effectiveness TIFA Foods International'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 TIFA Foods International'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.

Muhammad Zubairy, CPA PC
Westbury, NY
March 14, 2024

TIFA FOODS INTERNATIONAL
BALANCE SHEETS

	YEARS ENDED DECEMBER 31	
	2023	2022
ASSETS		
Current Assets		
Cash	$ 182,295	$ 82,283
Accounts receivable	2,341	1,234
Contract Assets	1,250	—
Total current assets	185,886	83,517
Fixed assets, net	76,167	94,893
Contract Assets, net of current	11,250	—
Security deposit	14,119	14,119
Total Assets	$ 287,422	$ 192,529
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable	—	$ 2,000
Due to affiliate	24,383	21,383
Marketing fund lability	—	1,279
Gift card lability	32,483	57,999
Deferred rent	7,597	9,958
Contract Liability	80,125	40,375
Notes payable-equipment	25,668	23,707
Total current liabilities	170,256	156,701
Notes payable-equipment, net of current portion	29,809	55,475
Contract Liability, net of current portion	219,923	157,548
SBA EIDL loan payable	16,827	17,531
Shareholders' deficit	(149,393)	(194,726)
Total Liabilities and Shareholders' Deficit	$ 287,422	$ 192,529

See notes to financial statements

TIFA FOODS INTERNATIONAL
STATEMENTS OF OPERATIONS AND SHAREHOLDER'S EQUITY (DEFICIT)

	YEARS ENDED DECEMBER 31	
	2023	2022
Revenues		
Franchise fees	$ 40,375	$ 25,625
Royalties	131,027	82,262
Marketing fund	20,751	11,015
Other Income	32,558	—
	224,711	118,902
General and Administrative Expenses	173,538	149,991
Operating income (loss)	51,173	(31,089)
Interst expense	5,840	11,822
Net Income (loss)	45,333	(42,911)
Shareholders' Equity (Deficit)-Beginning	(194,726)	(151,815)
Shareholders' Equity (Deficit)-Ending	$ (149,393)	$ (194,726)

See notes to financial statements

TIFA FOODS INTERNATIONAL
STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31	
	2023	2022
Operating Activities		
Net Income (Loss)	$ 45,333	$ (42,911)
Depreciation	18,726	18,726
Adjustments to reconcile net (loss) to net cash provided by operating activities:		
Changes in assets and liabilities		
Accounts receivable	(1,107)	1,723
Contract Assets	(12,500)	—
Accounts payable	(2,000)	870
Due to affialite	3,000	—
Marketing fund liability	(1,279)	(12,625)
Gift car lability	(25,516)	9,954
Deferred rent	(2,361)	(1,050)
Contract Liability	102,125	48,751
	124,421	23,438
Financing Activities		
Notes payable- payments	(23,705)	(19,048)
SBA EIDL, net	(704)	619
	(24,409)	(18,429)
Net Increase(decrease) in Cash	100,012	5,009
Cash-Beginning	82,283	77,274
Cash-Ending	$ 182,295	$ 82,283

See notes to financial statements

1.THE COMPANY

The Company is a California corporation that was incorporated in January 2017 to offer franchises for the operation of a quick service gelato and chocolate dessert café. The TIFA Chocolate & Gelato trademark is owned by a related party company with common ownership. The Company obtained a 50-year exclusive license to use the trademark on a global basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or disbursement of funds.

Franchise Arrangements-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate an exercise studio using the system for a specified number of years.

Concentration of Credit Risk— Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of $ 250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

Use of Estimates- The preparation of financial statements in conformity with accounting principles generally accepted in the United 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 the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

Cash-Cash consists of unrestricted cash on deposit at financial institutions.

Gift Cards-The company sells gift cards to its customers s in their retail stores. The cards to not have expiration date.

Marketing Revenues-The company's franchisees contribute toe technology and marketing fund in which the Company has sole control over the methods of advertising and marketing.

Taxes on Income - The Company has elected to be taxed as a Sub Chapter S corporation for federal income tax purposes. Income and expenses for the Company pass through directly to the shareholder and is reported on its income tax returns. The Company is subject to a minimum California franchise tax of $800 plus 1.5% of taxable income during the year.

Revenue Recognition — In May 2014, the FASB issued a new accounting standard ASU No. 2014-09, *"Revenue from Contracts with Customers (Topic 606)*", that attempts to establish a uniform basis for recording revenue to virtually all industries' financial statements. The revenue standard's core principle is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. Additionally, the new guidance requires enhanced disclosure to help financial statement users better understand the nature, amount, timing and uncertainty of the revenue recorded.

The new standard will change how the Company records initial franchise fees from franchisees, area developer fees and brand development fees. Under Legacy GAAP, franchise fees, which are non-refundable, were recognized as income when substantially all services to be performed by the Company and conditions relating to the sale of the franchise were performed or satisfied, which generally occurred when the franchisee commenced operations.

In January 2021 the FASB issued ASU 2021-02 which allows a non- public franchisor to use a practical expedient when identifying performance obligations with its franchisees. The practical expedient allows for the treatment of certain pre-opening expenses as distinct from the franchise license. These pre-opening services consist of the following activities:

- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manual and similar materials concerning operations, administration and record keeping.
- Bookkeeping, information technology and advisory's services, including setting up the franchisee's records and advising the franchisee about income, real estate and other taxes or about regulations affecting the franchisee's business.
- Inspection, testing and other quality control programs.

The adoption of the new guidance will also change the reporting of brand development fund contributions from franchisees and the related advertising fund expenditures, which are not currently included in the Statements of Earnings but are reported on the balance Sheet. The new guidance requires these advertising fund contributions and expenditures to be reported on a gross basis in the Statements of Earnings, which will impact our total revenues and expenses although we do not expect a material impact on net income as the fund is managed such that revenues and expenses are generally offsetting. The

The Company adopted this new accounting standard effective with the period ending December 2019, its initial reporting period.

2. CONTRACT LIABILITY AND CONTRACT ASSETS

In compliance with the Financial Accounting Standards Board ("FASB") for revenue recognition ("Topic 606"), the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of December 31, 2023, and 2022, were $300,048 and $197,923, respectively. The prepaid commissions as of December 31, 2023, and 2022, were $12,500 and $0, respectively.

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3. PROPERTY AND EQUIPMENT

Equipment and leasehold improvements were purchased during in 2021. Their values are stated at cost less accumulated depreciation or amortization. The equipment is depreciated over seven years and the leasehold improvement are amortized over the remaining life of the underlying lease when the improvements were put into use which was 58 months. Fixed assets as of December 31, 2023 were;

Equipment	**$ 121,540**
Leasehold improvements	**6,826**
Total Assets	**128,366**
Accumulated depreciation and amortization	**(52,199)**
	$ 76,167

4. RELATED PARTY TRANSACTIONS

Management Fees

The Company's board of directors approved monthly management fees of $2,000 to Tifa, Inc, an entity under common control for professional, management and administrative services. For years ending December 31,2023 and 2022 the total management fees were $24,000 for each year

Due to Affiliate

From time-to-time Tifa, Inc. pays for certain costs of the Company on behalf of the Company. These advances ae due on demand and bear no interest. For the years ending December 31, 2023 and 2022 the Company owed Tifa, Inc $24,383 and $21,383, respectively.

Trademark License Agreement

In February 2017 the Company entered into a trademark license agreement with Tifa, Inc to obtain an exclusive license for 50 years of the sum of $10.

5. LEASE COMMITMENTS

The Company leases space that is used for a commercial kitchen warehouse and office space that is for the period August 2020 through October 2025.The monthly rent payment was $4,022 as of December 2023 increases 6% annually. Her isa security deposit of $14,119.

The following is a summary of future minimum lease payments for the years ending December 31:

Year	
2024	$46,616
2025	$39,620

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6. NOTES PAYABLE

SBA EIDL Loan

The Company obtained am Economic Emergency Disaster Loan ("EIDL") from the U. S Small Business Administration("SBA"). The amount of the loan was $17,600 with an interest rate of 3.75% and is payable over 30 years. The balance on this loan as of December 31, 2023 is $16,827.

Equipment Financing Notes

The Company entered into three equipment financing notes in October 2020, July 2021 and October 2021 for a total of $121,959. As of December 31, 2023, and 2022 the loan balances totaled $55,477 and $79,182, respectively. The loans bear interest at 7% and have monthly payment totaling $2,435.

7. SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through. March 14, 2024, which is the date the financial statements were available to be issued.

TIFA FOODS INTERNATIONAL
FINANCIAL STATEMENTS
DECEMBER 31, 2022

TIFA FOODS INTERNATIONAL
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MONIS J. SIDDIQUI, CPA P.C.
Certified Public Accountant
917.309.5670

INDEPENDENT AUDITOR'S REPORT

To the shareholders
TIFA Foods International

Opinion

We have audited the financial statements of TIFA Foods International, which comprises the balance sheets as of December 31, 2022, and 2021, and the related statements of operations, and changes in member's (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of TIFA Foods International as of December 31, 2022, and 2021. and the results of its operations and its cash flows for the for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 gen-erally 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 **TIFA** Foods International's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circum-stances, but not for the purpose of expressing an opinion on the effectiveness TIFA Foods International'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 TIFA Foods International'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.

Monis Siddiqui, CPA P.C.
Bellerose, NY
March 24, 2023

TIFA FOODS INTERNATIONAL
BALANCE SHEETS

	DECEMBER 31	
	2022	2021
ASSETS		
Cash	$ 82,283	$ 77,274
Accounts receivable	1,234	2,957
Total current assets	83,517	80,231
Fixed assets, net	94,893	113,619
Security deposit	14,119	14,119
Total Assets	$ 192,529	$ 207,969
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	$ 2,000	$ 1,130
Due to affiliate	21,383	21,383
Marketing fund lability	1,279	13,904
Gift card lability	57,999	48,045
Deferred rent	9,958	11,008
Deferred franchise fees	40,375	21,000
Notes payable-equipment	23,707	24,190
Total current liabilities	156,701	140,660
Notes payable-equipment, net of current portion	55,475	74,040
Deferred franchise fees-net of current portion	157,548	128,172
SBA EIDL loan payable	17,531	16,912
Shareholders' deficit	(194,726)	(151,815)
Total Liabilities and Shareholders' Deficit	$ 192,529	$ 207,969

See notes to financial statements

TIFA FOODS INTERNATIONAL
STATEMENTS OF OPERATIONS AND SHAREHOLDER'S DEFICIT

	YEAR ENDED DECEMBER 31	
	2022	2021
Revenues		
Franchise fees	$ 25,625	$ 67,390
Royalties	82,262	80,576
Marekting fund	11,015	
	118,902	147,966
General and Administrative Expenses	149,991	141,138
Operating income(loss)	(31,089)	6,828
Interst expense	11,822	4,636
Net Income	(42,911)	2,192
Shareholders' Deficit-Beginning	(151,815)	(154,007)
Shareholders' Deficit-Ending	$ (194,726)	$ (151,815)

See notes to financial statements

TIFA FOODS INTERNATIONAL
STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31	
	2022	2021
Operating Activities		
Net Income (Loss)	$ (42,911)	$ 2,192
Depreciation	18,726	14,746
Adjustments to reconcile net (loss) to net cash provided by operating activities:		
Changes in assets and liabilities		
Accounts receivable	1,723	(2,160)
Accounts payable	870	(7,243)
Due to affialite	-	(18,314)
Marketing fund liability	(12,625)	7,670
Gift car lability	9,954	34,914
Deferred rent	(1,050)	230
Deferred franchise fees	48,751	(67,391)
	23,438	(35,356)
Investing Activities		
Colletion of note receiviable -sharehdoler	-	29,307
Fixed asset acquisitions	-	(43,408)
	-	(14,101)
Financing Activities		
Note payables- equipment		
Notes payable- payments	(19,048)	(5,324)
SBA EIDL, net	619	(688)
	(18,429)	(6,012)
Net Increase(decrease) in Cash	5,009	(55,469)
Cash-Beginning	77,274	132,743
Cash-Ending	$ 82,283	$ 77,274

See notes to financial statements

1.THE COMPANY-The Company is a California corporation that was incorporated in January 2017 to offer franchises for the operation of a quick service gelato and chocolate dessert café. The TIFA Chocolate & Gelato trademark is owned by a related party company with common ownership. The Company obtained a 50-year exclusive license to use the trademark on a global basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or disbursement of funds.

Franchise Arrangements-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate an exercise studio using the system for a specified number of years. The Company had 5 franchisees for the year 2022.

Concentration of Credit Risk— Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of $ 250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

Use of Estimates- The preparation of financial statements in conformity with accounting principles generally accepted in the United 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 the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

Cash-Cash consists of unrestricted cash on deposit at financial institutions.

Gift Cards-The company sells gift cards to its customers s in their retail stores. The cards to not have expiration date.

Marketing Revenues-The company's franchisees contribute toe technology and marketing fund in which the Company has sole control over the methods of advertising and marketing.

Taxes on Income - The Company has elected to be taxed as a Sub Chapter S corporation for federal income tax purposes. Income and expenses for the Company pass through directly to the shareholder and is reported on its income tax returns. The Company is subject to a minimum California franchise tax of $800 plus 1.5% of taxable income during the year.

Revenue Recognition — In May 2014, the FASB issued a new accounting standard ASU No. 2014-09, *"Revenue from Contracts with Customers (Topic 606)*", that attempts to establish a uniform basis for recording revenue to virtually all industries' financial statements. The revenue standard's core principle is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. Additionally, the new guidance requires enhanced disclosure to help financial statement users better understand the nature, amount, timing and uncertainty of the revenue recorded.

The new standard will change how the Company records initial franchise fees from franchisees, area developer fees and brand development fees. Under Legacy GAAP, franchise fees, which are non-refundable, were recognized as income when substantially all services to be performed by the Company and conditions relating to the sale of the franchise were performed or satisfied, which generally occurred when the franchisee commenced operations.

In January 2021 the FASB issued ASU 2021-02 which allows a non- public franchisor to use a practical expedient when identifying performance obligations with its franchisees. The practical expedient allows for the treatment of certain pre-opening expenses as distinct from the franchise license. These pre-opening services consist of the following activities:

- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manual and similar materials concerning operations, administration and record keeping.
- Bookkeeping, information technology and advisory's services, including setting up the franchisee's records and advising the franchisee about income, real estate and other taxes or about regulations affecting the franchisee's business.
- Inspection, testing and other quality control programs.

The adoption of the new guidance will also change the reporting of brand development fund contributions from franchisees and the related advertising fund expenditures, which are not currently included in the Statements of Earnings but are reported on the balance Sheet. The new guidance requires these advertising fund contributions and expenditures to be reported on a gross basis in the Statements of Earnings, which will impact our total revenues and expenses although we do not expect a material impact on net income as the fund is managed such that revenues and expenses are generally offsetting. The

The Company adopted this new accounting standard effective with the period ending December 2019, its initial reporting period.

2.DEFERRED FRANCHISE FEES

In compliance with the Financial Accounting Standards Board ("FASB") for revenue recognition ("Topic 606"), the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of December 31, 2022, and 2021, were $197,923 and $149,172, respectively.

3.PROPERTY AND EQUIPMENT

Equipment and leasehold improvements were purchased during in 2021. Their values are stated at cost less accumulated depreciation or amortization. The equipment is depreciated over seven years and the leasehold improvement are amortized over the remaining life of the underlying lease when the improvements were put into use which was 58 months. Fixed assets as of December 31, 2022 were;

Equipment	**$121,540**
Leasehold improvements	**6,826**
	128,366
Accumulated depreciation and amortization	**(33,473)**
	$ 94,893

4.RELATED PARTY TRANSACTIONS

Management Fees
The Company's board of directors approved monthly management fees of $2,000 to Tifa, Inc, an entity under common control for professional, management and administrative services. For years ending December 31,2022 and 2021 the total management fees were $24,000 for each year

Due to Affiliate
From time-to-time Tifa, Inc. pays for certain costs of the Company on behalf of the Company. These advances ae due on demand and bear no interest. For the years ending December 31,2022 and 2021 the Company owed Tifa, Inc $21,383 and $21,383, respectively.

Trademark License Agreement
In February 2017 the Company entered into a trademark license agreement with Tifa, Inc to obtain an exclusive license for 50 years of the sum of $10.

5.LEASE COMMITMENTS

The Company leases space that is used for a commercial kitchen warehouse and office space that is for the period August 2020 through October 2025.The monthly rent payment was $3,848 as of December 2022 increases 6% annually. Her isa security deposit of $14,119.

The following is a summary of future minimum lease payments for the years ending December 31:

Year	
2023	$45,256
2024	$46,616
2025	$39,620

6.NOTES PAYABLE

SBA EIDL Loan

The Company obtained am Economic Emergency Disaster Loan ("EIDL") from the U. S Small Business Administration("SBA"). The amount of the loan was $17,600 with an interest rate of 3.75% and is payable over 30 years. The balance on this loan as of December 31, 2022 is $17,531.

Equipment Financing Notes

The Company entered into three equipment financing notes in October 2020, July 2021 and October 2021 for a total of $ 121,959. As of December 31,2022, and 2021 the loan balances totaled $79,182 and $98,230, respectively. The loans bear interest at 7% and have monthly payment totaling $2,435.

7. **SUBSEQUENT EVENTS-** The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through. March 24, 2023, which is the date the financial statements were available to be issued.

TIFA FOODS INTERNATIONAL
FINANCIAL STATEMENTS
DECEMBER 31,2021

TIFA FOODS INTERNATIONAL
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BARRY KNEPPER
CERTIFIED PUBLIC ACCOUNTANT
33202 SPRUCE POND CIRCLE PLAINVIEW, NEW YORK 11803

INDEPENDENT AUDITOR'S REPORT

To the shareholders
TIFA Foods International

Opinion

We have audited the financial statements of TIFA Foods International which comprise the balance sheets as of December 31, 2021, and the related statement of operations and changes in shareholders' deficit, and cash flow for the year ended December 31,2021 and the related notes to the financial statements. In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of TIFA Foods International as at December 31, 2021 and the results of its operations and its cash flows for the for the year ended December 31,2021 I in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Other Matter

The financial statements of TIFA Foods International for the year ended December 31,2020 were audited by other auditors, who expressed an unmodified opinion on those statements on April 7,2021.

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 gen-erally 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 **TIFA** Foods International's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circum-stances, but not for the purpose of expressing an opinion on the effectiveness TIFA Foods International'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 TIFA Foods International'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.

Barry Knepper
Plainview, New York
March 29 ,2022

TIFA FOODS INTERNATIONAL
BALANCE SHEETS

	DECEMBER 31	
	2021	2020
ASSETS		
Cash	$ 77,274	$ 132,743
Accounts receivable	2,957	797
Total current assets	80,231	133,540
Fixed assets, net	113,619	84,957
Security deposit	14,119	14,119
Total Assets	$ 207,969	$ 232,616
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	$ 1,130	$ 8,373
Due to affiliate	21,383	39,697
Marketing fund lability	13,904	6,234
Gift card lability	48,045	13,131
Deferred rent	11,008	10,778
Deferred franchise fees	21,000	216,563
Notes payable-equipment	24,190	13,940
Total current liabilities	140,660	308,716
Notes payable-equipment, net of current portion	74,040	60,307
Deferred franchise fees-net of current portion	128,172	—
SBA EIDL loan payable	16,912	17,600
Shareholders' deficit	(151,815)	(154,007)
Total Liabilities and Shareholders' Deficit	$ 207,969	$ 232,616

See notes to financial statements

TIFA FOODS INTERNATIONAL
STATEMENTS OF OPERATIONS AND SHAREHOLDER'S DEFICIT

	YEAR ENDED DECEMBER 31	
	2021	2020
Revenues		
Franchise fees	$ 67,390	$ 23,750
Royalties	80,576	30,394
Marekting fund		
	147,966	54,144
General and Administrative Expenses	141,138	100,262
Operating income(loss)	6,828	(46,118)
Interst expense	4,636	1,342
Net Income	2,192	(47,460)
Shareholders' Deficit-Beginning	(154,007)	(106,547)
Shareholders' Deficit-Ending	$ (151,815)	$ (154,007)

See notes to financial statements

TIFA FOODS INTERNATIONAL
STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31	
	2021	2020
Operating Activities		
Net Income (Loss)	$ 2,192	$ (47,460)
Depreciation	14,746	—
Adjustments to reconcile net (loss) to net cash provided by operating activities:		
Changes in assets and liabilities		
Accounts receivable	(2,160)	6,764
Accounts payable	(7,243)	8,373
Due to affialite	(18,314)	7,197
Security deposit	—	(14,119)
Marketing fund liability	7,670	2,532
Gift car lability	34,914	4,716
Deferred rent	230	10,778
Deferred franchise fees	(67,391)	51,250
	(35,356)	30,031
Investing Activities		
Colletion of note receiviable -sharehdoler	29,307	19,000
Fixed asset acquisitions	(43,408)	(6,829)
	(14,101)	12,171
Financing Activities		
Note payables- equipment		(3,881)
Notes payable- payments	(5,324)	
SBA EIDL loan payments	(688)	17,600
	(6,012)	13,719
Net Increase(decrease) in Cash	(55,469)	55,921
Cash-Beginning	132,743	76,822
Cash-Ending	$ 77,274	$ 132,743

See notes to financial statements

1.THE COMPANY-The Company is a California corporation that was incorporated in January 2017 to offer franchises for the operation of a quick service gelato and chocolate dessert café. The TIFA Chocolate & Gelato trademark is owned by a related party company with common ownership. The Company obtained a 50-year exclusive license to use the trademark on a global basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or disbursement of funds.

Franchise Arrangements-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate an exercise studio using the system for a specified number of years. The Company had four and one franchisees for as of December 31,2020 and 2019, respectively.

Concentration of Credit Risk— Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of $ 250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

Use of Estimates- The preparation of financial statements in conformity with accounting principles generally accepted in the United 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 the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

Cash-Cash consists of unrestricted cash on deposit at financial institutions.

Gift Cards-The company sells gift cards to its customers s in their retail stores. The cards to not have expiration date.

Marketing Revenues-The company's franchisees contribute toe technology and marketing fund in which the Company has sole control over the methods of advertising and marketing.

Taxes on Income - The Company has elected to be taxed as a Sub Chapter S corporation for federal income tax purposes. Income and expenses for the Company pass through directly to the shareholder and is reported on its income tax returns. The Company is subject to a minimum California franchise tax of $800 plus 1.5% of taxable income during the year.

Revenue Recognition — In May 2014, the FASB issued a new accounting standard ASU No. 2014-09, *"Revenue from Contracts with Customers (Topic 606)"*, that attempts to establish a uniform basis for recording revenue to virtually all industries' financial statements. The revenue standard's core principle is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. Additionally, the new guidance requires enhanced disclosure to help financial statement users better understand the nature, amount, timing and uncertainty of the revenue recorded.

The new standard will change how the Company records initial franchise fees from franchisees, area developer fees and brand development fees. Under Legacy GAAP, franchise fees, which are non-refundable, were recognized as income when substantially all services to be performed by the Company and conditions relating to the sale of the franchise were performed or satisfied, which generally occurred when the franchisee commenced operations.

In January 2021 the FASB issued ASU 2021-02 which allows a non- public franchisor to use a practical expedient when identifying performance obligations with its franchisees. The practical expedient allows for the treatment of certain pre-opening expenses as distinct from the franchise license. These pre-opening services consist of the following activities:

- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manual and similar materials concerning operations, administration and record keeping.
- Bookkeeping, information technology and advisory's services, including setting up the franchisee's records and advising the franchisee about income, real estate and other taxes or about regulations affecting the franchisee's business.
- Inspection, testing and other quality control programs.

The adoption of the new guidance will also change the reporting of brand development fund contributions from franchisees and the related advertising fund expenditures, which are not currently included in the Statements of Earnings but are reported on the balance Sheet. The new guidance requires these advertising fund contributions and expenditures to be reported on a gross basis in the Statements of Earnings, which will impact our total revenues and expenses although we do not expect a material impact on net income as the fund is managed such that revenues and expenses are generally offsetting. The

The Company adopted this new accounting standard effective with the period ending December 2019, its initial reporting period.

2.DEFERRED FRANCHISE FEES

In compliance with the Financial Accounting Standards Board ("FASB") for revenue recognition ("Topic 606"), the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of December 31, 2021, and 2020, were $149,172 and $216,563, respectively.

3.PROPERTY AND EQUIPMENT

Equipment and leasehold improvements were purchased during the year. Their values are stated at cost less accumulated depreciation or amortization. The equipment is depreciated over seven years and the leasehold improvement are amortized over the remaining life of the underlying lease when the improvements were put into use which was 58 months.

Equipment	**$121,539**
Leasehold improvements	**6.826**
	128,365
Accumulated depreciation and amortization	**(14,746)**
	$ 113,619

4.RELATED PARTY TRANSACTIONS

Management Fees

The Company's board of directors approved monthly management fees of $2,000 to Tifa, Inc, an entity under common control for professional, management and administrative services. For years ending December 31,2021 and 2020 the total management fees were $24,000 for each year

Due to Affiliate

From time-to-time Tifa, Inc. pays for certain costs of the Company on behalf of the Company. These advances ae due on demand and bear no interest. For the years ending December 31,2021 the Company owed Tifa, Inc $39.697 and $39,697, respectively.

Trademark License Agreement

In February 2017 the Company entered into a trademark license agreement with Tifa, Inc to obtain an exclusive license for 50 years of the sum of $10.

5.LEASE COMMITMENTS

The Company leases space that is used for a commercial kitchen warehouse and office space that is for the period August 2020 through October 2025.The monthly rent payment was $3,739 as of December 2021 increases 6% annually. Her isa security deposit of $14,119.

The following is a summary of future minimum lease payments for the years ending December 31:

Year	
2022	$43,944
2023	$45,256
2024	$46,616
2025	$39,620

6.NOTES PAYABLE

SBA EIDL Loan

The Company obtained am Economic Emergency Disaster Loan ("EIDL") from the U. S Small Business Administration("SBA"). The amount of the loan was $17,600 with an interest rate of 3.75% and is payable over 30 years. The initial payment begins 30 months after the date of the promissory note in January 2023.

Equipment Financing Notes

The Company entered into three equipment financing notes in October 2020, July 201 and October 2021 for a total of $ 121,959. As of December 31,2021, and 2020 the loan balances totaled $98,230 and $74,247, respectively. The loans bear interest at 7% and have monthly payment totaling $2,435. The current portion of the notes payable at December 31,2021 and 2020 was $24,190 and $13,940, respectively.

7. SUBSEQUENT EVENTS- The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through March 29,2022, which is the date the financial statements were available to be issued.

EXHIBIT "B" TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES & AREA DEVELOPERS

LIST OF FRANCHISEES

(As of December 31, 2023)

FRANCHISEE	ADDRESS	PHONE
Arizona		
Chocolate Cactus Brands, LLC	4935 S Val Vista Dr., #101 Gilbert, AZ 85298	480-590-2804
California		
Parola Investments, LLC	620 Las Posas Road Camarillo, CA 93010	805-231-0411
Helen's Chocolate & Gelato, LLC	20065 W. Rinaldi St, Suite 120 Los Angeles, CA, 91326	818-477-2400
Sweet An Business LLC	1730-D Avenida De Los Arboles Thousand Oaks, CA	805-219-8844
North Carolina		
Sibner Enterprise Corporation	14835 Ballantyne Village Way Suite 130 Charlotte, NC 28277	704-910-0004

LIST OF FRANCHISEES WHO EXECUTED FRANCHISE AGREEMENTS BUT NOT YET OPENED

(As of December 31, 2023)

FRANCHISEE	ADDRESS	PHONE
California		
Puran Foods LLC	1820 Laurelgrove Lane Tracy, CA, 95376	TBD
The Coneheads LLC	3952D Clairemont Mesa Blvd. #108, San Diego, CA, 92117	TBD
Texas		
Rawal Corporation LLC	17727 Misty Grove Dr, Dallas, TX, 75287	TBD

COMPANY OWNED STORES
Although franchisor does not operate any company owned locations, our affiliate Tifa, Inc., operated~~s~~ 2 locations: at 28888 Roadside Drive, Agoura Hills, CA and 30760 Russell Ranch Road, Suite A, Westlake Village, CA 91361 and sold these locations in 2024 to franchisee Eleven Oh One, LLC.

EXHIBIT "C" TO THE DISCLOSURE DOCUMENT

FRANCHISEES WHO HAVE LEFT THE SYSTEM

List of Former Franchisees

FRANCHISEE	ADDRESS	PHONE
None		

EXHIBIT "D" TO THE DISCLOSURE DOCUMENT

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EXHIBIT "E" TO THE DISCLOSURE DOCUMENT

FORM OF

FORM OF KEY-EMPLOYEE MANAGER CONFIDENTIALITY AGREEMENT

KEY-EMPLOYEE MANAGER CONFIDENTIALITY AGREEMENT

CONFIDENTIALITY AGREEMENT AND
ANCILLARY COVENANTS NOT TO COMPETE

This Agreement is made and entered into _____, 20__, between Tifa Foods International, Inc. a California corporation ("Franchisor"), and if applicable, _____ ("Franchisee") and _____ ("Employee").

RECITALS

WHEREAS, Franchisor, as a result of the expenditure of time, skill, and money, has developed and is continuing to develop a system (the "System") for the development and operation of franchises under the name and Mark "Tifa", and "Tifa Chocolate & Gelato ("hereinafter "Business or sometimes "Franchised Business"); and

WHEREAS, Franchisor identifies the System through certain trade names, trademarks, services marks, symbols, logos, emblems and indicia of origin, including, without limitation, the name "Tifa", "Tifa Chocolate & Gelato and other such trade names, trademarks and service marks as Franchisor may develop in the future for the purpose of identifying for the public the sources of services and products marketed under such marks and under the System and representing the System's high standards of quality, appearance and service, all of which may be changed, improved and further developed by Franchisor from time to time (collectively, the "Trade Secrets"); and

WHEREAS, the Trade Secrets provide economic advantages to Franchisor and are not generally known to, and are not readily ascertainable by proper means by Franchisor's competitors who could obtain economic value from knowledge and use of the Trade Secrets; and

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Trade Secrets; and

WHEREAS, Franchisor has granted Franchisee a limited right pursuant to a Franchise Agreement to operate a Franchised Business using the System and the Trade Secrets for the period defined in the Franchise Agreement; and

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to the Franchisee and other licensed users of the System of restricting use, access and dissemination of the Trade Secrets; and

WHEREAS, it will be necessary for certain employees of Franchisee to have access to and use some or all of the Trade Secrets in the management and operation of Franchisee's Business using the System; and

WHEREAS, Franchisee has agreed to obtain from those employees written agreements protecting the Trade Secrets and System against unfair competition; and

WHEREAS, Employee wishes to remain, or wishes to become, an employee of Franchisee; and

WHEREAS, Employee wishes and needs to receive and use the Trade Secrets in the course of his/her employment to effectively perform his/her services for Franchisee; and

WHEREAS, Employee acknowledges that receipt of and the right to use the Trade Secrets in the course of his/her employment to effectively perform his/her services for Franchisee; and

NOW THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

Confidentiality Agreement

1. Franchisor and/or Franchisee shall disclose to Employee some or all of the Trade Secrets relating to the System.

2. Employee shall receive the Trade Secrets in confidence, maintain them in confidence and use them only in the course of his/her employment by Franchisee and only in connection with the management and/or operation by Franchisee of the Franchised Business using the System for so long as Franchisee is licensed by Franchisor to use the System.

3. Employee shall not at any time make copies of any documents or compilations containing some or all the Trade Secrets without Franchisor's express written permission.

4. Employee shall not at any time disclose or permit the disclosure of the Trade Secrets except to other employees of Franchisee and then only to the limited extent necessary to train or assist other employees of Franchisee in the management or operation of a Franchised Business using the System.

5. Any and all information, know-how, knowledge, techniques and materials made available by Franchisor or by Franchisee under the Franchise Agreement, including without limitation, specifications, guidelines, procedures, items to be offered for sale, computer software, forms and compilations of data all of which shall be deemed confidential Trade Secrets for the purposes of this Agreement.

6. Employee shall surrender the Confidential Operations Manual and such other manuals and written materials as Franchisor shall have developed ("Manual") described in the Franchise Agreement and any other written material containing some or all of the Trade Secrets to the Franchisee or Franchisor upon request, or upon termination of employment by Franchisee, or upon conclusion of the use for which the Manual or other information or material may have been furnished to the Employee.

7. Employee shall not, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Trade Secrets and the System.

8. The Manual is loaned by Franchisor to Franchisee for limited purposes only and remains the property of Franchisor and may not be reproduced, in whole or in part, without the Franchisor's written consent.

Covenants Not to Compete:

1. To protect the goodwill and unique qualities of the System and confidentiality and value of the Trade Secrets, and in consideration for the disclosure to Employee further undertakes

and covenants that while he/she is employed by Franchisee, he/she will not:

a. Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer or any Franchisor business to any competitor.

b. Own, maintain, engage in or have any interest in any business (other than the Franchised Business) which is the same as or similar to the Franchised Business including, but not limited to, any dessert café, food service facility, catering service that features any item offered by the Franchised Business, including but not limited to, gelato, artisan chocolate bars, truffles, bonbons, pastries, and specialty coffees and espresso.

2. In further consideration for the disclosure to Employee of the Trade Secrets and to protect the uniqueness of the System, Employee agrees that for two (2) years following the earlier of the expiration, termination or transfer of all Franchisee's interest in the Franchise Agreement or the termination of his/her relationship with Franchisee, the Employee will not, without prior written consent of Franchisor:

a. Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of any Franchisor business to any competitor.

b. Own, maintain, engage in or have any interest in any business which is the same or similar to the Franchised Business including, but not limited to, any dessert café, food service facility, catering service that features any item offered by the Franchised Business, including but not limited to, gelato, artisan chocolate bars, truffles, bonbons, pastries, and specialty coffees and espresso which is located within fifty (50) miles of the Franchised Business, or provides such services to customers within fifteen (15) miles of the perimeter of any Protected Territory of any franchisee operating under the System.

3. Divulge any trade secrets or proprietary information of the Franchisor or Franchised Business.

Miscellaneous

1. Franchisee undertakes to use his/her/its best efforts to ensure that Employee acts as required by this Agreement.

2. Employee agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisor shall be entitled to enforce this Agreement and shall be entitled, in addition to any other remedies which are available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

3. Employee agrees to pay all expenses (including court costs and reasonable attorney fees) incurred by Franchisor or the Franchisee in enforcing this Agreement.

4. Any failure by Franchisor or the Franchisee to object to or take action with respect to any breach of this Agreement by Employee shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Employee.

5. **EXCEPT AS STATED BELOW, EMPLOYEE HEREBY IRREVOCABLY SUBMITS HIMSELF/HERSELF TO THE JURISDICTION OF THE STATE COURTS OF THE COUNTY OF VENTURA, CALIFORNIA AND THE FEDERAL DISTRICT COURT FOR THE DISTRICT OF CALIFORNIA IN WHICH WESTLAKE, CALIFORNIA IS LOCATED. EMPLOYEE HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. EMPLOYEE HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM/HER IN ANY LEGAL PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY CALIFORNIA OR FEDERAL LAW. EMPLOYEE FURTHER AGREES THAT VENUE FOR ANY LEGAL OR EQUITABLE PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE WESTLAKE VILLAGE, CALIFORNIA; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY STATE OR FEDERAL DISTRICT COURT WHICH HAS JURISDICTION. WITH RESPECT TO ALL CLAIMS, CONTROVERSIES, DISPUTES OR ACTIONS, THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUCTED UNDER CALIFORNIA LAW.**

6. The parties agree that each of the above covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Employee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separated, stated in, and made a part of this Agreement.

7. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

8. All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage pre-paid or commercial airborne carrier service for next day delivery to the respective parties.

If directed to Franchisor, the notice shall be addressed to:

Tifa Foods International, Inc.
2060 D Avenida de los Arboles, #471~~30760 Russell Ranch Rd, Unit A~~
~~Westlake Village, California 91362~~Thousand Oaks, CA 91362-1361

If directed to the Franchisee, the notice shall be addressed to:

_____

_____

_____

If directed to the Employee, the notice shall be addressed to:

_____

_____

_____

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by commercial airborne carrier service for next day delivery shall be deemed delivered 2 business days after being placed in the hands of the commercial airborne carrier service. Any notices sent by certified or registered mail shall be deemed given three (3) business days after the time of mailing. Any change in the above addresses shall be effected by giving fifteen (15) days written notice of such change to the other party. Business day shall be defined as any day other than Saturday, Sunday or any recognized U.S. national holiday.

9. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its successors, assigns and transferees. The respective obligations of the Franchisee and the Employee hereunder may not be assigned by the Franchisee or Employee, as applicable, without the prior written consent of Franchisor.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by signatures below.

FRANCHISOR:

Tifa Foods International, Inc.

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____

_____

_____

_____

EMPLOYEE:

_____ **(**Legal Seal)

Signature

Name: _____

EXHIBIT "F" TO THE DISCLOSURE DOCUMENT

LIST OF STATE AGENCIES/AGENTS

FOR SERVICE OF PROCESS

State Agencies/Agents for Service of Process		
STATE	**ADDRESS**	**PHONE**
California - Los Angeles Department of Financial Protection and Innovation	320 West 4th Street, Suite 750 Los Angeles, CA 90013-1105	866-275-2677
California – Sacramento Department of Financial Protection and Innovation	2101 Arena Boulevard~~1515 K Street, Suite 200~~ Sacramento, CA 95814-4017	866-275-2677
~~California - San Diego~~ ~~Department of Financial Protection and Innovation~~	~~1350 Front Street, Room 2034~~ ~~San Diego, CA 92101-3697~~	~~866-275-2677~~
California - San Francisco Department of Financial Protection and Innovation	One Sansome Street, Suite 600 San Francisco, CA 94104-4428	866-275-2677
Hawaii Commissioner of Securities	335 Merchant Street, Room 203 Honolulu, HI 96813	808-586-2722
Illinois Illinois Attorney General	500 South Second Street Springfield, IL 62706	217-782-4465
Indiana Secretary of State	200 W. Washington Street, Room 201 Indianapolis, IN 46204	317-232-6681
Maryland Administrator: Office of the Attorney General Securities Division Agent for Service of Process Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202 200 St. Paul Place Baltimore, MD 21202-2020	410-576-6360
Michigan Administrator Department of Attorney General Agent for Service of Process Department of Commerce, Corporations, ~~and~~ Securities & Commercial Licensing Bureau	G. Mennen Building 525 W. Ottawa Street ~~G. Mennen Building, 1st Floor~~ Lansing, MI 489093~~13~~ 2407 N. Grand River Ave. Lansing, MI 48906	517-335~~73~~- 7622~~7117~~
Minnesota Commissioner of Commerce	85 7th Place East, Suite 280 St. Paul, MN 55101-2198	612-539-1600
New York Administrator: New York State Department of Law Investor Protection Bureau Agent for Service of Process Secretary of State	28 Liberty Street, 21st Floor New York, NY 10005 99 Washington Avenue Albany, NY 1223	212-416-8222 212-416-8211
North Dakota Securities Commissioner	600 East Boulevard Avenue, State Capital, 5th Floor Bismarck, ND 58505-0510	701-328-2910
Rhode Island Director of Department of Business Regulation	1511 Pontiac Avenue Bldg. 69-1 Cranston, RI 02920	401-462-9587
South Dakota Director of Division of Securities	124 S. Euclid Ave., Suite 104 Pierre, SD 57501-3185	605-773-4823
Virginia Clerk of the State Corporation Commission	1300 E. Main Street, 1st Floor Richmond, VA 23219	804-371-9276
Washington Administrator Washington Department of Financial Institutions Securities Division Agent for Service of Process	P.O. Box 41200 Olympia, WA 98504-1200 150 Israel Road, SW	360-902-8760

Director of Dept. of Financial Institutions	Tumwater, WA 98501	
Wisconsin State of Wisconsin	201 W. Washington Ave., Suite 300 Madison, WI 53703	608-267-9140

EXHIBIT "G" TO THE DISCLOSURE DOCUMENT

FORM OF FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

TIFA FOODS INTERNATIONAL, INC.

FRANCHISE AGREEMENT

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TIFA FOODS INTERNATIONAL, INC.

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is effective as of the _____ day of _____, 20___ (the "Agreement Date"). The parties to this Agreement are Tifa Foods International, Inc., a California corporation, with its principal business address at ~~30760 Russell Ranch Road, Unit A~~2060 D Avenida de los Arboles, #471, ~~Westlake Village, California 91362~~Thousand Oaks, CA 91362-1361 (referred to in this Agreement as "Franchisor," "we," "us" or "our"), and _____, whose principal business address is _____ (referred to in this Agreement as "Franchisee," "you" or "your").

1. Introduction

1.1 Tifa Chocolate & Gelato Franchise.

We and our affiliate have expended considerable time and effort in developing a unique experience in a café setting, offering a blend of handcrafted, classic and traditional gelato flavors and an assortment of artisan chocolate bars, truffles, bonbons and caramels and nut clusters, fresh pastries, espresso and cold brew coffee. We operate under the Marks (defined below) and under distinctive business formats, methods, procedures, designs, layouts, signs, equipment, menus, recipes, trade dress, standards and specifications, all of which we may improve, further develop or otherwise modify from time to time (collectively, the "System").

We use, promote and license certain trademarks, services marks and other commercial symbols in the operation of our Tifa Chocolate & Gelato cafés, including the trade name, trademarks and service marks "Tifa", "Tifa Chocolate & Gelato" and other associated designs, artwork and trade dress, which have gained and continue to gain public acceptance and goodwill, and we may create, use and license additional trademarks, service marks and commercial symbols in conjunction with the operation of Tifa Chocolate & Gelato café (collectively, the "Marks"). We grant to persons who meet our qualifications and are willing to undertake the investment and effort, a franchise to own and operate a Tifa Chocolate & Gelato café offering the products and services we authorize and approve and utilizing the System. You have applied for a franchise to own and operate one Tifa Chocolate & Gelato café.

1.2 Confirmations.

You confirm and agree that:

a. you understand and accept the terms, conditions and covenants contained in this Agreement as being necessary to maintain our high standards of quality and service and the uniformity of those standards at each Tifa Chocolate & Gelato café and to protect and preserve the goodwill of the Marks;

b. in all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual, capacity. All business dealings between you and such person as a result of this Agreement are solely between you and us.

1.3 Representations.

You represent to us, as an inducement to our entry into this Agreement, that all statements you have made and all materials you have submitted to us in connection with your purchase of the franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise. We have approved your request to purchase a franchise partially in reliance on all of your representations.

1.4 Business Organization and Ownership Information.

If you have obtained our prior approval and Franchisee is a corporation, partnership, Limited Liability Company or other form of legal entity, Franchisee and the owners agree, represent, and warrant and covenant that:

a. you have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

b. your organizational or governing documents will recite that the issuance and transfer of any ownership interests by you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

c. Franchisee shall provide to Franchisor prior to the execution of this Agreement, true and correct copies, as applicable, of Franchisee's articles of incorporation, by laws, partnership agreement, articles of organization and limited liability company operating agreement and other governing documents and amendments thereto, as well as resolutions of the Board of Directors, partners or members authorizing entry into and performance of this Agreement. During the term of this Agreement, Franchisee shall promptly provide to Franchisor true and correct copies of any amendments or other changes to such governing documents. No such documents shall contain any provision that is contrary to or inconsistent with any provision of this Agreement;

d. you and your owners agree to revise the Principal Owners Statement as may be necessary to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (no ownership changes may be made without our approval, which shall not be unreasonably withheld);

e. a Principal Owner of the Business Entity (with ownership of at least 10% of its voting securities) must: (i) have management responsibility and authority over Tifa Chocolate & Gelato café on a day-to-day basis; (ii) oversee Tifa Chocolate & Gelato café operations; (iii) be bound by our then-current form of Confidentiality Agreement (or other form satisfactory to us); and (iv) satisfactorily complete our initial training program and any other training programs we request during the term.

f. each of your owners during the term of this Agreement will sign and deliver to us our standard form of Principal Owner's Guaranty undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us. A copy of our current form of Principal Owners Guaranty is attached to the Franchise Disclosure Document. The spouse of each of your owners will execute a spousal consent in the form attached hereto as Exhibit G-Three.

2. Grant and Term.

2.1 Term.

The term of the Franchise and this Agreement begins on the Agreement Date and expires 10 years from the Agreement Date. This Agreement may be terminated before it expires in accordance with its terms.

2.2 Grant.

Subject to the terms of and upon the conditions contained in this Agreement, we grant you a franchise (the "Franchise") to: (a) operate one Tifa Chocolate & Gelato café at the Site, and at no other location (temporary or permanent); (b) use the Marks solely in connection with operating the Tifa Chocolate & Gelato café; and (c) use the System in its operation. Except as set forth in Paragraph 2.4 and its sub-paragraphs below, as long as you are in compliance with this Agreement, we will not grant a franchise to anyone else to operate, or ourselves operate, a Tifa Chocolate & Gelato café within the Protected Territory.

2.3 Performance.

You agree that you will at all times faithfully, honestly and diligently perform your obligations, continuously exert your best efforts to promote and enhance the Tifa Chocolate & Gelato café and not engage in any other business or activity that conflicts with your obligations to operate the Tifa Chocolate & Gelato café in compliance with this Agreement. You may not operate the Tifa Chocolate & Gelato café from any location other than the Site without our prior written consent. At all times, either you or one of your Principal Owners must meet our qualifications for management responsibility and authority over the operations of the Tifa Chocolate & Gelato café. In addition, at all times the Tifa Chocolate & Gelato café must be managed by a general manager who has satisfactorily completed our Initial Training program.

2.4 Rights We Reserve.

Notwithstanding any of the foregoing, we (and our affiliates) retain the right in our sole discretion to:

a. establish, and grant to other franchisees the right to establish, Tifa Chocolate & Gelato cafés anywhere outside the Protected Territory, on such terms and conditions as we deem appropriate (even immediately outside the border of the Protected Territory), but not within the Protected Territory of your Tifa Chocolate & Gelato café you open under this Agreement and continue to operate under it;

b. operate, and grant franchises to others to operate businesses, whether inside or outside the Protected Territory, specializing in the sale of products or provisions of services, other than a Competitive Business or a Tifa Chocolate & Gelato café, using certain of the Marks and pursuant to such terms and conditions as we deem appropriate;

c. operate, and grant franchises to others to operate businesses or provide other services, whether inside or outside the Protected Territory, that do not use any of the Marks;

d. market and sell, inside and outside of the Protected Territory, through channels of distribution other than casual dining restaurants (like mail order, Internet or Intranet, website or other

forms of e-commerce or grocery, retail or convenience stores or kiosks), or through special purpose sites including military bases, public transportation facilities, race tracks, airports, student unions or similar buildings on college or university campuses, amusement and theme parks, all of which are designated ("Sites We Reserve"). Such Sites We Reserve are not protected and are not part of your Protected Territory; and

e. you agree that we have the right, now, or in the future, to purchase, merge, acquire, or affiliate with an existing competitive or non-competitive franchise network, chain, or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as "Tifa Chocolate & Gelato café" operating under the Marks or any proprietary marks or any of their marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be within the "Protected Territory" or proximate thereto, or proximate to any of the Franchisee's locations).

We will have the right to assign this agreement, and all of its rights and privileges under this agreement, to any person, firm, corporation or other entity.

You agree and affirm that we may sell our self, our assets, Marks or other proprietary marks and/or our System to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of Franchisor's name(s), Marks, proprietary marks (or any variation thereof) and system and/or the loss of association with or identification of "Tifa" or "Tifa Chocolate & Gelato" as Franchisor under this Agreement. You specifically release any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing.

If we assign our rights in this Agreement, nothing herein shall be deemed to require us to remain in the cafe business or any business which we now conduct or to offer to sell any food items, products or services to you.

3. Successor Terms.

3.1 Your Right to Acquire a Successor Franchise.

This Agreement expires 10 years from the Agreement Date. Upon expiration, if you (and each of your owners) have substantially complied with this Agreement during its term, and provided that:

a. you maintain possession of and agree to remodel and/or expand the Tifa Chocolate & Gelato café, add or replace improvements, equipment and signs and otherwise modify Tifa Chocolate & Gelato café as we require to bring it into compliance with specifications and standards then applicable for Tifa Chocolate & Gelato café Franchises; or

b. if you are unable to maintain possession of the Site, or if in our sole judgment the Tifa Chocolate & Gelato café falls below our current location standards and should be relocated, you secure substitute premises accepted by us, you develop such premises in compliance with

specifications and standards then applicable for Tifa Chocolate & Gelato café and continue to operate the Tifa Chocolate & Gelato café at the Site until operations are transferred to the substitute premises, then, subject to the terms and conditions set forth in this Section 3, you will have the privilege to apply for successor franchises to operate the then existing Tifa Chocolate & Gelato café as a Tifa Chocolate & Gelato café (each a "Successor Franchise"), for two additional 10-year periods on the terms and conditions of the franchise agreement we are then using in granting Successor Franchises for Tifa Chocolate & Gelato cafés, which may contain materially different terms and conditions than this Agreement.

3.2 Grant of a Successor Franchise.

a. Your Election: You agree to give us written notice of your election to acquire a Successor Franchise during the first 90 days of the 9th year of this Agreement or during the first 90 days of the 9th year of the term of any 10-year Successor Franchise. We agree to give you written notice ("Response Notice"), not more than 90 days after we receive your notice, of our decision:

(i) to grant you a Successor Franchise;

(ii) to grant you a Successor Franchise on the condition that deficiencies of Tifa Chocolate & Gelato café, or in your operation of Tifa Chocolate & Gelato cafés are corrected; or

(iii) not grant you a Successor Franchise based on our determination that you and your owners have not substantially complied with this Agreement during its term.

b. Response Notice: If applicable, our Response Notice will:

(i) describe the remodeling and/or expansion of the Tifa Chocolate & Gelato café and other improvements or modifications required to bring the Tifa Chocolate & Gelato café into compliance with the applicable specifications and standards for Tifa Chocolate & Gelato cafés; and

(ii) state the actions you have to take to correct operating deficiencies and the time period in which such deficiencies must be corrected.

If we elect not to grant a Successor Franchise, the Response Notice will describe the reasons for our decision. Your right to acquire a Successor Franchise is subject to your continued compliance with all of your terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in the Response Notice.

c. Deficiencies: If our Notice states that you must cure certain deficiencies of Tifa Chocolate & Gelato café or its operation as a condition to the grant of a Successor Franchise, we will give you written notice of a decision not to grant a Successor Franchise unless you cure such deficiencies, not less than 90 days prior to the expiration of this Agreement. However, we will not be required to give you such notice if we decide not to grant you a Successor Franchise due to your breach of this Agreement during the 90-day period prior to its expiration. If we fail to give you:

(i) notice of deficiencies in the Tifa Chocolate & Gelato café, or in your operation of the Tifa Chocolate & Gelato café, within 90 days after we receive your timely election to acquire a Successor Franchise; or

(ii) notice of our decision not to grant a Successor Franchise at least 90 days prior to the expiration of this Agreement, if such notice is required.

We may extend the term of this Agreement for such period of time as is necessary in order to provide you with either reasonable time to correct deficiencies or 90 days' notice of our refusal to grant a Successor Franchise.

3.3 Agreements/Releases.

If you satisfy all of the other conditions to the grant of a Successor Franchise, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we are then customarily using in connection with the grant of Successor Franchises for Tifa Chocolate & Gelato cafés. You and your owners further agree to execute general releases, in the form attached to the Franchise Disclosure Document, of any and all claims against us and our shareholder, officers, directors, employees, agents, successors and assigns. Failure by you or your owners to sign such agreements and releases and deliver them to us for acceptance and execution within 60 days after their delivery to you will be deemed an election not to acquire a Successor Franchise.

3.4 Training and Refresher Programs.

Our grant of a Successor Franchise is also conditioned on the satisfactory completion by you (or and Operating Partner of yours approved by us) of any new training and refresher programs as we may reasonably/require. You are responsible for travel, living and compensation costs of attendees.

3.5 Subsequent Successor Franchises.

Any fees and other conditions for any later granting of subsequent Successor Franchises will be governed by the Successor Franchise agreement (then in existence).

4. Site Selection and Development.

4.1 Site/Protected Territory.

You have applied for a franchise to own and operate one Tifa Chocolate & Gelato café only at a location we have accepted (the "Site"). During the period ending on the 240th day following the date you sign this Franchise Agreement (the "Site Selection Period"), you must identify, submit to us for acceptance, and obtain our acceptance of the Site. During the Site Selection Period, we will not ourselves, nor grant a franchise to someone else to, open and operate a Tifa Chocolate & Gelato café at a fixed location inside the Site Selection Area. During the Site Selection Period, you must adhere to the following time schedule:

a. Site Selection Area:

During the first 45 days of the Site Selection Period, you must obtain our acceptance of an intersection of streets or other landmark that will form the center (the "Center") of the Site Selection Area. The Site Selection Area (the "Site Selection Area") will, following our acceptance of the Center, consist of the geographic area containing 100,000 persons, or a radius of 4 miles, whichever is the lesser area. When the Center and Site Selection Area are determined, we will complete Exhibit "G-One" and provide a copy of it to you.

b. Site Identification:

Prior to the 240th day following the Agreement Date, you must identify your proposed Site (which must be located within the Site Selection Area) and submit it to us for our acceptance. If we notify

you that we will not accept that proposed Site, you must, within the next 30 days of our notice rejecting that proposed Site (but prior to the expiration of the Site Selection Period), identify and submit to us an alternative proposed Site, for our review and acceptance within the Site Selection Area.

c. Site Acceptance:

We are not obligated to evaluate or accept any proposed Site submitted to us for acceptance after the expiration of the Site Selection Period or outside the Site Selection Area. Once you have identified the Site and we have accepted it, and the lease has been reviewed and is acceptable to us, we will complete Exhibit G-Two and provide it to you. If you have not identified and obtained our acceptance of a Site prior to signing this Agreement, you (with or without our assistance) must, within the Site Selection Period, identify, submit to us and obtain our acceptance (in our sole judgment) of a Site for your Tifa Chocolate & Gelato café located within the Site Selection Area. However, if as of the expiration of the Site Selection Period we have yet to notify you whether we will accept or reject a Site that was submitted to us for review during the Site Selection Period, we will have 30 days following the end of the Site Selection Period to notify you of our decision to accept or reject that proposed Site. If we do not accept a Site during that 30-day period following the Site Selection Period, we will not be obligated to permit you to submit an alternative proposed Site to us.

d. Protected Territory:

Upon our acceptance of the Site and lease, we will designate the "Protected Territory" which will consist of the geographic area containing 100,000 people (most recent U.S. Census), or a radius of 4 miles, whichever is the lesser area. After our acceptance of the Site, and the lease has been reviewed and is acceptable to us, we will insert that Site and the Protected Territory into Exhibit "G-Two" and send a copy to you.

4.2 Site Evaluation.

Each proposed Site must be evaluated by us or by a professional site analyst that we have approved. The Site must meet our criteria, with which we will provide you, for demographic characteristics, traffic patterns, parking, competition from and proximity to other businesses and other Tifa Chocolate & Gelato cafés, the nature of other businesses in proximity to the site and other commercial characteristics and the size, appearance and other physical characteristics of the proposed site. We retain the right to accept or reject the floor plan for your site. We will accept or reject a Site you propose for a Tifa Chocolate & Gelato café within 30 days. We may rely entirely on the site analysis in doing so. You acknowledge and agree that:

a. our recommendation or acceptance of the Site indicates that we believe that the Site, the Site Selection Area and the Protected Territory fall within the acceptable demographic and other criteria for site selection areas, sites and premises or protected territories that we have established as of the time of our recommendation or acceptance of the Site, Site Selection Area or Protected Territory;

b. application of criteria that we have developed for our System or have appeared effective with respect to other sites and premises may not accurately reflect the potential for all sites and premises, and, after our acceptance of a site, demographic and/or other factors included in or excluded from our criteria could change to alter the potential of a site and premises.

4.3 Lease of Site.

a. Lease of Site:

You agree that you must enter into an acceptable lease agreement for the approved site within 120 days from the end of the site selection period. In order for us to accept the lease, you agree to deliver copies of the proposed lease agreement and related documents to us prior to signing them. You agree not to sign any lease agreement or related documents (or any renewal of it) unless we have previously approved them. Our approval, which will not be unreasonably withheld, will be limited to ensuring that the lease is consistent with this Agreement. If we approve the lease, you agree to deliver a copy of the signed lease to us within 15 days after its execution along with the Lease Assignment.

b. Lease Assignment:

When entering into such a lease, you and the lessor must sign our then-current form of Conditional Assignment and Assumption of Lease Agreement (the "Lease Assignment"). You will give the lessor our form of the Lease Assignment when you begin discussions with the prospective lessor. You agree not to sign any lease or renewal of a lease unless you have also obtained the Lease Assignment signed by the lessor.

c. Mandatory Lease Terms:

We may require that the lease or any renewal contain certain provisions, including the following:

(i) a provision which expressly permits the lessor of the Site to provide us with all revenue and other information lessor may have related to the operation of your Tifa Chocolate & Gelato café as we may request;

(ii) a provision which requires the lessor to contemporaneously provide us with copies of any written notice of default under the lease sent to you and which grants to us, at our option, the right (but not the obligation) to cure any default under the lease (should you fail to do so) within 15 days after the expiration of the period in which you may cure the default;

(iii) a provision which evidences your right to display the Marks in accordance with the specifications required by the Confidential Operating Manuals, subject only to the provisions of applicable law;

(iv) a provision which requires that any lender or other person will not disturb your possession of the Site so long as the lease term continues and you are not in default (along with such documents as are necessary to ensure that such lenders and other persons are bound);

(v) a provision which expressly states that any default under the lease which is not cured within any applicable cure period also constitutes grounds for termination of this Agreement;

(vi) a lease term which is at least equal to the initial term of this Agreement, either through an initial term of that length or right, at your option, to renew the lease for the full term of this Agreement; and

(vii) the premises must be operated as Tifa Chocolate & Gelato café.

4.4 Ownership and Financing.

Instead of leasing a Site, you may propose to purchase, construct, own and operate a Tifa Chocolate & Gelato café on real property owned by you or through an affiliate. You must meet certain conditions if you or an affiliate own a Site or at any time prior to acquisition, or subsequently, you or your affiliates propose to obtain any financing with respect to the Site or for your Tifa Chocolate & Gelato café or for any Operating Assets in which any of such items are pledged as collateral securing your performance. The form of any purchase contract with the seller of a Site and any related documents, and the form of any loan agreement with or mortgage in favor of any lender and any related documents, must be approved by us before you sign them. Our consent to them may be conditioned upon the inclusion of various terms and conditions, including the following:

a. a provision which requires any lender or mortgagee concurrently to provide us with a copy of any written notice of deficiency or default under the terms of the loan or mortgage sent to you or your affiliates or the purchaser;

b. a provision granting us, at our option, the right (but not the obligation) to cure any deficiency or default under the loan or mortgage (should you fail to do so) within 15 days after the expiration of a period in which you may cure such default or deficiency; and

c. a provision which expressly states that any default under the loan or mortgage, if not cured within the applicable time period, constitutes grounds for termination of this Agreement and any default under this Agreement, if not cured within the applicable time period, also constitutes a default under the loan or mortgage.

5. Franchised Business Development, Décor and Operating Assets.

5.1 Development.

You are responsible for developing your Tifa Chocolate & Gelato café. We will furnish you with access to prototype design plans, specifications, décor and layout including requirements for design, color scheme, image, interior, layout and Operating Assets (which include fixtures, equipment, signs, and furnishings). The floor plan layout you receive from us can be adapted to most spaces. You are obligated to have prepared all required construction plans and specifications to suit the shape and dimensions of the Site and to ensure that such plans and specifications comply with applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. You agree to submit construction plans and specifications to us for approval before construction of the Tifa Chocolate & Gelato café is commenced and, at our request, submit all revised or "as built" plans specifications during the course of such construction. We may require that an architect designated by us oversee the finished plans before construction begins. At your request, to the extent we deem necessary, we will assist you in developing Tifa Chocolate & Gelato café by recommending contractors and architects and otherwise furnishing information to assist you in developing the Tifa Chocolate & Gelato café in accordance with our specifications.

5.2 Development Expenses.

You agree, at your own expense, to do the following with respect to developing the Tifa Chocolate & Gelato café at the Site:

a. have complete and detailed construction drawings approved by an architect (both the drawings and your architect are subject to our approval);

b. secure all financing required to develop and operate the Tifa Chocolate & Gelato café;

c. obtain all building, utility, sign, health, sanitation, business and other permits and licenses required to construct and operate the Tifa Chocolate & Gelato café and pay all assessed impact fees;

d. construct all required improvements to the Site and decorate the Tifa Chocolate & Gelato café in compliance with the plans, specifications and schedule we have approved;

e. purchase or lease and install all Operating Assets required for the Tifa Chocolate & Gelato café; and

f. purchase an opening inventory of authorized and approved products, materials and supplies.

5.3 Décor.

You agree that all décor of your Tifa Chocolate & Gelato café must be previously approved by us and must comply with our standards as described in the Confidential Operating Manuals, which may be periodically revised. Your failure to maintain the Tifa Chocolate & Gelato café décor in compliance with our System and the standards described in the Confidential Operating Manuals constitutes a material breach of this Agreement.

5.4 Operating Assets and Tifa Chocolate & Gelato Materials.

You agree to acquire all services, supplies, materials and food and beverage products for use in connection with your franchised business (collectively, the "Tifa Chocolate & Gelato café Materials") and all fixtures, furnishings, equipment, signs and electronic or computerized devices and services (including cash registers, computers, POS, e-mail, internet services, hardware and software) (the "Operating Assets") from suppliers we have previously approved. We will only approve suppliers whose Tifa Chocolate & Gelato café Materials and Operating Assets meet the quality standards that we establish from time to time. You agree to only place or display at the Site (interior and exterior) such signs, emblems, lettering, logos and display materials that we periodically approve. We may require that you purchase or lease Operating Assets and "Tifa Chocolate & Gelato café Materials" through any form of a "business to business," e-commerce, Internet supply network that we may designate, establish or participate in from time to time. You also agree that we or our agents, at any reasonable time, may remove any Operating Asset from Tifa Chocolate & Gelato café Materials, without compensation to you, if such Operating Assets are deemed by us or our agents to not be approved for use at Tifa Chocolate & Gelato café or be deemed to be a public health and/or safety risk. In the event such Operating Asset is removed, we may replace such Operating Asset or make arrangements to have such Operating Asset Serviced, repaired and/or cleaned at your expense. Any expense we incur will be due and payable by you to us upon demand.

5.5 Changes to Approved Suppliers.

If you want to propose a new supplier of Tifa Chocolate & Gelato café Materials or Operating Assets, you agree to submit to us, on our "Supplier Approval Form" and pay us a Supplier Approval Fee of $1,000 at the time you submit the "Supplier Approval Form", sufficient written information about the proposed new supplier to enable us to approve or reject either the supplier or the particular item and to be responsible for any expenses incurred in the process by us or you. We will have 30 days

from receipt of the information to approve or reject the proposed new supplier or items. We may consider in providing such approval not just the quality standards of the products or services, but their delivery capabilities, financing terms and ability to service our franchise system as a whole. We may terminate or withhold approval of any Tifa Chocolate & Gelato café Materials or Operating Assets, or any supplier of such item that does not meet our quality standards by giving you written notice. If we do so, you agree to immediately stop purchasing from such supplier or using such Tifa Chocolate & Gelato café Materials or Operating Assets in your Tifa Chocolate & Gelato café until we notify you that such supplier or such Tifa Chocolate & Gelato café or Operating Assets meet our quality standards. At our request, you agree to submit to us sufficient information about a proposed supplier and samples of the proposed Tifa Chocolate & Gelato café Materials or Operating Assets for our examination so that we can determine whether they meet our quality standards. We also have the right to require our representatives to be permitted to inspect the proposed supplier's facilities at your expense. We reserve the right, at our option, to re-inspect or re-test from time to time the facilities and products, Operating Assets or other items of any approved supplier and to revoke approval upon a supplier's failure to meet any of our then-current criteria. Nothing hereinabove shall be construed to require us to approve any particular supplier. Your failure to comply with the provisions of Paragraph 5.5 shall be deemed a material breach under this Agreement. We have and reserve the right to receive compensation or other consideration from approved suppliers and service providers based on our or our franchisees' purchases from these suppliers and on our designating the supplier as an approved supplier even if these suppliers include these fees in their prices to us or our franchisees.

5.6 Opening. You agree not to open the Tifa Chocolate & Gelato café for business until:

a. we approve the Tifa Chocolate & Gelato café as developed in accordance with our specifications and standards;

b. pre-opening training of you and your personnel has been completed to our satisfaction including operator certification at our training facility or an approved training site;

c. the Franchise Fee and all other amounts then due to us have been paid;

d. we have been furnished with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as we request or accept;

e. we have received signed counterparts of all required documents pertaining to your acquisition of the Site;

f. if we, in our sole discretion approve you to be a business entity, we have received your Articles of Incorporation, Partnership Agreements and/or other organizational documents; and

g. any pre-opening marketing requirements have been completed to our satisfaction.

You agree to complete construction of (or remodeling in the case of your purchase of an existing building) the Tifa Chocolate & Gelato café and be open to the public within 180 days of signing your lease or purchase agreement for the approved site. You also agree that time is of the essence and except for unavoidable delay, our written agreement to extend site selection or time to enter into an approved lease or purchase agreement or failure to perform due to Force Majeure, you must complete all Site Selection, Development and Opening obligations within 540 days from the date of this Franchise Agreement.

6. Fees.

6.1 Franchise Fee.

You agree to pay us a nonrecurring and nonrefundable initial franchise fee (the "Franchise Fee") in the amount of $47,500, payable on the Agreement Date. The Franchise Fee is nonrefundable and is fully earned by us when paid. If you enter into an Area Development Agreement, instead of paying this initial franchise fee you will pay us the amount of the Area Development Fee required to be paid under that agreement determined in accordance with the number of franchises you agree to develop and you will execute a separate franchise agreement for each of the remaining franchises as they are developed by you.

6.2 License Fee.

You agree to pay us a License Fee in the amount of 6% of your Tifa Chocolate & Gelato café weekly Gross Revenue. We must receive the License Fee on or before the Payment Day of each week for the immediately preceding week.

6.3 Electronic Funds Transfer and Payment Procedure.

We require you to pay all payments of the License Fee or any other amounts due us under this Agreement to us by electronic funds transfer. We will designate the day of each week (the "Payment Day") for the License Fee payment or payment of other amounts due us under this Agreement. We may designate different Payment Days for different amounts due us under this Agreement (e.g. License Fee, Marketing and Technology Fund Fee, etc.). You agree to comply with the procedures we specify in our Confidential Operating Manuals and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. You will give us authorization, in a form that we designate, to initiate debit entries or credit correction entries to the Tifa Chocolate & Gelato café bank operating account (the "Account") for payments of License Fees, Marketing and Technology Fund fee and other amounts due under this Agreement, including any applicable interest charges. You will make the funds available in the Account for withdrawal by electronic transfer no later than the Payment Day. The amount actually transferred from the Account to pay weekly continuing License Fees, Marketing and Technology Fund fee will be based on Gross Revenue reported to us. If you have not reported the Tifa Chocolate & Gelato café Gross Revenue for any reporting period, we will transfer from the Account an amount calculated in accordance with our reasonable estimate of the Tifa Chocolate & Gelato café Gross Revenue during any such reporting period, provided, however that the minimum amount will be five hundred dollars ($500) per week that we will debit if you have not reported gross receivables in the reporting period. If we determine at any time that you have under-reported Gross Revenue or underpaid License Fees or other amounts due to us, we will be authorized to immediately initiate a transfer from the Account in the appropriate amount in accordance with the foregoing procedures, including applicable interest and late charges. Any overpayment will be credited to the Account through a credit, effective as of the first reporting date after you and we determine that such credit is due. A fee of one hundred dollars ($100) per occurrence will be due to us for each insufficient electronic funds transfer.

6.4 Definition of "Gross Revenue".

As used in this Agreement, the term "Gross Revenue" means all revenue you derive from operating the franchised business, including, but not limited to, all amounts you receive at or away from the Site from any activities or services whatsoever including any that are in any way associated

with the Marks, and whether from cash, check, barter, credit or debit card or credit transactions, including the redemption value of gift certificates redeemed by you regardless of whether such gift certificates are issued by you or someone else; but excluding (1) all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority and (2) customer refunds, adjustments, credits and allowances actually made by the Tifa Chocolate & Gelato café. Gross Revenue also includes revenues from delivery service sales, retail, concessions, service, catering, special functions, etc. and sales of products bearing or associated with the Marks.

6.5 Interest on Late Payments.

All amounts which you owe us will bear interest after their due date at the annual rate of 18% or the highest contract rate of interest permitted by law, whichever is less. You acknowledge that we do not agree to accept any payments after they are due nor commit to extend credit to, or otherwise finance your operation of, the Tifa Chocolate & Gelato café. Your failure to pay all amounts when due constitutes grounds for termination of this Agreement, as provided in Section 16 of this Agreement.

6.6 Late Payment Penalties.

All License Fees, Marketing and Technology Fund fee, amounts due for purchases by you from us, and any interest accrued thereon, and any other amounts which you owe us, or our affiliates, are subject to a late payment fee of 10% of the amount due. The late payment fee is due immediately on any delinquent payments. The provision in this Agreement concerning late payment fees survives termination or expiration of this Agreement and does not mean that we accept or condone late payments, nor does it indicate that we are willing to extend credit to, or otherwise finance the operation of, your Tifa Chocolate & Gelato café.

6.7 Application of Payments.

Notwithstanding any designation you might make, we have sole discretion to apply any of your payments to any of your past due indebtedness to us. You acknowledge and agree that we have the right to set off any amounts you or your owners owe us against any amounts we might owe you or your owners.

6.8 Payment Offsets.

We may set off from any amounts that we may owe you any amount that you owe to us for any reason whatsoever, including without limitation, License Fees, Marketing and Technology Fund fee, late payment penalties and late payment interest, amounts owed to us for purchases or services or for any other reason. Thus, payments that we make to you may be reduced, in our discretion, by amounts that you owe to us from time to time. In particular, we may retain any amounts that we have received for your account as a credit and payment against any amounts that you may owe to us at any time. We will notify you monthly if we do so.

6.9 Discontinuance of Service.

If you do not pay amounts due to us timely under this Agreement, we may discontinue any services to you, without limiting any of our other rights in this Agreement.

7. Training and Assistance.

7.1 Training.

Before the Tifa Chocolate & Gelato café opens, we or our designee will furnish the initial 7 to 8 day training program ("Initial Training") to the majority owner and/or operating partner, general manager, assistant manager, and operating manager, (the "Operating Manager"). The Operating Manager of the Tifa Chocolate & Gelato café must successfully and fully complete the Initial Training and pass the training certificate process (the "Training Certificate") conducted at one of our affiliate locations in California. Although we, or our designee, will furnish the Initial Training to the Operating Manager, Franchisee at no additional fee or other charge, will be responsible for all travel and living expenses which the Operating Manager and/or employees incur in connection with the training. Franchisee must pay us a fee in the amount of $350 per day for each replacement Trainee trained by us, or our designee, or each person provided the Initial Training by us, or our designee, other than the initial trainees.

7.2 Opening On-Site Assistance.

We, or our designee, will provide supervision and assistance prior to the opening of your Tifa Chocolate & Gelato café and immediately following the opening date of your first Tifa Chocolate & Gelato café (the "Opening On-Site Assistance"). We, our designee, will provide assistance 3 days prior to opening and 2 days after opening the Tifa Chocolate & Gelato café of On-Site Assistance which can be consecutive or split and may be pre or post opening. You must pay for our hotel, transportation and expenses incurred with the provision of such services. We do not provide opening on-site assistance if you enter into an Area Development Agreement and have opened at least one Tifa Chocolate & Gelato café pursuant to the Area Development Agreement.

7.3 Ongoing Assistance.

We will provide continuing advisory assistance to you in the operation, and promotion of the Tifa Chocolate & Gelato café as we deem necessary. We, or our designee, will also provide additional or refresher training programs for you and your employees as we deem appropriate. We will provide you, from time to time with advice and materials concerning techniques of managing and operating Tifa Chocolate & Gelato café. At your request, we will make additional or refresher training in form and content as we deem appropriate available at your Tifa Chocolate & Gelato café or at other locations we designate for an additional fee (the "Additional Training Fee") at the rate of $350 per day plus travel and living expense, minimum of 1- day charge.

7.4 Additional Training.

If, at any time after the Tifa Chocolate & Gelato café opens, you hire additional management personnel or replace one or more of your Operating Partners, you must ensure that such new employees are satisfactorily trained and certified at an approved training cafe at your expense. You agree to furnish meals to our, or our designee's, training personnel during the time when your Tifa Chocolate & Gelato café is in operation when they are at your Tifa Chocolate & Gelato café, at no cost to us. We may require the Trainees and/or other previously trained and experienced managers or employees to attend periodic refresher training courses at such times and locations that we

designate. You must pay to us, or our designee, the Additional Training Fee set forth in Paragraph 7.3.

7.5 General Guidance.

We will advise you from time to time regarding the operation of the Tifa Chocolate & Gelato café based upon reports you submit to us or inspections we make. In addition, we will furnish guidance to you with respect to:

a. standards, specifications and operating procedures and methods utilized by Tifa Chocolate & Gelato cafés;

b. purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies;

c. recipes, food preparation methods, and menu items;

d. use of suppliers, approved products, volume buying;

e. advertising and marketing programs;

f. employee training; and

g. administrative, bookkeeping and accounting procedures.

Such guidance will, at our discretion, be furnished in our Confidential Operating Manuals, bulletins or other written materials and/or during telephone consultations and/or additional training.

7.6 Training Cancellation Fee

You agree to pay us a Training Cancellation Fee in the amount of $100 if you cancel any training appointment with less than 24 hours notice.

8. Marks.

8.1 Ownership and Goodwill of Marks.

Your right to use the Marks is derived solely from this Agreement and limited to your operation of Tifa Chocolate & Gelato café at the Site pursuant to and in compliance with this Agreement and all System Standards we prescribe from time to time during its term. Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that your usage of the Marks and any goodwill established by such use will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Tifa Chocolate & Gelato café in compliance with this Agreement). All provisions of this Agreement apply to any additional proprietary trade and service marks and commercial symbols we authorize you to use.

8.2 Limitations on Your Use of Marks.

You agree to use the Marks as the sole identification of Tifa Chocolate & Gelato café, except that you agree to identify yourself as the independent owner in the manner we prescribe in the Confidential Operating Manuals or otherwise. We may place a conspicuous notice at a place we designate in your Tifa Chocolate & Gelato café identifying you as its independent owner and operator. You agree not to remove, destroy, cover or alter that notice without our prior consent. If

you do not do so, we may accomplish the notice or identification as we see fit, and you agree to reimburse us for doing so. You may not use any Mark as part of any corporate or legal business name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we license to you), or in any modified form, nor may you use any Mark in connection with any social media networking, including but not limited to, any postings on a social media site or social media network sites nor with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. No Mark may be used in any advertising concerning the transfer, sale or other disposition of the Tifa Chocolate & Gelato café or an ownership interest in you. You agree to display the Marks prominently in the manner we prescribe at the Tifa Chocolate & Gelato café, on supplies or materials we designate and in connection with forms and advertising and marketing materials. You agree to give such notices of trade and service mark registrations as we specify and to obtain any fictitious or assumed name registrations required under applicable law.

8.3 Notification of Infringements and Claims.

You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trade Mark Office or other proceeding or otherwise to protect and maintain our interests in the Marks.

8.4 Discontinuance of Use of Marks.

If we deem it advisable at any time in our sole control for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We will not be obligated to reimburse you for any direct or indirect loss, including loss of revenue attributable to any modified or discontinued Mark or for any expenditure you make to promote a modified or substitute trademark or service mark.

8.5 Signage.

Signage must comply with all state and local laws, ordinances and any covenants agreed to within your lease. You must limit your signage to "**Tifa Chocolate & Gelato**". The use of any other language is forbidden. If you employ any signage that does not comply with this Agreement, you will be in material breach of this Agreement. The signage must also incorporate the specific letter style/color and curvature associated with "Tifa Chocolate & Gelato" logo or other mark or logo we may, in our sole discretion, designate in writing from time to time. You must not use a sign that deviates from the standard logo unless and until you have submitted a request for such deviation to us in writing with drawings and we have approved such deviation in writing.

8.6 Protection Against Social Media Networking. You understand and agree that you are strictly prohibited from promoting or using the Marks in any manner on any social and/or networking websites, including but not limited to Facebook, LinkedIn, My Space, Twitter, Instagram,

Vine, Tumblr, and Snapchat, or any other platform, including but not limited to any online advertising, digital marketing and sponsorships, without our prior written consent.

8.7 Copyrights. All right, title and interest in and to all materials, artwork, and designs used with the Marks or in association with the System are our sole and exclusive property and cannot be replaced or replicated either during or after this Agreement. You have no right to make any direct or indirect use of Copyright Materials except as permitted under this Agreement.

9. Confidential Information.

9.1 Types of Confidential information.

We possess (and will continue to develop and acquire) certain confidential information (the "Confidential Information") relating to the development and operation of Tifa Chocolate & Gelato cafés which includes (without limitation):

a. the System and the know-how related to its use;

b. plans, specifications, size and physical characteristics of Tifa Chocolate & Gelato cafés;

c. site selection criteria;

d. methods in obtaining licensing and meeting regulatory requirements;

e. sources, design and methods of use of equipment, furniture, forms, materials, supplies, websites, Internet, "business to business" or "business to customer" networks or communities and other e-commerce methods of business;

f. any marketing (including but not limited to websites, online advertising, social media marketing or presence, digital marketing and sponsorships), advertising and promotional programs for Tifa Chocolate & Gelato cafés;

g. staffing and delivery methods and techniques for personal services;

h. the selection, testing and training of managers and personnel for Tifa Chocolate & Gelato cafés;

i. the recruitment, qualification and investigation methods to secure employment for employment candidates;

j. any computer software we make available in the future or recommend for Tifa Chocolate & Gelato cafés;

k. methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation, advertising, marketing and franchising of Tifa Chocolate & Gelato cafés;

l. knowledge of specifications for and identities of and suppliers of certain products, materials, supplies, furniture, furniture, furnishings and equipment;

m. recipes, formulas, preparation methods and serving techniques; and

n. pricing recommendations, purchase agreement and contracts.

9.2 Disclosure and Limitations on Use.

We will disclose much of the Confidential Information to you and personnel of the Tifa Chocolate & Gelato café by furnishing the Confidential Operating Manual to you and by providing training, guidance and assistance to you. In addition, in the course of the operation of your Tifa Chocolate & Gelato café, you or your employees may develop ideas, concepts, methods, techniques or improvements ("Improvements") relating to your Tifa Chocolate & Gelato café or the System, which you hereby agree to disclose to us. We will be deemed to own the Improvements, and the Improvements will constitute Confidential Information. We may use the Improvements and authorize you and others to use them in the operation of Tifa Chocolate & Gelato café or any other aspect of the System.

9.3 Confidentiality Obligations.

You agree that your relationship with us does not vest in you any interest in the Confidential Information other than the right to use it in the development and operation of your Tifa Chocolate & Gelato café as we see fit, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary, includes trade secrets belonging to us, and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you:

a. will not use the Confidential Information in any other business or capacity;

b. will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;

c. will not make unauthorized copies of any portion of the Confidential Information disclosed via electronic medium, in written form or in other tangible form, including, for example, the Confidential Operating Manuals; and

d. will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including, restrictions on disclosure to your employees and the use of nondisclosure and noncompetition agreements we may prescribe for employees or others who have access to the Confidential Information.

9.4 Exceptions to Confidentiality.

The restrictions on your disclosure and use of the Confidential Information will not apply to the following:

a. disclosure or use of information, processes, or techniques which are generally known and used in the cafe business (as long as the availability is not because of a disclosure by you), provided that you have first given us written notice of your intended disclosure and/or use; and

b. disclosure of the Confidential Information in judicial, administrative or arbitration proceedings when and only to the extent you are legally compelled to disclose it, provided that you have first given us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us that the information required to be disclosed will be treated confidentially.

10. Exclusive Relationship.

You acknowledge and agree that we would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among franchised Tifa Chocolate & Gelato cafés if franchisees of Tifa Chocolate & Gelato cafés were permitted to hold interests in or perform services for a Competitive Business (defined below). You agree that, during the term of this Agreement, neither you nor any of your owners (nor any of your or your owners' spouses or children) will:

a. have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, other than the Tifa Chocolate & Gelato café;

b. have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Business, wherever located; or

c. perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located.

The term "Competitive Business" as used in this Agreement means any business or facility owning, operating or managing, or granting franchises or licenses to others to do so, any cafe or goods or services or facility that features menu items and services similar to any of the menu items offered by the Tifa Chocolate & Gelato café, including any café or food service facility, or catering service, that features products, foods, menu items, or services similar to any item offered by the Tifa Chocolate & Gelato café, including but not limited to, handcrafted and traditional gelato flavors and an assortment of chocolate bars, truffles, bonbons, caramel nut clusters, pastries, espresso and cold brew coffees (other than a Tifa Chocolate & Gelato café operated under a franchise agreement with us).

11. Operation and System Standards.

11.1 Confidential Operating Manuals.

During the term of this Agreement, we will allow you access, in electronic or in another format we designate, to our manuals (the "Manuals"), consisting of such materials that we generally furnish to franchisees from time to time for use in operating a Tifa Chocolate & Gelato café. The Manuals contain mandatory and suggested specifications, standards, operating procedures and rules ("System Standards") that we prescribe from time to time for the operation of a Tifa Chocolate & Gelato café and information relating to your other obligations under this Agreement and related agreements. You agree to follow the System Standards and other standards, specifications and operating procedures we establish periodically for the System that are described in the Manuals. We also reserve the right to make the Manuals accessible to you on-line via computer systems or other electronic formats (like Internet, CD-ROM, websites or e-mail). You also must comply with all updates and amendments to the System as described in newsletters or notices we distribute, including via computer systems e.g., internet, CD or other media we select. Any form of the Manuals we make accessible to you on-line will be deemed our Confidential Information. You agree to maintain the Manuals as confidential and maintain the information in the Manuals as secret and confidential. The Manuals may be modified, updated and revised (in written or electronic format) by us from time to time to reflect changes in System Standards. You agree to keep your copy of the Manuals, if any, current and in a secure location at the Tifa Chocolate & Gelato café. In the event of a dispute relating to its contents, the master copy of the Manuals we maintain at our principal office will be controlling.

However, in the event we utilize on-line Manuals, the most recent on-line Manuals will control any disputes between the on-line version and printed copies of the Manuals. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Manuals. If your copy of the Manuals is lost, destroyed or significantly damaged, you agree to obtain a replacement copy at our then applicable charge (unless we have made on-line Manuals accessible to you. If so, you may utilize the on-line Manuals instead of purchasing other printed Manuals.)

11.2 Compliance with System Standards.

You acknowledge and agree that your operation and maintenance of Tifa Chocolate & Gelato café in accordance with System Standards is essential to preserve the goodwill of the Marks at all Tifa Chocolate & Gelato cafés. Therefore, at all times during the term of this Agreement, you agree to operate and maintain the Tifa Chocolate & Gelato café in accordance with each and every System Standard, as we periodically modify and supplement them during the term of this Agreement. System Standards may regulate any one or more of the following with respect to the franchised business: design, layout, décor, appearance and lighting; periodic maintenance, cleaning and sanitation; periodic remodeling; replacement of obsolete or worn-out leasehold improvements, fixtures, furnishings, equipment and signs; televisions; music and other entertainment services; periodic painting; and use of interior and exterior signs, emblems, lettering and logos, and illumination;

b. types, models and brands of required fixtures, furnishings, equipment, signs, software, materials and supplies;

c. types, content, size, materials and standards for signage;

d. required or authorized products and product categories including for all food and beverage items and portions devoted to each supplier of products;

e. designated or approved suppliers of fixtures, furnishings, equipment, signs, software, products, materials and supplies including for all food and beverage items, approved distributors and/or distribution systems and approved trade accounts;

f. terms and conditions of the sale and delivery of, and terms and methods of payment for, products, materials, supplies and services, including direct labor, that you obtain from us, unaffiliated suppliers or others;

g. sales, marketing (including but not limited to websites, online advertising, social media marketing or presence, digital marketing and sponsorships), advertising and promotional programs and materials and media used in such programs;

h. use and display of the Marks;

i. staffing levels for the Tifa Chocolate & Gelato café, and qualifications, training, dress and appearance of employees;

j. days and hours of operation and items served at the Tifa Chocolate & Gelato café;

k. participation in market research and testing and product and service development programs and customer satisfaction programs;

l. acceptance of credit cards, corporate and other franchisee issued gift certificates, coupons (including those from other franchisees), frequent diner programs, gift cards and payment systems and check verification services;

m. bookkeeping, accounting, data processing and record keeping systems, including software, and forms; methods, formats, content and frequency of reports to us of sales, revenue, financial performance and condition; and furnishing tax returns and other operating and financial information to us;

n. types, amounts, terms and conditions of insurance coverage required to be carried for the Tifa Chocolate & Gelato café and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage for the Tifa Chocolate & Gelato café at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims;

o. complying with applicable laws; obtaining required licenses and permits; adhering to good business practices; observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and us; and notifying us if any action, suit or proceeding is commenced against you or the Tifa Chocolate & Gelato café;

p. regulation of such other aspects of the operation and maintenance of Tifa Chocolate & Gelato café that we determine from time to time to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and Tifa Chocolate & Gelato café;

q. your use of, or mandatory or recommended participation in any e-commerce, Intranet, Internet or website communities, systems or processes, website and compliance with any Internet, Intranet or e-commerce policies or procedures which we may establish from time to time; and

You agree that System Standards prescribed from time to time in the Manuals, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth herein. All references to this Agreement include all System Standards as periodically modified.

11.3 Modification of System Standards.

We may periodically modify System Standards, which may accommodate regional or local variations as we determine. Such modifications may obligate you to invest additional capital in the franchised business ("Capital Modifications") and/or incur higher operating costs. However, such modifications will not alter your fundamental status and rights under this Agreement. We will not obligate you to make any Capital Modifications when such investment cannot in our reasonable judgment be amortized during the remaining term of this Agreement, plus all eligible successor periods, unless we agree to extend the term of your franchise so that such additional investment, in our reasonable judgment, may be amortized; unless such investment is necessary in order to comply with applicable laws. We agree to give you up to 90 days to comply with Capital Modifications we require. However, if a Capital Modification requires an expenditure of more than $20,000 we agree to give you up to 180 days from the date such request is made to comply with such Capital Modification. You are obligated to comply with all modifications to System Standards, including

Capital Modification, within time period we specify. In no event will we require you to spend in any 12-month period in excess of 25% of our high estimate of the cost of the sum of leasehold improvements and furniture, fixtures and equipment from our Franchise Disclosure Document during the term of this Agreement in connection with Capital Modifications.

11.4 Interior and Exterior Upkeep.

You agree at all times to maintain Tifa Chocolate & Gelato café interior and exterior and the surrounding area in the highest degree of cleanliness, orderliness and sanitation and comply with requirements regarding the upkeep of Tifa Chocolate & Gelato café established in the Manuals and by federal, state and local laws.

11.5 Hours of Operation.

Unless we have otherwise approved in advance in writing, you agree to operate the Tifa Chocolate & Gelato café, at a minimum, between the hours of 11:00 ~~10:00~~ a.m. and 10:00 p.m., every day of the week, except that the minimum hours for Friday and Saturday are from 11:00 ~~10:00~~ a.m. until 11:00 ~~12:00~~ p.m. Chocolate Tastings conducted on Monday evenings allow for the café to be closed at 7:00 p.m. System-wide holidays allow for closing of the Tifa Chocolate & Gelato café on Thanksgiving Day and Christmas Day. For any day the Tifa Chocolate & Gelato café is not open, except as permitted hereinabove, you will be charged $250 per day unless you have obtained, in writing, permission from us to close for the day(s) not permitted hereinabove. Any amount owed hereinabove will be due and payable upon demand to us and such amount due may be collected by us through electronic funds transfer.

11.6 Accounting, Computers and Records.

It is your responsibility to obtain accounting services and any required hardware or software related to them. You will at all times maintain the records reasonably specified in the Manuals, including, without limitation, sales, inventory and expense information. To the extent we require support for accounting software used by you, such support will only be provided with respect to the accounting software then used by us in the operation of our own (or our affiliates' own) Tifa Chocolate & Gelato café.

11.7 Computer System.

You agree to use in developing and operating the Tifa Chocolate & Gelato café the computer equipment and operating software (and related training and periodic software support) (the "Computer System") that we periodically specify. We may require you to obtain specified computer hardware or software and may modify specifications for and components of the Computer System from time to time. We currently require you to use the Clover Point of Sale system. You must also pay the vendor a monthly service fee for each Tifa Chocolate & Gelato café. Our modifications and specifications for components of the Computer System may require you to incur cost to purchase, lease or license new or modified computer hardware or software and to obtain service and support for the Computer System during the term of this Agreement. You agree to incur such costs in connection with obtaining the computer hardware and software comprising the Computer System (any additions or modifications). Within 60 days after you receive notice from us, you agree to obtain the components of the Computer System that we designate and require. We have the right to charge you for any computer usage costs that we incur as a result of your use of the Computer System. The Computer System must be capable of connecting with our Computer System so that we can review

the results of your Tifa Chocolate & Gelato café operations. We also have the right to charge you a reasonable systems fee for modifications of and enhancements made to any proprietary software that we license to you and other maintenance and support services that we or our affiliates may furnish to you related to the Computer System. You are responsible for all ISP and other connectivity related fees and costs relating to your use of the Computer System. You agree to maintain an active e-mail address at all times and inform us of it. If we adopt a different computer system, POS system or other system in the future, you must adopt it at your expense. You must maintain, modify and upgrade all such items at your sole expense and as we may require from time to time. You must provide us full 24-hour, 7-day-a-week access including online access, and the right to "upload" or "download" information to and from all POS, computer and other systems, and to the information through your computer, POS or other systems. You must use software we designate from time to time. You agree that you will not make any claim against us or our affiliates for any loss, damage, liability or expense caused by or related to failures, errors, acts, omissions, or otherwise of any computer, POS, hardware or software system.

11.8 Trade Accounts and Taxes.

You agree to maintain your trade accounts in a current status and seek to resolve any disputes with trade suppliers promptly. You agree to timely pay all taxes incurred in connection with your Tifa Chocolate & Gelato café operations. If you fail to maintain your trade accounts in a current status, timely pay such taxes or any other amounts owing to any third parties or perform any non-monetary obligations to third parties, we may, but are not required to, pay any and all such amounts and perform such obligations on your behalf. If we elect to do so, then you agree to reimburse us for such amounts. You agree to repay us immediately upon receipt of our invoice. We may also set-off the amount of any such reimbursement obligations against all amounts which we may owe you.

11.9 Proprietary Materials.

You agree to purchase from us or approved manufacturers or suppliers all items used in operating the Tifa Chocolate & Gelato café, some of which bear the Marks. These items include, but are not limited to, food and non-food items, sauces, employee clothing (such as shirts, hats and aprons) and menus (collectively, the "Proprietary Materials"), at then prevailing prices, plus freight, taxes and delivery costs. The items may also include products like glassware, dinnerware, clothing, ties, hats, tee shirts, etc. for retail sale to customers.

11.10 Approved Products.

You agree not to sell any food or beverage products or other items at the Tifa Chocolate & Gelato café that we have not previously approved for sale. You agree to only use and display menus that have been prescribed or approved (except for prices) in advance by us. You agree to sell all the food and beverage products that are included on the prescribed or approved menus, and no others. You agree to strictly follow all of our recipes for all menu items as such recipes are specified from time to time in the Manuals or otherwise. You agree not to, without our prior written consent, sell, dispense, give away or otherwise provide food or beverage products or other items except by means of retail sales or complimentary meals to employees or customers at the Tifa Chocolate & Gelato café, a program of charitable giving or under an approved delivery service in accordance with this Agreement. You will immediately implement changes to the products, food, (including but not limited to gelato & chocolate) services or other items requested by us, including menu changes. You agree to maintain an inventory of food, other designated items and beverage products sufficient to

meet the daily demands of the Tifa Chocolate & Gelato café for all items specified in the menus. Any and all recipes or menu changes submitted by you for inclusion on the menus will become our property and you agree to sign all documents necessary to convey all rights and title, including all rights in such recipes to us.

11.11 Management.

You (or your Operating Partner) and one of your managerial employees that has satisfactorily completed our training program must assume responsibility for the Tifa Chocolate & Gelato café day-to-day management and operation and supervision of the Tifa Chocolate & Gelato café personnel. You or your Operating Partner must work a minimum of thirty (30) hours per week (other than vacation periods). During all hours of operations, the Tifa Chocolate & Gelato café must be under the direct supervision of you (or your Operating Partner) and a management-level employee who has satisfactorily completed our Initial Training Program or otherwise been trained by you if you have received our Training Certificate for Initial Training and meets our qualifications for a Tifa Chocolate & Gelato café Manager. Each of your managerial employees must sign our Confidentiality Agreement attached to the Franchise Disclosure Document, or other agreements satisfactory to us.

11.12 Personnel.

All employees must be trained and supervised in accordance with the specifications set forth in the Manuals. All personnel must meet every requirement imposed by applicable federal, state and local law as a condition to their employment.

11.13 Insurance.

You shall carry statutory limits for Workers Compensation insurance as required by law in the state in which your Tifa Chocolate & Gelato café is located. You may not avail yourself of any local ordinances or interpretations of statute to "opt out" or in any way circumvent the requirements of this paragraph. You may not utilize a Professional Employer Organization, Employee Leasing, or other concept to transfer the responsibilities of this paragraph to another entity without the expressed written consent of us. We reserve unto ourselves the right to grant any exemption to this section of the Franchise Agreement regardless of the reasonableness of your request.

You shall carry and maintain in force, comprehensive general liability insurance, employer's liability insurance and product liability insurance with limits of One Million Dollars ($1,000,000) limit including the following coverages: broad form contractual liability, personal injury (employee and contractual exclusion); insuring us and you against all claims suits, obligations, liabilities and damages, including attorneys' fees, for actual or alleged personal injuries or property damage relating to the Tifa Chocolate & Gelato café franchised business, provided that the required amounts herein may be modified from time to time by us to reflect inflation or future experience with claims; automobile liability insurance on company vehicles, including owned, hired and non-owned vehicle coverage, with a limit of at least One Million Dollars ($1,000,000); and, additional insurance and types of coverage as may be required by the terms of any lease for the Tifa Chocolate & Gelato café franchised business, or as may be required by us, including an umbrella policy with limits of One Million Dollars ($1,000,000). You shall also carry and maintain in force, loss of income insurance (in an amount sufficient to cover the License Fees, Marketing and Development Fund fees due under the Franchise Agreement, for a period of at least six months); and rental value insurance (in an amount sufficient to cover the rents and other fees due the landlord and/or Merchants' Association under the

lease, if any, during any period of business interruption or inability to operate the cafe) or such greater amounts of insurance as required by the lease for the Tifa Chocolate & Gelato café .

All insurance policies must be issued by carriers we have approved and who are authorized to do business in the state where the Tifa Chocolate & Gelato café is located, must contain the types and minimum amounts of coverage, exclusions and maximum deductibles as we prescribe from time to time, must name us as additional insured, must provide for 30 days prior written notice to us of any material modification, cancellation or expiration of such policy and must include all other provisions we may require from time to time. These policies shall indemnify both the Franchisee (as named insured), the Franchisor and any other party having an insurable interest in either your operations or our operations as an Additional Insured from an actual or alleged claim by a third party caused by or occurring in conjunction with the operation of the Tifa Chocolate & Gelato café or otherwise in conjunction with the conduct of business by you pursuant to this Franchise Agreement. We reserve the right to adjust the limits of indemnification (up or down) or to require you to procure and maintain other additional coverage prescribed from time to time by us and issued by insurance carriers rated A- or better by Alfred M. Best and Company, Inc. You shall submit to us annually a copy of the certificate of, or other evidence of, the renewal or extension of such insurance policy or policies. We reserve the right to reject any policy with exclusions or sub limits that are not satisfactory to us.

You shall procure and maintain at your sole cost and expense a policy of Commercial Fire Insurance on a Special Form Basis providing for One Hundred Percent (100%) replacement cost of franchisee's Business Personal Property, Leasehold Improvements and Betterments and Real Property (including signs and plate glass). You shall also provide Business Interruption and Extra Expense on a One Hundred Percent (100%) co-insurance basis. We shall be named as loss Payee on the Business Interruption coverage on a primary basis so as to enable you to provide us with an uninterrupted stream of payments (as if you were still in operation) for a period of a minimum of six months.

You shall further carry any additional insurance covering such additional risks or providing higher limits as we may reasonably request.

If you at any time fail or refuse to maintain in effect any insurance coverage required by us, or to furnish satisfactory evidence thereof, we at our option and in addition to its other rights and remedies hereunder, may, but shall not be required to, obtain such insurance coverage on behalf of you, and you shall promptly execute any applications or other forms or instruments required to obtain any such insurance and pay to us, on demand, any costs and premiums incurred by us plus an administrative fee of 15% of the amount paid.

11.14 Adequate Reserves and Working Capital.

You must at all times maintain adequate reserves and working capital sufficient for you to fulfill all your obligations under this Agreement and to cover the risks and contingencies of the franchised business for at least three months. These reserves may be in the form of cash deposits or lines of credit.

11.15 Variation of Terms.

You acknowledge that because uniformity under many varying conditions may not be possible or practical, we reserve the right to materially vary our standards or franchise agreement

terms for any franchised Tifa Chocolate & Gelato café, based on the timing of the grant of the franchise, the peculiarities of the particular protected territory or circumstances, business potential, population, existing business practices, other non-arbitrary distinctions or any other condition which we consider important to the successful operation of the franchised Tifa Chocolate & Gelato café. You will have no right to require us to disclose any variation or to grant the same or a similar variation to you.

11.16 Coupons, Certificates and Vouchers.

Except as otherwise permitted by Franchisor in writing, Franchisee shall honor all coupons, gift certificates and vouchers sold by Franchisor or other Franchisees in the franchised System and upon redemption thereof shall be entitled to credit the retail price of the item provided against Gross Revenue. Any coupons offered proposed or by Franchisee must be approved in writing by Franchisor prior to being extended.

11.17 On-Line Program.

You agree should we implement an on-line program you will participate in the on-line program developed or implemented by us that allows customers to order our menu items or other promotional products through the Internet or through a web-based application. Participation in such a program will be mandatory, and you agree to pay the cost and fees to support such program.

11.18 Customer Complaints.

In the event your customer(s) contact(s) us to report a complaint about your Tifa Chocolate & Gelato café, you agree that we may in our sole discretion, compensate your customer in a manner we determine to be appropriate, and you agree to reimburse us for such compensation. Payment of such amount paid to the customer (the "Customer Comment Reimbursement Fee") is due upon demand by us.

11.19 Sales Only In Compliance with This Agreement. You agree that all deliveries of supplies, items or products will be made only to your franchised your Tifa Chocolate & Gelato café business. You may not have supplies, items or products delivered to any other address. You may not offer for sale any items, products that you are authorized to sell under this Franchise Agreement at any address other than at your franchised your Tifa Chocolate & Gelato café business or otherwise in compliance with this Franchise Agreement. If you violate this restriction, it is a violation of this Franchise Agreement, you agree that in addition to any remedy under this Franchise Agreement, that we have the right to contact your supplier(s) and/or distributor(s) to notify them that your deliveries may only be made to the franchised your Tifa Chocolate & Gelato café business. You further agree that in such an event, we will not be liable to you for any damages you claim that may result from our notification to your supplier(s) and/or distributor(s).

11.20 Distribution Activities. Except as we may in writing otherwise agree, you may not make any sales of products or services outside of the franchised your Tifa Chocolate & Gelato café business or use vendor relationships that you establish through your association with us for any other purpose beside the operation of the franchised your Tifa Chocolate & Gelato café business. You may, however, offer samples of approved products at or directly in front of the franchised your Tifa Chocolate & Gelato café business or other businesses near your franchised your Tifa Chocolate & Gelato café business as approved by your landlord. You agree to purchase materials, supplies, and inventory solely for use in the preparation of products to retail customers, and not for resale or

redistribution to any other party, including other franchisees. You may not offer, unless we consent in writing, products or services in connection with the Marks via mail order sales, or any overnight or other distribution source or any website on the internet or any other electronic communication network. You may offer and sell products to off-site catering events and company account programs (collectively, "Catering Events"), provided you deliver products within seven (7) days from the date they are made and adhere to any other rules that we set forth in the Confidential Operations Manual. Sales may not be made as part of a mail order program, or any delivery service program unless approved by us in writing.

11.21 Convenience Shipments. Franchisor may automatically ship to Franchisee and Franchisee must timely pay for, "convenience shipments" of certain goods, including inventory and promotional items required for limited time offers, special promotions or similar programs. You will be required to incur cost which may include but are not limited to, cost of items related to making promotional products, special packaging, wraps and boxes. Payment is due upon demand.

11.22 Test Products. Periodically, Franchisor will conduct market research and testing to determine consumer trends and the salability of new food or non-food products and services. If Franchisor requires, you must participate in any market research programs or test marketing of new products and services in your Tifa Chocolate & Gelato café business, and provide us with timely reports and any other relevant information we request for the market research. You must purchase for your Tifa Chocolate & Gelato café business a reasonable quantity of the test products, and you must effectively promote and make a reasonable effort to sell test products. The amount that you pay for the test products will not reduce your obligation to pay Advertising Contributions to the Marketing and Media Fund in Section 12 and will not reduce your obligation to conduct local marketing.

11.23 Your Purchases. We or an affiliate may derive revenue from the sale of required purchases of products, items, goods and services through mark-ups in prices charged by us or our affiliate. We or an affiliate may receive compensation and discounts from suppliers for your purchase of items. You agree that we and/or our affiliates are entitled to such fees and/or other consideration. Any monies paid to us for products, goods or services are non-refundable.

11.24 Your Protection of Personally Identifiable Information. You must implement all administrative, physical and technical safeguards necessary to protect any information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, and government-issued identification numbers ("Personal Information") in accordance with applicable laws and industry best practices. It is your responsibility entirely (even if we provide you any assistance or guidance in this regard) to confirm that safeguards you use to protect Personal Information comply with all applicable laws and industry best practices related to the collection, access, use, storage, disposal and disclosure of Personal Information. If you become aware of a suspected or actual breach of security or unauthorized access involving Personal Information, you will notify us immediately of the breach or unauthorized access, and specify the extent to which Personal Information was compromised or disclosed, and your plans to correct and prevent any further breach or unauthorized access. You will allow us, in our sole discretion, to provide advice on the course of your corrective action.

12. Marketing and Promotion.

12.1 Establishment of Marketing and Technology Fund.

a. You agree to pay us a Marketing and Technology Fund ("Fund") fee of 1% of your monthly Gross Revenue, which fee may be increased up to 2% of your monthly Gross Revenue upon

a thirty (30) day written notice. We must receive the Fund fee by the fifth day of each month. We require you to pay the Fund fee by electronic funds transfer. You agree to comply with the procedures we specify in our Confidential Operations Manual and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. You will give us authorization in a form we designate to initiate debit entries or credit correction entries to your bank account for each month's Fund fee payment and any interest charges due.

b. We will direct all marketing (including but not limited to websites, online advertising, social media marketing or presence, digital marketing and sponsorships) and technology programs, with sole control over the creative concepts, materials and media used in such programs, and the placement and allocation of Fund advertising. You acknowledge that the Fund is intended to further general public recognition and acceptance of the Proprietary Marks for the benefit of the Tifa Franchise System and other benefits derived from web based media Manager/Consumer website we develop or utilize. You further acknowledge that we and our designees undertake no obligation in administering the Fund to make expenditures for you which are equivalent or proportionate to your contributions, to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising or to ensure that any advertising impacts or penetrates your Protected Territory. The Fund is not a trust and we are not a fiduciary with respect to the Fund.

c. The Fund may be used to meet any and all costs of administering, directing, preparing, placing and paying for national, regional or local advertising, including (without limitation): television, radio, magazine, newspaper and worldwide web/internet advertising campaigns; other advertising, marketing and public relations materials; point-of-purchase materials; menu development; paper goods; consumer research, interviews and related activities; the creation, maintenance and periodic modification of the Tifa Franchise System website; reviewing any advertising material you propose to use (as provided below); search engine optimization; establishing a third party facility for customizing local advertising materials; the creative development of signage, menu boards, posters and unit décor items; the development and creative activity associated with loyalty programs, promotions and public relations events; accounting for Fund receipts and expenditures; attendance at industry related conventions, shows or seminars; other activities that we in our business judgment believe are appropriate to enhance, promote and/or protect the Tifa Franchise System or any component thereof; and, engaging advertising agencies to assist in any or all of the foregoing activities, including fees to have print, broadcast and/or internet advertising placed by an agency, and all other advertising agency and public relations fees.

d. We need not maintain the sums paid by franchisees to the Fund, or income earned from the Fund, in a separate account from our other funds, but we may not use these amounts under any circumstance for any purposes other than those provided for in this Agreement. We may, however, expend monies from the Fund for any reasonable administrative costs and overhead that we may incur in activities reasonably related to the administration or direction of the Fund and marketing and technology programs for franchisees including, without limitation, preparing marketing and advertising materials; working with advertising agencies, advertising placement services and creative talent; preparing an accounting of contributions to the Fund and the annual statement of Fund contributions and expenditures provided for below; and, otherwise devoting our personnel, resources and/or funds for the benefit of the Fund. Our right to expend monies from the Fund to reimburse us for such activities is exclusive of any advertising agency or public relations fees which the Fund must expend to secure the services of an advertising agency or public relations firm or to have print, broadcast or internet advertising placed by an agency.

e. Within 60 days following the close of our fiscal year, we will prepare (but not audit) a statement detailing Fund income and expenses for the calendar year just ended, a copy of which statement will be sent to you upon request.

f. We expect to expend most contributions to the Fund for advertising during the calendar year when the contributions are made. If we expend less than the total sum available in the Fund during any fiscal year, the excess amount will be carried forward to the following fiscal year to be used as provided for in subsection g. If we advance and expend an amount greater than the amount available in the Fund in any calendar year (in addition to any sum required to be expended because we did not expend all the sums in the Fund during the preceding year), we will be entitled to reimburse ourselves from the Fund during the following fiscal year for all such advanced sums, with interest payable on such advanced sums at the greater rate of 1.5% per month or the maximum commercial contract interest rate permitted by law (with interest accruing the first calendar day following the day on which we advance and expend any such sum).

g. We reserve the right to use any media, create any programs and allocate advertising funds to any regions or localities in any manner we consider appropriate in our business judgment. The allocation may include rebates to individual franchisees of some or all of their Fund contributions for local advertising expenditures if, in our judgment, our national or regional advertising program or campaign cannot effectively advertise or promote in certain regions or communities. If we determine that the total Fund contributions collected from all franchisees is insufficient to sustain a meaningful regional or national advertising campaign, we may rebate all or a portion of the Fund contributions to franchisees on a pro rata basis. Franchisees must expend any rebate on the types of local advertising and media that we determine. All rebate advertising expenditures must be documented to us in a monthly rebate advertising expenditure report form which we will furnish.

h. Although the Fund is intended to be a perpetual duration, we maintain the right to terminate the Fund, but will not do so until all of the monies in the Fund have been expended for advertising and promotional purposes.

i. The Fund will not be used for any activity whose sole purpose is the sale of franchises; provided, however, that the design and maintenance of our Web site (for which Fund monies may be used) may include information and solicitations for prospective franchisees and public relations and community involvement activities which may result in greater awareness of the Tifa Chocolate & Gelato café brand and the franchise opportunity.

j. No Tifa Chocolate & Gelato café which we or our affiliates own or operate will be required to participate in or contribute to the Marketing and Technology Fund or other advertising programs provided for in this Paragraph 12.1 and sub-paragraphs thereof, unless it determines to participate in a regional or joint franchise advertisement setting forth the names, addresses and/or telephone numbers of individual Tifa Chocolate & Gelato café , including those owned and operated by us or our affiliates. If we or our affiliate decide to participate in any joint or regional advertising of this type, then we or our affiliate will contribute our or its proportionate share of the cost of the advertisement to the franchisee group sponsoring the advertisement.

k. We or our designee will direct all programs financed by the Fund, with sole control over the allocation and any Internet or Intranet websites, networks or communities it operates or participate in, or which requires your participation. You agree that the Fund may be used to pay the costs associated directly or indirectly with the operation, maintenance, hosting or development of website bearing our marks; or establishing Internet, Intranet, website or other forms of e-commerce

communities, networks, systems, methods, processes, databases or monitoring systems, which may include our establishing one or more Internet or Intranet websites for purposes of: linking this Agreement; our sharing or selling information to third parties; our establishing business to business or business to customer e-commerce; promoting the development and growth of franchises or soliciting franchisees; or your reporting of License Fees, Gross Revenue or other information as we designate from time to time. The Fund may be used for defraying administrative hosting, development maintenance costs and overhead incurred by us or our designees in connection with the Fund. The Fund may periodically furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

12.2 Local Advertising.

During the first three (3) years from the opening of the Tifa Chocolate & Gelato café to the public, you are required to spend 2% of your Monthly Gross Revenue, as defined herein, for local advertising approved by us. You agree that all Local Advertising will comply with the standards set by us and as established in the Confidential Operations Manual. Local Advertising requirements may include, without limitation, placing a certain number and/or type(s) of media advertisements. You shall have the right, but not the obligation, to spend more than the Local Advertising requirement on local advertising. All advertising and promotional materials must be previously approved by us and you shall report all advertising expenditures to us upon our request, within ten (10) days. You agree that we shall have the right to require your local advertising be combined with one or more franchisees in an area designated by us, and we shall have the sole right to approve the media selection format.

12.3 Directory Listings.

In addition to your obligation to participate in the marketing and Technology Fund and conduct local advertising, at your expense, you agree to obtain telephone directory listing in the online white and yellow pages as approved by us. If other franchise owners operate Tifa Chocolate & Gelato café in the market area serviced by the online directories, then you will participate in and pay your pro rata share (based on number of Tifa Chocolate & Gelato café) of the cost of such listings and advertising.

12.4 Websites.

You acknowledge and agree that any website constitutes "advertising" under this Agreement. Any website you develop or utilize must meet all other terms and conditions for advertising described in this Agreement. For this purpose, a "website" means an interactive electronic document, contained in a network of computers linked by communications software, that you operate or authorize others to operate that refers to your Tifa Chocolate & Gelato café, The Marks, us, and/or the System. The term website also includes Internet, Intranet and World Wide Web home pages or e-mail address sites. You must not establish any website without our prior written approval of its form, continent and information presented due to our substantial interest in protecting the Marks, the System and the Confidential Information. We may require you to participate in a centralized website operated by us, without any compensation to you. We may refuse to permit you to operate or establish any website. We reserve the right to establish one or more Internet, Intranet or other forms of e-commerce websites, networks or communities for purposes of: promoting the development, growth, sales and solicitation of franchises; our establishing or participating in, and requiring or authorizing your

participation in, or in connection with: e-commerce; establishing purchasing, supply or referral programs, networks or communities in which you must participate; or monitoring your performance under this Agreement and other purpose we designate from time to time which we deem to promote the development and operation of the System. From time to time we will establish and notify you of our establishment of website policies and other forms of e-commerce policies, which will become part of our System Standards and be provided in the Operations Manual or other written communication by you. We own all right, title and interest in and to information compiled from, derived from or obtained by us via your or our use of websites or our establishment of an Intranet, Internet or other forms of e-commerce networks or communities. Furthermore, you agree to the following:

a. You agree that we may establish electronic links from our website to your website (if we agree that you may have your own website), and that other franchisees may establish electronic links to your website from their websites; without any compensation to you. We may prohibit you from linking any website to your website for any reason without compensation to you.

b. You must not use any mark as part of any URL domain name, Internet or e-mail address, or any other identification of you in any electronic medium or with any prefix, suffix or other modifying words, terms, designs, or symbols, or in any modified form, without our written consent.

c. If this Agreement expires or terminates for any reason, you must immediately stop using any website that utilizes any of the Marks or the System, or that are linked to any of our websites or the website of any of our franchisees. You must also then remove and change any website, domain names, Internet or Intranet addresses, e-mail addresses or other identification that utilize any of the Marks.

d. You agree to establish, maintain and notify us of your active e-mail address, and notify us of any change in your e-mail address within 3 business days of the change.

e. You agree that we have the right (but no obligation) to develop an Intranet which we and our franchisees can communicate by e-mail or similar electronic means. If we develop an Intranet, you agree to use the facilities of the Intranet in strict compliance with the standards, protocols and restrictions that we include in the Manuals (including, without limitation, standards, protocols, and restrictions relating to encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements). We may, in our sole discretion charge a fee for Intranet usage, which fee shall be paid in accordance with our invoice or pursuant to Paragraph 6.3, through Electronic Funds Transfer.

12.5 Opening Advertising.

You agree to spend any amount designated to you by us between $1,200 to $2,500 on an opening advertising campaign to promote the opening of your Tifa Chocolate & Gelato café as directed by us. This amount must be spent comprising four (4) days before and ten (10) days after your Tifa Chocolate & Gelato café opens to the public. Your opening advertising campaign must be approved by us before you may begin it, and we may require that your campaign include promotional giveaways.

13. Records, Reports and Financial Statements.

13.1 Accounting System.

You agree to establish and maintain at your own expense a bookkeeping and recordkeeping system conforming to the requirements and formats we prescribe from time to time. You agree to use the software we designate for your accounting system. We may require you to use approved computer hardware, software and websites in order to maintain certain sales data and other information we designate from time to time. This may include the updating of Manuals and for communication purposes. You agree that we may have access to such sales data and other information through the computer system at all times.

13.2 Reports.

You agree to furnish to us on such forms that we prescribe from time to time:

a. following the Agreement Date, and weekly thereafter until your Tifa Chocolate & Gelato café opens, a report of your progress in the development and opening of your Tifa Chocolate & Gelato café;

b. at our request, within 5 days after their filing, copies of all sales tax returns, for the Tifa Chocolate & Gelato café and copies of the canceled checks for the required sales taxes and alcohol surtaxes;

c. on Monday of each calendar week, a report on the Tifa Chocolate & Gelato café Gross Revenue during the immediately preceding calendar week (Monday through Sunday);

d. within 15 days after the end of each calendar quarter, a profit and loss statement for the Tifa Chocolate & Gelato café for the immediately preceding calendar month and year-to-date and a balance sheet as of the end of such month;

e. within 15 days after the end of the Tifa Chocolate & Gelato cafés fiscal year, annual profit and loss and source and use of funds statements and a balance sheet for the Tifa Chocolate & Gelato café as of the end of such fiscal year; and

f. within 10 days after our request, exact copies of federal and state income and other tax returns and such other forms, records, books and other information we may periodically require.

We may require that any of the reports described in this Section 13.2 or any information you are required to provide us under this Agreement or our System Standards be provided to us in electronic format via a secure website (internet or Intranet) at times and in the manner we designate, from time to time.

13.3 Access to Information.

You agree to verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data derived from such reports without identifying you or the location of the Tifa Chocolate & Gelato café. We also have the right to require you to have reviewed or audited financial statements prepared on a calendar year (12 month) basis if we reasonably believe that the reports are incorrect. Moreover, we have the right as often as we deem appropriate (including on a daily basis) to access, electronically or otherwise, all computer registers and other computer systems that you are required to maintain in connection with the operation of the Tifa Chocolate & Gelato

café and to retrieve electronically or otherwise, all information (including sales, product mix, or other information) relating to the Tifa Chocolate & Gelato café operations.

13.4 Copies of Reports.

You agree to furnish us with a copy of all sales, income and other tax returns relating to your Tifa Chocolate & Gelato café, at our request. You will also send us copies of any sales or other reports sent to any landlord or governmental agency, at our request.

14. Inspections and Audits.

14.1 Our Right to Inspect the Franchised Location.

To determine whether you and the Tifa Chocolate & Gelato café are complying with this Agreement and all System Standards, we and our designated agents have the right at any time during your regular business hours without prior notice, to:

a. inspect the Tifa Chocolate & Gelato café;

b. observe, photograph and videotape the operations of the Tifa Chocolate & Gelato café for such consecutive or intermittent periods as we deem necessary;

c. remove samples of any products, materials or supplies for testing and analysis;

d. interview personnel and customers of the Tifa Chocolate & Gelato cafés; and

e. inspect and copy any books, records and documents relating to your operation of the Tifa Chocolate & Gelato café.

You agree to cooperate with us fully in connection with any such inspections, observations, photographing, videotaping, product removal, interviews and electronic (Internet or Intranet) record access. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf. You agree to correct or repair any unsatisfactory conditions we specify within 5 days.

14.2 Our Right to Audit.

We have the right at any time during your business hours to inspect and audit, or cause to be inspected and audited, your (if you are a Business Entity) and the Tifa Chocolate & Gelato café business, bookkeeping and accounting records, purchasing records, advertising and marketing records and expenditures, sales and income tax records and returns and other records. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. If our inspection or audit is made necessary by your failure to furnish reports, supporting records or other information we require, or to furnish such items on a timely basis, or if the information is not accurate (i.e., your Gross Sales are understated by 2% or more), you agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. You also must pay us any shortfall in the amounts you owe us, including late fees and interest, within 10 days of our notice. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law, which may include termination of this Agreement.

15. Transfer.

15.1 By Us.

This Agreement is fully transferable by us, and inures to the benefit of any transferee or other legal successor to our interests, as long as such transferee or successor agrees to be bound by, and assumes all of our continuing obligations under, this Agreement. We may also delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations.

15.2 By You.

You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a Business Entity, to your owners) and that we have granted the Franchise to you in reliance upon our perceptions of you (or your owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither this Agreement (nor any interest in it) nor any ownership or other interest in you or the Tifa Chocolate & Gelato café may be transferred without our prior written approval. Any transfer without such approval constitutes a breach of this Agreement and is void and of no effect. As used in this Agreement, the term "transfer" includes you (or your owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (a) you; (b) this Agreement; or (c) the Tifa Chocolate & Gelato café.

An assignment, sale, gift or other disposition includes the following events:

i. transfer of ownership of capital stock or a partnership interest;

ii. merger or consolidation or issuance of additional securities or interest representing an ownership interest in you:

iii. any issuance or sale of your stock or any security convertible to your stock;

iv. transfer of an interest in you, this Agreement or the Tifa Chocolate & Gelato café in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;

v. transfer of an interest in you, this Agreement or the Tifa Chocolate & Gelato café, in the event of your death or the death of one of your owners, by will, declaration of or transfer in trust or under the laws of intestate succession; or

vi. pledge of this Agreement (to someone other than us) or of an ownership interest in you as security, foreclosure upon the Tifa Chocolate & Gelato café or your transfer, surrender or loss of possession, control or management of the Tifa Chocolate & Gelato café.

15.3 Conditions for Approval of Transfer.

If you (and your owners) are in full compliance with this Agreement, then subject to the other provisions of this Section 15, we will not unreasonably withhold approval of a transfer that meets all the applicable requirements of this Section. The proposed transferee and its direct and indirect owners must be individuals of good character and otherwise meet our then applicable standards for Tifa Chocolate & Gelato café franchisees. A transfer of ownership, possession or control of the Tifa

Chocolate & Gelato café may only be made if the transferee enters into a new Franchise Agreement. If the transfer is of your Tifa Chocolate & Gelato café or a controlling interest in you, or is one of a series of transfers which in the aggregate constitutes the transfer of your Tifa Chocolate & Gelato café(s) or a controlling interest in you, all of the following conditions must be met prior to or concurrently with the effective date of any transfer:

a. the transferee has sufficient business experience, aptitude and financial resources to operate the Tifa Chocolate & Gelato café and has been approved as a franchisee;

b. you have paid all License Fees, Marketing and Technology Fund fee, amounts owed for purchases from us and all other amounts owed to us or to third-party creditors and have submitted all required reports and statements;

c. the transferee (or its Operating Partner) and its managerial employee (if different from your manager) have completed our training program;

d. the transferee has agreed to enter into a new Franchise Agreement;

e. you or the transferee pay us a transfer fee of $12,500 (the "Transfer Fee"). We may provide training to your employees, other than Trainees. If we do so, you must pay us a fee not to exceed $2,500 per person trained by us. You must pay all travel and living expenses for you, other trainees and your employees to attend the training. This subsection will not apply if the proposed transfer is among your owners, but the transferee is required to reimburse us for any administrative costs we incur in connection with the transfer;

f. the transferee agrees to pay the costs required to bring the Tifa Chocolate & Gelato café into compliance with the then current System Standards;

g. you (and your transferring owners) have executed a general release, in the form attached to the Franchise Disclosure Document, of any and all claims against us and our shareholders, officers, directors, employees and agents;

h. we have approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of the Tifa Chocolate & Gelato café;

i. if you or your owners finance any part of the sale price of the transferred interest, you and/or your owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your owners have reserved in the Tifa Chocolate & Gelato café are subordinate to the transferee's obligation to pay License Fees, Marketing and Technology Fund fee and other amounts due to us and otherwise to comply with this Agreement;

j. you and your transferring owners have executed a non-competition covenant in favor of us and the transferee agreeing to be bound, commencing on the effective date of the transfer, by the post-term competitive restrictions otherwise contained in this Agreement; and

k. you and your transferring owners have agreed that you and they will not directly or indirectly at any time or in any manner (except with respect to other Tifa Chocolate & Gelato cafés you own and operate) identify yourself or themselves or any business as a current or former Tifa Chocolate & Gelato café, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark, or other indicia of a Tifa Chocolate & Gelato café in any manner or for any

purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us.

15.4 Transfer to a Business Entity.

Notwithstanding the foregoing, if you are in full compliance with this Agreement, we may permit you to transfer this Agreement to a Business Entity that conducts no business other than the Tifa Chocolate & Gelato café and, if applicable, other Tifa Chocolate & Gelato cafés so long as you own, control and have the right to vote all issued and outstanding ownership interests (like stock or partnership interests) and you guarantee its performance under this Agreement. All other owners are subject to our approval. The organizational or governing documents of the Business Entity must recite that the issuance and transfer of any ownership interests in the Business Entity are restricted by the terms of this Agreement, are subject to our approval, and all certificates or other documents representing ownership interest in the Business Entity must bear a legend referring to the restrictions of this Agreement. As a condition of our approval of the issuance or transfer of ownership interests to any person other than you, we may require (in addition to the other requirements we have the right to impose) that the proposed owner execute an agreement, in a form provided or approved by us, agreeing to be bound jointly and severally by, to comply with, and to guarantee the performance of all your obligations under this Agreement.

15.5 Transfer Upon Death or Disability.

Upon your death or disability or, if you are a Business Entity, the death or disability of the owner of a controlling interest in you, you or such owner's executor, administrator, conservator, guardian or other personal representative must transfer your interest in this Agreement or such owner's interest in you to a third party. Such disposition of this Agreement or the interest in you (including, without limitation, transfer by bequest or inheritance) must be completed within a reasonable time, not to exceed 6 months from the date of death or disability, and will be subject to all of the terms and conditions applicable to transfers contained in this Section. A failure to transfer your interest in this Agreement or the ownership interest in you within this period of time constitutes a breach of this Agreement. For purposes of this Agreement, the term "disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or an owner of a controlling interest in you from managing and operating the Tifa Chocolate & Gelato café.

15.6 Operation Upon Death or Disability.

If, upon your death or disability or the death or disability of the owner of a controlling interest in you, the Tifa Chocolate & Gelato café is not being managed by a trained manager, you or such owner's executor, administrator, conservator, guardian or other personal representative must within a reasonable time, not to exceed 15 days from the date of death or disability, appoint a manger to operate the Tifa Chocolate & Gelato café, such manager will be required to complete training at your expense. Pending the appointment of a manager as provided above or if, in our judgment, the Tifa Chocolate & Gelato café is not being managed properly any time after your death or disability or after the death or disability of the owner of a controlling interest in you, we have the right, but not the obligation, to appoint a manger for the Tifa Chocolate & Gelato café. All funds from the operation of the Tifa Chocolate & Gelato café during the management by our appointed manager will be kept in a separate account, and all expenses of the Tifa Chocolate & Gelato café, including compensation, other costs and travel and living expenses of our manager, will be charged to this account. We also

have the right to charge a reasonable management fee (in addition to the License Fees and Marketing and Development Fund contributions payable under this Agreement) during the period that our appointed manager manages the Tifa Chocolate & Gelato café. Operation of the Tifa Chocolate & Gelato café during any such period will be on your behalf, provided that we only have a duty to utilize our best efforts and will not be liable to you or your owners for any debts, losses or obligations incurred by the Tifa Chocolate & Gelato café or to any of your creditors for any products, materials, supplies or services the Tifa Chocolate & Gelato café purchases during any period it is managed by our appointed manager.

15.7 Effect of Consent to Transfer.

Our consent to a transfer of your Tifa Chocolate & Gelato café or any interest in you does not constitute a representation as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of the Tifa Chocolate & Gelato café or transferee or a waiver of any claims we may have against you (or your owners).

15.8 Our Right of First Refusal.

If you (or any of your owners) at any time determine to sell, assign, or transfer for consideration an interest in your Tifa Chocolate & Gelato café or an ownership interest in you, you (or such owner) agree to obtain a bona fide, executed written offer and earnest money deposit (in the amount of 5% or more of the offering price) from a responsible and fully disclosed offeror (including lists of the owners of record and all beneficial owners of any corporate or limited liability company offeror and all general and limited partners of any partnership offeror) and immediately submit to us a true and complete copy of such offer, which includes details of the payment terms of the proposed sale and the sources and terms of any financing of the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be denominated in a dollar amount. The offer must apply only to an interest in the Tifa Chocolate & Gelato café and may not include an offer to purchase any of your (or your owners') other property or rights. However, if the offeror proposes to buy any other property or rights from you (or your owners) under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to us, and the price and terms of purchase offered to you (or your owners) for the interest in you or the Tifa Chocolate & Gelato café must reflect the bona fide price offered and reflect any value for any other property or rights.

We have the right, exercisable by written notice delivered to you or your selling owner(s) within 30 days from the date of the delivery to us of both an exact copy of such offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that:

a. we may substitute cash for any form of payment proposed in such offer (with a discounted amount if an interest rate will be charged on any deferred payments);

b. our credit will be deemed equal to the credit of any proposed purchaser;

c. we will have not less than 60 days after giving notice of our election to purchase to prepare for closing; and

d. we are entitled to receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to:

(i) ownership and condition of and title to stock or other forms of ownership interest and/or assets;

(ii) liens and encumbrances relating to the stock or other ownership interest and/or assets; and

(iii) validity of contracts and the liabilities, contingent or otherwise, of the corporation whose stock is being purchased.

If we exercise our right of first refusal, you and your selling owner(s) agree that, for a period of 2 years commencing on the date of the closing, you and they will be bound by the post-term competitive restrictions otherwise described in this Agreement.

If we do not exercise our right of first refusal, you or your owners may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to our approval of the transfer as otherwise provided in this Agreement, provided that, if the sale to such purchaser is not completed within 120 days after delivery of such offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the 30-day period following either the expiration of such 120-day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms at our option.

16. Termination of Agreement.

16.1. By Us.

We have the right to terminate this Agreement, effective upon delivery of written notice of termination to you, if we, in our sole discretion, determine to cease all franchise operations or if:

a. You (or any of your owners) have made any material misrepresentation or omission in connection with your purchase of the Franchise; or

b. You or, if applicable, the required Operating manager or approved Manager fail to successfully complete Initial Training to our satisfaction or you have not fulfilled all of the conditions for management of the Tifa Chocolate & Gelato café; or

c. You:

(i) fail to obtain our approval of the Site within the required time periods or fail to open the Tifa Chocolate & Gelato café to the public within 540 days from the execution of this Franchise Agreement, or

(ii) fail to obtain our approval of the Lease for the Site or to provide a Conditional Assignment and Assumption of Lease clearly signed by the Landlord within 120 days from the end of the site selection period; or

(iii) You abandon or fail to actively operate the Tifa Chocolate & Gelato café for 2 or more consecutive business days, unless the Tifa Chocolate & Gelato café has been closed for a purpose we have approved or because of casualty or government order; or

d. You surrender or transfer control of the operation of the Tifa Chocolate & Gelato café without our prior written consent; or

e. You (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest, or guilty, to, a felony or other serious crime or offense that is likely to adversely affect your reputation, our reputation or the reputation of any other Tifa Chocolate & Gelato café; or

f. You (or any of your owners) engage in any dishonest or unethical conduct which may adversely affect the reputation of the Tifa Chocolate & Gelato café or another Tifa Chocolate & Gelato café or the goodwill associated with the Marks; or

g. You (or any of your owners) make an unauthorized assignment of this Agreement or of an ownership interest in you or the Tifa Chocolate & Gelato café; or

h. In the event of your death or disability or the death or disability of the owner of a controlling interest in you, this Agreement or such owner's interest in you is not assigned as required under this Agreement; or

i. You lose the right to possession of the Site; or

j. You (or any of your owners) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Manuals in violation of this Agreement; or

k. You violate any health, safety or sanitation law, ordinance or regulation and do not begin to cure the noncompliance or violation immediately, and correct such noncompliance or violation within 5 days, after written notice is delivered to you, except we may require the immediate shut down of your Tifa Chocolate & Gelato café in the event we deem such violation to be a health threat to anyone; or

l. You fail to make payments of any amounts due to us or our affiliates under this Agreement or any other agreement that you have with us, and do not correct such failure within 10 days after written notice of such failure is delivered to you; or

m. You fail to make payments of any amounts due to approved suppliers of products or services and do not correct such failure within 10 days after written notice of such failure is delivered to you by such supplier; or

n. You fail to pay when due any federal or state income, service, sales or other taxes due on the operations of the Tifa Chocolate & Gelato café, unless you are in good faith contesting your liability for such taxes; or

o. You (or any of your owners) fail to comply with any other provision of this Agreement or any System Standard and do not correct such failure within 30 days after written notice of such failure to comply is delivered to you; or

p. You (or any of your owners) fail on 2 or more separate occasions within any period of 12 consecutive months or on 3 occasions during the term of this Agreement to submit when due reports or other data, information or supporting records, to pay when due any amounts due to us or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to you; or

q. You make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; the Tifa Chocolate & Gelato café is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within 30 days; or any order appointing a receiver, trustee or liquidator of you or the Tifa Chocolate & Gelato café is not vacated within 30 days following the entry of such order. You are required to notify us in writing within 10 days of any of the above events; or

r. You misuse or make an unauthorized use of the Marks or materially impair the goodwill associated with the Marks.

s. Notwithstanding the provisions described in Paragraph 16.1 and sub-sections "a-s", if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over the Franchise and the parties to this Franchise Agreement shall limit our rights of termination or shall require a longer notice period than set forth above, this Franchise Agreement is deemed amended to conform to such rules and regulations.

16.2. Your Failure to Pay Constitutes Your Termination of This Agreement.

Your failure to timely cure any breach of your obligation to make payments of License Fees, Marketing and Technology Fund fee or any other monies due and owing to us under this Agreement, or to timely cure any other material breach of this Agreement committed by you, in either instance following our notice to you that you have committed a breach of this Agreement and granting you an opportunity to cure said breach, will be irrevocably deemed to constitute your unilateral rejection and termination of this Agreement and all related agreements between you and us or our affiliates, notwithstanding that a formal notice of such termination(s) ultimately issues from us, and you shall never contend or complain otherwise.

16.3. Cross-Default.

Any default or breach by you, an affiliate which has been approved by us, and/or any guarantor of yours of any other agreement between us and you and/or such other parties will be deemed a default under this Agreement, and any default or breach of this Agreement by you and/or such other parties will be deemed a default or breach under any and all such other agreements between us and you, your affiliates and/or any guarantor of yours. If the nature of the default under any other agreement would have permitted us (or our affiliate) to terminate this Agreement if the default had occurred under this Agreement, then we will have the right to terminate all such other agreements in the same manner provided for in this Agreement for termination hereof. Your "affiliates" means any persons or entities controlling, controlled by or under common control with you.

16.4. Options Prior to Termination.

Prior to the termination of this Agreement, if you fail to pay any amounts owed to us or our affiliates, or fail to comply with any term of this Agreement, then in addition to any right we may have to terminate this Agreement or to bring a claim for damages, we will have the option to:

a. Remove the listing of the Tifa Chocolate & Gelato café from all advertising we may publish or approve;

a. Remove the listing of the Tifa Chocolate & Gelato café from our Website;

b. Prohibit you from attending any meetings or seminars we hold or sponsor or that take place on our premises; and/or

c. Suspend all services we provide to you under this Agreement or otherwise, including, but not limited to inspections, training, marketing assistance, and sale of products and supplies.

Our actions, as outlined in this Paragraph 16.4, may continue until you have brought your accounts current, cured any default, and complied with our requirements, and we have acknowledged the same in writing. You acknowledge that our taking of any of these actions would not prevent you from continuing to operate the Tifa Chocolate & Gelato café (unless and until this Agreement has been terminated), and therefore would not constitute constructive termination of this Agreement. The taking of any of the actions permitted in this paragraph will not suspend or release you from any obligation that would otherwise be owed to us or our affiliates under the terms of this Agreement or otherwise.

17. Rights and Obligations Upon Termination.

17.1. Payment of Amounts Owed to Us.

You agree to pay us within 15 days after the effective date of termination or expiration of this Agreement, or on such later date that the amounts due to us are determined, such License Fees, Marketing and Technology Fund fee, amounts owed for purchases from us, interest due on any of the foregoing and all other amounts owed to us which are then unpaid.

17.2. Marks and De-Identification.

Upon the termination or expiration of this Agreement:

a. You may not directly or indirectly at any time or in any manner (except with respect to other Tifa Chocolate & Gelato cafés you own and operate) identify yourself or any business as a current or former Tifa Chocolate & Gelato cafés, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark or other indicia of a Tifa Chocolate & Gelato café in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggest a connection or association with us. Within thirty (30) days of termination or expiration you are to deliver to us, at your own expense, all signs, sign-faces, sign-cabinets, marketing materials, forms and other materials containing any mark or otherwise identifying or relating to a Tifa Chocolate & Gelato café. In our sole judgment, we may waive this requirement in writing provided that you provide a sworn Certificate of Destruction/De-identification detailing your compliance with these terms;

b. You agree to take such action as may be required to cancel all fictitious or assumed name or equivalent registrations or licenses relating to your use of any Mark;

c. If we do not have or do not exercise an option to purchase the Tifa Chocolate & Gelato café, you agree to deliver to us within 30 days after, as applicable, the effective date of expiration/termination of this Agreement or the Notification Date all signs, sign-faces, sign-cabinets, marketing materials, forms and other materials containing any Mark or otherwise identifying or relating to a Tifa Chocolate & Gelato café and allow us, without liability to you or third parties, to remove all such items from the Tifa Chocolate & Gelato café;

d. If we do not have or do not exercise an option to purchase the Tifa Chocolate & Gelato café, you agree that, after, as applicable, the effective date of expiration/terminations of this Agreement or the Notification Date, you will promptly and at your own expense make such alterations we specify to distinguish the Tifa Chocolate & Gelato café clearly from its former appearance and from other Tifa Chocolate & Gelato cafés so as to prevent confusion by the public, including, without limitation, removing all exterior and interior signage bearing the Tifa Chocolate & Gelato cafés name or logo; removing all furnishings bearing the Tifa Chocolate & Gelato cafés name or logo; removing all memorabilia and décor items including pictures or any notation of any type that includes the Tifa Chocolate & Gelato cafés name or logo; removing and ceasing to use all our private labeled items including proprietary gelato and chocolate; removing all food presentation items, all retail merchandise bearing the Tifa Chocolate & Gelato café name or logo; repainting of the interior of the café to reflect a change in the basic color scheme so as to clearly distinguish from its former appearance/concept and from other Tifa Chocolate & Gelato cafés so as to prevent confusion by the public and all other alterations we specify to distinguish the Tifa Chocolate & Gelato café clearly from its former appearance and from other Tifa Chocolate & Gelato cafés;

e. If we do not have or do not exercise an option to purchase the Tifa Chocolate & Gelato café, you must return to us all proprietary manuals including the Confidential Operations Manual. These items are to be returned to us via ground delivery service, shipped no later than the day of closing, and a copy of the bill of lading/shipping order provided to us;

f. If we do not have or do not exercise an option to purchase the Tifa Chocolate & Gelato café, you must destroy all remaining unused gift certificates, gift cards and coupons. You must provide a signed and notarized statement attesting to the quantity (dollar amount) of unredeemed gift certificates, gift cards and coupons outstanding and a method for reimbursement to franchisees of the Tifa Chocolate & Gelato café system for a period of one year from date of store closing. Reimbursement must be guaranteed by funds held in escrow or other form acceptable to us in our sole discretion;

g. If we do not have or do not exercise an option to purchase the Tifa Chocolate & Gelato café you agree that, after, as applicable, the effective date of expiration/termination of this Agreement or the Notification Date, you will notify the telephone company and all telephone, telecopy or other numbers and any regular, classified or other telephone directory listings to us or at our direction and/or instruct the telephone company to forward all calls made to your telephone numbers to numbers we specify. You further appoint an officer of Franchisor as your attorney in fact, to direct the telephone company and any listing agencies to transfer any telephone numbers and listing to us should you fail to voluntarily do so, and the telephone company and all listing agencies shall accept such direction of this Agreement as conclusive of the exclusive rights of Franchisor in such telephone numbers and directory listings and its authority to direct their transfer; and

h. You agree to furnish us, within 30 days after, as applicable, the effective date of expiration or termination of this Agreement or the Notification Date, with evidence satisfactory to us of your compliance with the foregoing obligations.

17.3. Confidential Information.

You agree that, upon termination or expiration of this Agreement, you will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all copies of the Manuals and any other confidential materials that we have loaned to you.

17.4. Competitive Restrictions.

Upon termination or expiration of this Agreement for any reason whatsoever (and you have not acquired a Successor Franchise), you agree that, for a period of 2 years commencing on the Effective Date of termination or expiration neither you nor any of your owners will have any direct or indirect interest (including through a spouse, child or other family member) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, manager, representative or agent or in any other capacity in any Competitive Business operating:

a. At the Site or within the Protected Territory; or

b. Within 50 miles of the Site or Protected Territory; or

c. Within 15 miles of any other Tifa Chocolate & Gelato café in operation or under construction on the later of the effective date of the termination or expiration.

If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the 2-year period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision. You expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you or your owners of your or their personal goodwill or ability to earn a living.

All persons with an ownership or voting interest in you if you are a Business Entity franchisee, all individual franchisees if you are not a Business Entity and any person employed by or under an independent contractor relationship with you whom receives or will receive any training by us or you which is directly or indirectly related to the System or involves any of the Confidential Information must execute the Confidentiality, Non-solicitation and Non-competition Agreement attached to the Franchise Disclosure Document no later than ten days following the effective date of this Agreement (or, if any individual or entity attains such status after the effective date of this Agreement, within ten days following such individual or entity's attaining such status).

17.5. Our Right to Purchase.

a. Exercise of Option. Upon our termination of this Agreement in accordance with its terms and conditions, we have the option, exercisable by giving written notice to you within 60 days from the date of such termination, to purchase the Tifa Chocolate & Gelato café from you, including the leasehold right to the Site. (The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the "Notification Date"). We have the unrestricted right to assign this option to purchase the Tifa Chocolate & Gelato café. We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without

limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

b. Leasehold Rights. You agree at our election:

To assign your leasehold interest in the Site to us; to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the prime lease; or

To lease to us if you own the Site in accordance with the Agreement to Lease.

c. Purchase Price.

The purchase price for the Tifa Chocolate & Gelato café will be its fair market value, determined in a manner consistent with reasonable depreciation of the Tifa Chocolate & Gelato café equipment, signs, inventory, materials and supplies provided that the Tifa Chocolate & Gelato café will be valued as an independent business and its value will not include any value for:

(i) the Franchise or any rights granted by the Agreement;

(ii) the Marks; or

(iii) participation in the network of Tifa Chocolate & Gelato cafés.

Tifa Chocolate & Gelato café fair market value will include the goodwill you developed in the market of the Tifa Chocolate & Gelato café that exists independent of the goodwill of the Marks and the System. The length of the remaining term of the lease for the Site will also be considered in determining the Tifa Chocolate & Gelato café fair market value.

We may exclude from the assets purchased cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Tifa Chocolate & Gelato café operation or that we have not approved as meeting standards for Tifa Chocolate & Gelato cafés, and the purchase price will reflect such exclusions.

The purchase price will be paid at the closing of the purchase, which will take place not later than 90 days after determination of the purchase price. We have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your owners owe to us. At the closing, you agree to deliver instruments transferring to us the following:

(i) Good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interest acceptable to us), with all sales and other transfer taxes paid by you;

(ii) All licenses and permits of the Tifa Chocolate & Gelato café which may be assigned or transferred; and

(iii) The leasehold interest and improvements in the Site.

If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. You and your owners further agree to execute general releases, in the form attached to the Franchise Disclosure Document, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns.

18. Relationship of the Parties/Indemnification.

18.1. Independent Contractors.

You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, Tifa Chocolate & Gelato café personnel and others as the owner of the Tifa Chocolate & Gelato café under a franchise we have granted and to place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as we may require from time to time. If you do not do so, we may place the notices and accomplish the foregoing as we see fit, and you must reimburse us for doing so.

18.2. No Liability for Acts of Other Party.

You agree not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your indebtedness or obligations, and that you will not use the Marks in any way we have not expressly authorized. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than franchisor and franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages to any person or property directly or indirectly arising out of Tifa Chocolate & Gelato café operation or the business you conduct pursuant to this Agreement.

18.3. Taxes.

We will have no liability for any sales, use, alcohol surcharge, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon you or the Tifa Chocolate & Gelato café, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes is your responsibility.

18.4 Indemnification

You agree to indemnify, defend and hold us, our affiliate and our respective shareholders, directors, officers, employees, agents, successors and assignees (the "Indemnified Parties") harmless from and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Section, any and all taxes arising from the operation of your Tifa Chocolate & Gelato café, and any and all claims and liabilities directly or indirectly arising out of the Tifa Chocolate & Gelato café operation (even if our negligence is alleged, but not proven); any element of your development, opening and operation of your Tifa Chocolate & Gelato café, including (without limitation) any personal injury, death or property damage suffered by any customer, visitor, operator, employee or guest of the Tifa Chocolate & Gelato café; crimes committed on or near your Tifa Chocolate & Gelato café or vehicles used by your Tifa Chocolate & Gelato café; all acts, errors, neglects or omissions engaged in by you, your contractors or subcontractors, as well as any third party, arising out of or related to the design, construction, conversion, build-out, outfitting, remodeling, renovation or upgrading of your Tifa Chocolate & Gelato café , whether or not any of the foregoing was approved by us; defects in any Tifa Chocolate & Gelato café you construct and/or

operate, whether or not discoverable by you or by us; all acts, errors, neglects or omissions of you or the Tifa Chocolate & Gelato café and/or the owners, officers, directors, management, employees, agent, servants, contractors, partners, proprietors, affiliates or representatives of you or the Tifa Chocolate & Gelato café (or any third party acting on your behalf or at your direction), whether in connection with the Tifa Chocolate & Gelato café or otherwise; all liabilities arising from or related to your offer, sale and/or delivery of products and/or services as contemplated by this Agreement; and, any action by any customer of yours or visitor to your Tifa Chocolate & Gelato café or any other facility of your franchised business; or your breach of this Agreement.

For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountant's, arbitrator's, attorney's and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

19. Enforcement.

19.1. Severability and Substitution of Valid Provisions.

Except as expressly provided to the contrary herein, each section, paragraph, term and provision of this Agreement, and any portion thereof, shall be considered severable and if, for any reason, any such portion of this Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, un-appealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of, or have any other effect upon , such other portions of this Agreement as may remain otherwise intelligible, which shall continue to be given full force and effect and binding upon the parties hereto, although any portion held to be invalid shall be deemed not to be part of this Agreement from the date the time for appeal expires, if you are a party thereto, or upon your receipt of a notice of non-enforcement thereof from us. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or refusal to allow you a Successor Franchise to this Agreement than is required hereunder, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operation procedure prescribed by us is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the notice requirements hereof, and we shall have the right, in our sole discretion to modify such invalid or unenforceable provision, specification, standard or operation procedure to the extent required to be valid and enforceable. Such modifications to this Agreement shall be effective only in such jurisdiction unless we elect to give them greater applicability and this Agreement shall be enforced as originally made and entered into in all other jurisdictions.

19.2. Waiver of Obligations.

Whenever this Agreement requires our prior approval or consent, you shall make a timely written request therefore, and such approval shall be obtained in writing. We make no warranties or guarantees upon which you may rely, and assume no liability or obligation to you by granting any waiver, approval or consent to you, or by reason of any neglect, delay or denial of any request therefore. Any wavier granted by us shall be without prejudice to any other rights we may have, will be subject to continuing review by us and may be revoked, in our sole discretion, at any time and for any reason, effective upon receipt by you of ten (10) days prior written notice. We shall not be deemed to have waived or impaired any right, power, or option reserved by this Agreement (including, without limitation, our right to demand exact compliance with every term, condition and covenant herein, or to declare any breach thereof to be a default and to terminate this Franchise prior to the expiration of its term), by virtue of any custom or practice of the parties at variance with the terms hereof; any failure by us or you to demand strict compliance with this Agreement, any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature against other franchisees of us or the acceptance by us of any payments due from you after failure to comply with any provision of this Agreement, nor acceptance by us of any payment by you or failure, refusal or neglect of us or you to exercise any right under this Agreement or to insist upon full compliance by the other with its obligations, hereunder, including without limitation, any mandatory specification, standard or operating procedure, shall not constitute a waiver of any provision of this Agreement.

19.3. Franchisee May Not Withhold Payment Due Franchisor.

You agree that you will not, on grounds of the alleged nonperformance by us of any of our obligations hereunder, withhold payment of any License Fees, Marketing and Technology Fund fee, and amounts due to us for items or products purchased by you or any other amounts due from you to us.

19.4. Force Majeure.

If the performance of any obligation under this Franchise Agreement is prevented or delayed, in whole or in part, by reason of force majeure, or the consequence thereof, affecting the parties hereto or the rights granted hereunder, such force majeure to include but not be limited to acts of God, fire, flood, governmental restrictions, lockouts or labor disputes, then the affected party shall be given such additional time as is reasonable to perform in view of the nature and extent of the force majeure.

19.5. Governing Law.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) and the United States Arbitration Act which may also be designated the Federal Arbitration Act, this Agreement and the franchise shall be governed by the laws of California.

Franchisee waives any and all rights, actions or claims for relief under the Federal Act entitled “Racketeer Influenced and Corrupt Organizations”, 18 U.S.C. Section 1961 et seq.

19.6. Binding Effect.

This Agreement is binding upon the parties hereto and their respective executors,

administrators, heirs, legal representatives, assigns and successors in interest.

The parties hereto agree that this Agreement may be executed electronically by any means Franchisor chooses, and if by electronic signature, the electronic signature shall be binding to the same extent as an original signature and shall be deemed an original signature with regard to this Agreement and all Riders, Amendments or Addenda hereto. You are not entitled to challenge the validation or authenticity of the electronic signature or the document on the ground that it is not the original.

19.7. Construction.

The preambles are a part of this Agreement, and constitute the entire agreement of the parties, and, with the exception, if applicable, of a lease or sublease for the premise of the Tifa Chocolate & Gelato café between us and you, there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto. The headings of the Sections and Paragraphs hereof are for convenience only and do not define, limit or construe the contents of such Sections or Paragraphs. The term "you", "your" or "Franchisee" as used herein is applicable to one or more persons, a corporation, partnership, limited liability company or other legal entity, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. Reference to Franchisee, and "assignees" and "transferees" which are applicable to an individual or individuals shall mean the principal owner or owners of the equity or operating control of Franchisee or any such assignee or transferee if Franchisee or such assignee or transferee is a corporation, partnership, Limited Liability Company or other legal entity. This Agreement may be executed in multiple copies, each of which shall be deemed an original. Time is of the essence of this Agreement.

19.8. Judicial Enforcement, Injunction and Specific Performance.

Notwithstanding the provisions of Paragraphs 19.9 and 19.10, we shall be entitled, without bond, to the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to Franchisee's use of the Marks, the obligations of Franchisee upon termination or expiration of the franchise, and assignment of the Franchise and ownership of Franchisee. If we secure any such injunction or order of specific performance, Franchisee agrees to pay to us an amount equal to the aggregate of our costs of obtaining such relief, including, without limitations, reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, and any damages incurred by us as a result of the breach of any such provision.

19.9. Mediation.

The parties hereto agree that before resorting to binding arbitration, that if any dispute arises between the parties hereto, any affiliated companies thereof or any of their officers, directors, partners, joint ventures, employees, agents, representatives or those in active concert with any of such parties, relating to anything other than the matters set forth in Section 10 and Paragraphs 17.4 and 19.8, the parties hereto agree to first try in good faith before resorting to arbitration, to settle the dispute by mediation in Westlake Village, California, administered by the American Arbitration Association under its Commercial Mediation Rules and initiated at and supervised by the American Arbitration Association regional office for the Westlake Village, California area, unless agreed otherwise by the parties. Disputes subject to mediation shall be all controversies, claims, and matters

from the beginning of time, whether contractual or tort in nature, except for those matters specifically excluded in Section 10 and Paragraphs 17.4 and 19.8. The party who seeks resolution of a controversy, claim or dispute or other matter in question shall notify the other party and the American Arbitration Association office in writing of the existence and subject matter of such controversy, claim or dispute. Unless mutually agreed otherwise, the parties shall meet with the mediator within thirty (30) days after the recipient party has received notice of the dispute, and agree to utilize their best efforts and all expediency to resolve the matters in dispute. The mediation shall not continue longer than one (1) hearing day without the written approval of both parties. Neither party shall be bound by any recommendation of the mediator; however, any agreement reached during mediation shall be final and conclusive. The expense of mediation shall be shared equally by both parties. The parties' obligation to mediate will be deemed to be satisfied after one (1) hearing day or 60 days after a mediation demand has been made if any party fails to appear or participate in good faith in the mediation.

Franchisor and the Franchisee each agree that the mediation process is negotiation for the purpose of compromise. All offers, promises, conduct, and statements, whether oral or written, made in the course of the mediation process by any of the parties, their agents, employees, experts and attorneys, shall be confidential. Franchisee acknowledges that Franchisor may require the Franchisee to execute a confidentiality agreement pertaining to the mediation process. Notwithstanding the foregoing, evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or not discoverable as a result of its use in the mediation process.

In the event the parties are unable to reach an agreement by mediation, then in that event all disputes, controversies, claims or causes of action shall be submitted to binding arbitration pursuant to Paragraph 19.10 hereinafter.

19.10. Arbitration.

All disputes and claims relating to any provision of this Franchise Agreement (other than as set forth in Section 19, Paragraph 19.8 above, Franchisee's use of the Marks or the parties Exclusive Relationship or the obligations of Franchisee upon termination or expiration of the franchise, and assignment of the Franchise and ownership of Franchisee) any specification, standard, operating procedure, or rule or any other obligation of Franchisee prescribed by Franchisor or any obligation of Franchisor, or the breach thereof (including, without limitation, any claim that this Agreement, any provision hereof, any specification, standard, operating procedure or rule or any other obligation of Franchisee or Franchisor is illegal or otherwise unenforceable or voidable under any law, ordinance, or ruling) shall be settled by arbitration in Westlake Village, California, or if Franchisor shall no longer maintain an office in Westlake Village, California, then the home office of Franchisor. Arbitration shall be conducted in accordance with the United States Arbitration Act (9 U.S.C. Section 1 et seq.), if applicable, and the Rules of the American Arbitration Association (relating to the arbitration of disputes arising under franchise and license agreements, if any, otherwise, the general rules of commercial arbitration), provided that the arbitrator shall award, or include in his/her award, the specific performance of this Agreement, and the arbitrator shall issue a written opinion explaining the reasons for his/her decision and award. If a claim for amounts owed by Franchisee to Franchisor is asserted in the arbitration proceeding and if Franchisor shall prevail on such claim, Franchisor shall be entitled to so much of its cost and expenses including accounting and legal fees, as are attributable to the prosecution thereof. Judgment upon the award of the arbitrator may be entered in any court having jurisdiction thereof or of Franchisor or of Franchisee. During the pendency of an arbitration proceeding hereunder, Franchisee and Franchisor shall fully perform and comply with the provisions

of this Agreement. The parties intend and agree that any state laws attempting to prohibit arbitration or void out-of-state forums for arbitration are preempted by the Federal Arbitration Act and the arbitration shall be held as provided in Paragraph 19.10.

19.11. Third Party Beneficiaries.

Our officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the arbitration provisions in Paragraph 19.10, each having authority to specifically enforce the right to arbitrate claims asserted against such person(s) by Franchisee.

19.12. Class Claims.

Franchisee agrees that any arbitration between Franchisee and Franchisor will be Franchisee's individual claim and that the claim or claims subject to arbitration shall not be arbitrated on a class-wide basis.

19.13. Entire Agreement.

This Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us. Notwithstanding the foregoing, nothing in the Agreement is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you. There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us.

19.14. Certain Definitions.

The term "family member" refers to parents, spouses, offspring and siblings, and the parents and siblings of spouses. The term "affiliate" means any Business Entity directly or indirectly owned or controlled by a person, under common control with a person or controlled by a person. The terms "franchisee," "franchise owner," "you" and "your" are applicable to one or more persons, a Business Entity, as the case may be. The singular use of any pronoun also includes the plural and the masculine and neuter usages include the other and the feminine. The term "person" includes individuals, corporations, partnerships (general or limited), limited liability companies, and all artificial or legal entities. The term "Section" refers to a Section or Subsection of this Agreement. The word "control" means the power to direct or cause the direction of management and policies. The word "owner" means any person holding a direct or indirect, legal or beneficial ownership interest or voting right in another person (or a transferee of this Agreement or an interest in you), including any person who has a direct or indirect interest in you or this Agreement and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets.

19.15. Time Is of the Essence.

It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement. In computing time periods from one date to a later date, the words "from "and "commencing on" (and the like) mean "from and including"; and the words "to", "until" and "ending on" (and the like) mean "to but excluding." Indications of time of day mean Westlake Village, California time.

19.16. Anti-Terrorism Compliance.

You agree to comply with, and/or assist us to the fullest extent possible in our efforts to comply with, Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war (the "Anti-Terrorism Laws"). In connection with such compliance you certify, represent and warrant that none of your property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that you are not otherwise in violation of any of the Anti-Terrorism Laws. Any violation of the Anti-Terrorism Laws by you or your employees or any "blocking" of your assets under the Anti-Terrorism Laws constitute grounds for immediate termination of this Agreement and any other agreements you have entered into with us or any of our affiliates, in accordance with the termination provisions of this Agreement.

19.17. Our Withholding of Consent Your Exclusive Remedy.

In no event may you make any claim for money damages based on any claim or assertion that we have unreasonably withheld or delayed any consent or approval under this Franchise Agreement. You waive any such claim for damages. You may not claim any such damages by way of setoff, counterclaim or defense. Your sole remedy for the claim will be mediation and arbitration proceedings in accordance with Paragraphs 19.9 and 19.10 respectively to enforce the Agreement provisions, for specific performance or for declaratory judgment.

19.18. Notices.

All written notices and reports permitted or required under this Agreement or by the Manuals will be deemed delivered:

a. 2 business days after being placed in the hands of a commercial airborne courier service for next business day delivery; or

b. 3 business days after placement in the United States mail by certified mail, return receipt requested, postage prepaid.

All such notices must be addressed to the parties as follows:

If to Us: Tifa Foods International, Inc.

~~30760 Russell Ranch Road, Unit A~~2060 D Avenida de los Arboles, #471

~~Westlake Village, California 91362~~Thousand Oaks, CA 91362-1361

If to You: _____

_____

_____

Attention: _____

Either you or we may change the address for delivery of all notices and reports and any such notice will be effective within 10 business days of any change in address. Any required payment or report not actually received by us during regular business hours on the date due (or postmarked by

postal authorities at least 2 days prior to such date, or in which the receipt from the commercial courier service is not dated prior to 2 days prior to such date) will be deemed delinquent.

20. Spousal Consent.

If you have obtained our approval and the Franchisee is a corporation, partnership, limited liability company or other form of legal entity, then the spouse of each of your owners, or, for, an individual(s), or subsequent to execution hereof you marry or you assign this Agreement to an individual(s), then in either event, the spouse(s) hereby jointly and severally personally and unconditionally guarantee(s) without notice, demand or presentment, the payment of all of your monetary obligations under this Agreement as if each were an original party to this Agreement in his or her individual capacity. All such spouses further agree to be bound by restrictions upon your activities upon transfer, termination or expiration of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All such spouses must execute a spousal consent in the form attached hereto as Exhibit G-Three. In the event of divorce and re-marriage, or subsequent marriage, you covenant and agree to provide Franchisor with a properly executed spousal consent and guarantee, in the form prescribed by Franchisor.

[Signatures on page that follows.]

Intending to be bound, you and we sign and deliver this Agreement in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

Dated: _____

Attest: _____

"You"; "Your"; "Franchisee"

If a corporation or other entity:

(Name of Corporation or Other Entity)

_____
By: _____
Its: _____
Title: _____
_____
Printed Name

Dated: _____

_____
Witness/Date

If an individual:

_____
(Signature)
_____
(Print Name)

_____
(Signature)

_____
(Print Name)

Dated: _____

Attest: _____

"We"; "Us"; "Our", "Franchisor"

Tifa Foods International, Inc.

By: _____

(Print Name)

Its: _____

(Title)

EXHIBIT "G-ONE" TO THE DISCLOSURE DOCUMENT

FORM OF MULTI-TERRITORY ADDENDUM

EXHIBIT G-ONE
To Disclosure Document

MULTI-TERRITORY ADDENDUM

TIFA FOODS INTERNATIONAL, INC.

AGREEMENT

THIS MULTI-TERRITORY ADDENDUM (the "Addendum") is made and entered into this _____ day of _____, 20___ by and between **TIFA FOODS INTERNATIONAL, INC.** a California corporation (referred to in this Addendum as "Franchisor," "we," "us," or "our"), and _____a _____ with its principal place of business as _____
(referred to in this Addendum as "Franchisee," "you" or "your").

BACKGROUND

A. Contemporaneous with the execution of this Addendum, Franchisee and Franchisor entered into ___ (fill in the number) Franchise Agreements (collectively, the "Applicable Franchise Agreements") and, under each such Applicable Franchise Agreement, Franchisee obtained the right and is undertaking the obligation to operate a franchised business under the Applicable Franchise Agreement).

B. Each applicable Franchise Agreement has its own Protected Territory wherein Franchisee is required to actively promote and operate a franchised business (collectively, the territories granted under the Applicable Franchise Agreements will be referred to as the "Protected Territories").

C. The parties now wish to amend, certain provisions of the Applicable Franchise Agreements pursuant to the terms and conditions set forth in this Addendum.

AGREEMENT

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Multi-Territory Initial Franchise Fees.

Notwithstanding anything contained in Paragraph 6.1 of the Applicable Franchise Agreements, Franchisee will not be required to pay Franchisor an Initial Franchise Fee under the Applicable Franchise Agreement but instead will pay Franchisor a lump-sum multi-territory Initial Franchise Fee as follows (the "Multi-Territory Initial Franchise Fee"):

Number of Franchise Agreements	Number of Protected Territories	Cumulative Initial Franchise Fees
2	2	$67,500
3	3	$87,500
4	4	$107,500
5	5	$127,500

2. Training.

Franchisee is only entitled to attend and complete Franchisor's training program set forth in Paragraph 7.1 of the Applicable Franchise Agreements, respectively, once in connection with the franchised businesses governed by this Addendum. All other provisions regarding Franchisee's training obligations in the Applicable Franchise Agreements are hereby ratified and confirmed.

3. Default of Addendum Constitutes Default Under All Applicable Franchise Agreements.

In the event of any default or breach by Franchisee, or an affiliate which has been approved by us, of any provision of this Addendum such breach or default of this Addendum will constitute a material default and a breach of all Applicable Franchise Agreements and will enable Franchisor to terminate one or more of the Applicable Franchise Agreements upon providing written notice, or otherwise terminate Franchisee's Protected Territories.

4. Ratification and Confirmation of the Applicable Franchise Agreements.

This Addendum shall be considered an integral part of the Applicable Franchise Agreements. Except as modified or supplemented by this Addendum, all of the rights and obligations of the parties set out in the Applicable Franchise Agreements are binding on the parties hereto.

To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Applicable Franchise Agreements or Exhibits or Attachments thereto, the terms of this Addendum shall govern.

This Addendum constitutes an amendment to all Applicable Franchise Agreements.

[Signatures on page that follows.]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having reads this Addendum, understand consent to be bound by all of the terms and agree it shall become effective on the day and year first above written.

FRANCHISOR

TIFA FOODS INTERNATIONAL, INC.

By: _____

Its: _____

_____
(Signature)

_____
(Printed Name)

FRANCHISEE

_____
Name of Entity

By: _____

Its: _____

IF INDIVIDUAL(S):

_____
(Signature)

_____
(Printed Name)

EXHIBIT "G-ONE" TO THE FRANCHISE AGREEMENT

CENTER AND SITE SELECTION AREA

EXHIBIT "G-ONE" TO THE FRANCHISE AGREEMENT

CENTER AND SITE SELECTION AREA

1. Your Site Selection Area prior to approval of the Site is the geographic area described below (the "Center"):

_____
_____
_____
_____
_____

2. If the Site Selection Area is to be determined after the Agreement Date, check this box ☐.

When we accept the Center, we will complete the description of the Site Selection Area at that time.

EXHIBIT "G-TWO" TO THE FRANCHISE AGREEMENT

PROTECTED TERRITORY

EXHIBIT "G-TWO" TO THE FRANCHISE AGREEMENT

PROTECTED TERRITORY

Your Site is located at:

_____

_____

_____

_____

Your Protected Territory is the geographic area consisting of 100,000 people (most recent U.S. Census), or a radius of 4 miles, whichever is the lesser area, as described above.

If map is attached check box:

☐

EXHIBIT "G-THREE" TO THE FRANCHISE AGREEMENT

SPOUSAL CONSENT

EXHIBIT "G-THREE" TO THE FRANCHISE AGREEMENT

SPOUSAL CONSENT

The undersigned person(s) hereby represent(s) to Tifa Foods International, Inc. that he/she is the spouse of the individual franchisee(s) who has executed a Tifa Foods International, Inc. Franchise Agreement dated the __ day of _____, 20__ or that he/she is the spouse of one of the Owners of the legal entity who executed the Tifa Foods International, Inc. Franchise Agreement of the same date. In consideration of the grant by Tifa Foods International, Inc. to the Franchisee as herein provided, each of the undersigned spouses agrees, in consideration of benefits received and to be received by each of them, jointly and severally, and for themselves, their heirs, legal representatives and assigns that they, and each of them, will be firmly bound by all of the terms, provisions and conditions of the foregoing Tifa Foods International, Inc. Franchise Agreement, that they and each of them jointly and severally do hereby unconditionally guarantee the full and timely performance by the Franchisee of each and every obligation of the Franchisee under the aforesaid Franchise Agreement, including, without limitation, any indebtedness of the Franchisee arising under or by virtue of the aforesaid Franchise Agreement. The undersigned jointly and severally further agree(s) to be bound by the in-term and post-term covenants set forth in Section 10 and in Paragraph 17.4 of the aforesaid Franchise Agreement.

WITNESS: Signature: _____

_____ Printed Name: _____

EXHIBIT "G-FOUR" TO THE FRANCHISE AGREEMENT

STATE REQUIRED AMENDMENT TO FRANCHISE AGREEMENT

EXHIBIT "H" TO THE DISCLOSURE DOCUMENT

FORM OF AREA DEVELOPMENT AGREEMENT

TIFA FOODS INTERNATIONAL, INC.

AREA DEVELOPMENT AGREEMENT

Effective Date: _____

Name of Developer: _____

Address of Developer: _____

_____

_____

Summary of Description of Territory: See Exhibit "H-One"

TIFA FOODS INTERNATIONAL, INC.

AREA DEVELOPMENT AGREEMENT

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EXHIBITS

Exhibit “H-One” Designated Territory

Exhibit “H-Two” State Required Amendment to Area Development Agreement

TIFA FOODS INTERNATIONAL, INC.

AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (this "Agreement") is effective on _____ __, 20__ (the "Agreement Date"). The parties to this agreement are TIFA FOODS INTERNATIONAL, INC., a California corporation, with its principal office located at ~~30760 Russell Ranch Road, Unit A~~2060 D Avenida de los Arboles, #471, ~~Westlake Village, California 91362~~Thousand Oaks, CA 91362-1361 (referred to in this Agreement as "we," "us" or "our") and _____ whose principal address is _____ (referred to in the Agreement as "you," "your" or "Developer").

1. Introduction.

1.1 The System.

We and our affiliates have expended considerable time and effort in developing Tifa Chocolate & Gelato cafés featuring and serving a variety of foods and beverage products and services in a distinctive and innovative environment ("Tifa Chocolate & Gelato"). Tifa Chocolate & Gelato cafés operate under distinctive business formats, methods, procedures, designs, layouts, signs, equipment, menus, recipes trade dress, standards and specifications, all of which we may improve, further develop or otherwise modify from time to time (the "System").

We use, promote and license certain trademarks, service marks and other commercial symbols in the operation of a Tifa Chocolate & Gelato café, including the trademarks, service marks and commercial symbols, "**Tifa," "Tifa Chocolate & Gelato,"** and other associated designs, artwork and trade dress, which have gained and continue to gain public acceptance and goodwill, and may create, use and license additional trademarks, service marks and commercial symbols in conjunction with the operation of Tifa Chocolate & Gelato cafés (collectively, the "Marks"). We grant to persons who meet our qualifications and are willing to undertake the investment and effort, the right to develop and operate multiple Tifa Chocolate & Gelato cafés located within a defined geographic area.

1.2 Confirmations. You confirm and agree to the following:

(a) you understand that we may modify our current form of franchise agreement from time to time; however, any modifications of the franchise agreement during the term of this Agreement will not vary the amount of Franchise Fees or license fees to be paid by you;

(b) you understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality service and the uniformity of those standards at every Tifa Chocolate & Gelato café in order to protect and preserve the goodwill of the Marks;

(c) as an inducement to our entry into this Agreement, you have made no misrepresentations in obtaining the development rights granted in this Agreement.

1.3 Business Organization.

If you are at any time a business organization ("Business Entity") (like a corporation, limited liability company or partnership) you agree and represent that:

(a) you have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

(b) your organizational or governing documents will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

(c) the Principal Owners Statement will completely and accurately describe all of your Owners and their interests in you. A copy of our current form of Principal Owners Statement is attached to the Franchise Disclosure Document;

(d) you and your Owners agree to revise the Principal Owners Statement as may be necessary to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (no ownership changes may be made without our approval, which will not be unreasonably withheld);

(e) each of your Owners during the term of this Agreement will sign and deliver to us our standard form of Principal Owner's Guaranty undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us. A copy of our current form of Principal Owners Guaranty is attached to our Franchise Disclosure Document; and

(f) at our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your Owners and agents (like articles of incorporation or organization, and partnership, operating or shareholder agreements).

2. Term and Succession.

2.1 Term of Agreement.

This Agreement commences on the Agreement Date and expires on the earlier of: (i) the last day of the Development Schedule; or (ii) the Certificate of Occupancy of the last Tifa Chocolate & Gelato café specified in the Development Schedule. This Agreement may be terminated before it expires in accordance with Section 9 of this Agreement. Upon expiration or termination of this Agreement, you will not have any further rights to acquire franchises to operate Tifa Chocolate & Gelato cafés; but you may continue to own and operate all existing franchised Tifa Chocolate & Gelato cafés subject to the franchise agreements (the "Franchise Agreement(s)") with us in accordance with their terms.

This Agreement will expire when you have opened the last of the Franchised Locations you are permitted to open under this Agreement, or seven (7) years from the date of this Agreement, whichever occurs first. There are no renewal or successor rights extended to Developer in this Agreement.

2.2 Rights on Expiration or Termination.

Upon expiration or termination of this agreement we may then operate or grant other persons' franchises to operate Tifa Chocolate & Gelato cafés within the Designated Territory set forth in Exhibit "H-One" attached hereto and made a part hereof. You may continue to own and operate each Tifa Chocolate & Gelato café then in operation under Franchise Agreements that you have executed with us, subject however, to the terms and conditions of each Franchise Agreement.

3. Development Rights, Obligations and Designated Territory.

3.1 Development Rights – Right of First Refusal.

If you are in full compliance with all of the provisions of this Agreement and all of the franchise agreements, then during the term of this Agreement, we will grant to you, pursuant to the terms and conditions of this Agreement, the non exclusive right to enter into franchise agreements with us (the "Franchise Agreements") to open a total number of Franchised Locations within the development territory set forth by map or written description in Exhibit "H-One" of this Agreement (hereinafter "Designated Territory"), and to use our System, Marks and Methods solely in connection with those businesses, at specific locations to be designated in separate Franchise Agreements signed as provided herein and pursuant to the Development Schedule described in Paragraph 3.3.2 of this Agreement ("the Development Schedule"). Each Franchised Location to be developed will be located in the Designated Territory set forth in Exhibit "H-One".

3.2 Rights Retained.

Your Designated Territory is non exclusive and we retain the right in our sole and absolute discretion to:

(a) establish and grant our affiliates, subsidiaries or parent entity the absolute right to establish Tifa Chocolate & Gelato cafés at a specific location or an area within the Designated Territory or to grant other franchisees the right to establish Tifa Chocolate & Gelato cafés within the Designated Territory, but if other franchisees desire to enter into a Franchise Agreement for a Tifa Chocolate & Gelato café at a specific location or an area within the Designated Territory we will offer you a right of refusal to open your next scheduled Tifa Chocolate & Gelato café at that specific location or area within the Designated Territory ("Right of Refusal Area") provided however if your Area Development Agreement for the Designated Territory was executed first in time (the first Area Development Agreement signed within the Designated Territory), your right of refusal shall be a First Right of Refusal for the specific location or area within the Designated Territory. If you entered into an Area Development Agreement second in time for the Designated Territory, your right of refusal shall be a Second Right of Refusal and you will not be offered the Right of Refusal Area unless the Developer with the First Right of Refusal did not accept the Right to Develop the Tifa Chocolate & Gelato café within the Right of Refusal Area. If there are any Developers which entered into an Area Development Agreement subsequent in time to a preceding Developer, they will be offered a right of refusal for the Right of Refusal Area only if the preceding Developer refused the opportunity to develop the Tifa Chocolate & Gelato café for the Right of Refusal Area.

You will have seven (7) days from the date of our notice offering you the right to develop your next Tifa Chocolate & Gelato café in the Right of Refusal Area, to provide us with your

written commitment to accept the obligation to open your next Tifa Chocolate & Gelato café within the Right of Refusal Area and in addition, find a site within two hundred forty (240) days which is acceptable to us and further enter into our Franchise Agreement for the location. After your written acceptance and signing the Franchise Agreement each location required to be developed must be opened within fourteen (14) months of the Opening Date for each of the preceding Tifa Chocolate & Gelato cafés you are required to open in Section 4 of this Agreement;

(b) establish and grant to other franchisees the right to establish Tifa Chocolate & Gelato cafés anywhere inside or outside the Designated Territory, on such terms and conditions as we deem appropriate (but not within the Protected Territory specified in the Franchise Agreement of any Tifa Chocolate & Gelato café you operate under this Agreement and continue to operate);

(c) operate and grant franchises to others to operate businesses, whether inside or outside the Designated Territory, specializing in the sale of products or provision of services, other than a Competitive Business or a Tifa Chocolate & Gelato café, using certain of the Marks and pursuant to such terms and conditions as we deem appropriate;

(d) operate and grant franchises to others to operate businesses, or provide other services, whether inside or outside the Designated Territory, that do not use any of the Marks;

(e) market and sell, inside and outside of the Designated Territory, through channels of distribution other than Tifa Chocolate & Gelato cafés (like internet, e-commerce, mail order or grocery, retail or convenience stores) or through special purpose sites including military bases, public transportation facilities. including race tracks, airports, student unions or similar buildings on college or university campuses, amusement and theme parks, all of which are designated ("Sites We Reserve"). Such Sites We Reserve are not protected and are not part of your Designated Territory; and

(f) purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other business' facilities, and that following such activity we may operate, franchise or license those other businesses and/or facilities under any names or marks other than, while this Agreement is in effect, the Marks, regardless of the location of these businesses and/or facilities, which may be within the Designated Territory or immediately outside its border.

3.3 Development Obligations.

During the term of the Agreement, you will at all times faithfully, honestly and diligently perform your obligations and continuously exert your best efforts to promote and enhance the development of Tifa Chocolate & Gelato café within the Designated Territory. Without limiting the forgoing obligations, you agree to do the following:

3.3.1 Separate Agreements.

You must sign separate Franchise Agreements for each of the Franchised Locations to be opened by you pursuant to and according to the Development Schedule set forth in Paragraph 3.3.2. Each Franchise Agreement to be signed by you will be the then current form of Franchise Agreement used by us in the sale of franchises.

3.3.2 Schedule of Openings.

You will sign your first Franchise Agreement at the same time you sign this Agreement and you will have five hundred forty (540) days from the date of that Franchise Agreement to open your first Franchised Location. The second Tifa Chocolate & Gelato café and each subsequent Tifa Chocolate & Gelato café required to be developed in Section 4 must be opened within 14 months of the Opening Date for each of the preceding cafes until you have opened the total number of Franchised Locations for which you have made payment in accordance with the requirements described in Section 4 of this Agreement. However, you may not acquire a site for any Franchised Location, or otherwise begin construction or improvement of any site for a Franchised Location, until you have signed a Franchise Agreement for that location. Further, notwithstanding any provision of this Agreement, we will not be required to sign a Franchise Agreement with you at any time in which you are in default of any provision of this Agreement or of any previously signed Franchise Agreement.

Tifa Chocolate & Gelato cafés will not count towards meeting the Minimum Development Quota for any Development Period until they have been fully constructed, developed and have opened operations in accordance with their respective franchise agreements with us. We determine if any Tifa Chocolate & Gelato café has opened for purposes of meeting the Development Schedule and any Minimum Development Quota for any Development Period. If a Tifa Chocolate & Gelato café is permanently closed after having been opened, you agree to develop and open a substitute Tifa Chocolate & Gelato café within 1 year from the date of its permanent closing separate and apart from the Development Schedule.

3.3.3 Designated Operations Executive.

Within thirty (30) days after the execution of this Agreement, you must designate one individual as an "Operations Executive." This person will be obligated to devote his or her full time, best efforts and constant personal attention to your Tifa Chocolate & Gelato café franchise operations. The Operations Executive must have full authority from you to implement our System and Methods at each Franchised Location. Your designation of the Operations Executive will be subject to our approval, which we will not arbitrarily or unreasonably withhold. The Operations Executive must attend our training program as described in the Franchise Agreements to learn the techniques of operating Tifa Chocolate & Gelato cafés, furnished by us at the place and time we may designate.

3.4 Effect of Failure.

Strict Compliance with the Development Schedule is the essence of this Agreement. If you do not timely meet your Minimum Development Quota as of the end of any Development Period shown on the Development Schedule, you will be in default of your obligations under this Agreement. If such a default occurs, it will constitute a material breach of this Agreement and we may then, in our sole discretion, elect to:

(a) terminate this Agreement;

(b) have the right to operate (directly or through affiliates) or grant franchises for the operation of Tifa Chocolate & Gelato cafés within the Designated Territory;

(c) reduce the Designated Territory and the Development Schedule to a size and

magnitude that we estimate you are capable of operating otherwise in accordance with this Agreement.

4. Development Fee.

If you are qualified and enter into an Area Development Agreement with us, you must pay a Development Fee when you sign the Area Development Agreement together with the Franchise Agreement for your first location. The amount of the Development Fee depends upon the number of Tifa Chocolate & Gelato cafés to be opened. The Development Fee for two (2) Tifa Chocolate & Gelato cafés under the Area Development Agreement is $57,500. The Development Fee for three locations is $75,000 and the Development Fee for any additional location after the third location is $15,000 for each additional Tifa Chocolate & Gelato café to be developed. The second, third, fourth and subsequent Tifa Chocolate & Gelato cafés must be opened within 14 months of the Opening Date for each of the preceding Tifa Chocolate & Gelato cafés and you will sign a separate franchise agreement for each location to be opened. The Development Fee is payable in a lump sum, is uniform, non-refundable and fully earned upon receipt.

By your signature immediately below in this Section 4, you are promising to open and operate a total of ___ locations and you agree to pay a total Development Fee of $_____ when you sign this Agreement.

_____	_____	_____
Developer's Signature	Developer's Printed Name	Date of Signature

You agree that the grant of rights to you under this Agreement constitute the sole consideration for payment of the Development Fee and that the fee is fully earned by us when due and is nonrefundable.

5. Site Selection/Franchises.

Subject to the provisions of this Agreement, we will grant franchises to you for the operation of Tifa Chocolate & Gelato café to be located within the Designated Territory on the following conditions:

5.1 Site Reports.

You agree to submit to us a complete report (containing such information and collateral materials as we require from time to time) for each Site at which you propose to establish and operate a Tifa Chocolate & Gelato café, before you acquire any interest in it (by lease or purchase). A complete site report should contain demographic, commercial and market feasibility studies, a site plan, photographs and such other information as we determine appropriate. Each Site you submit must be based on your belief that it conforms to the site criteria we establish from time to time.

5.2 Site Evaluation.

We will evaluate all proposed Sites and all Sites are subject to our prior written acceptance. In evaluating a Site that you propose, we will consider such matters as demographic characteristics

of the proposed site, traffic patterns, land use and zoning, licensing and regulatory concerns, residential and recreational quality, parking, character of the neighborhood, renovation and construction concerns, competition from other facilities in the area, the proximity to other facilities, the nature of other businesses and Tifa Chocolate & Gelato cafés (when applicable) in proximity to the Site and other commercial and residential characteristics (including the purchase price, rental obligations and other lease or acquisition terms for the proposed Site), and the size, appearance and other physical characteristics of the Site. You agree to obtain our prior written consent to the Site before you sign any lease for, or a binding purchase agreement for, the proposed Site. Nothing prevents us from operating (directly or through an affiliate), or from granting a franchise for the operation of, a Tifa Chocolate & Gelato café at any Site outside of the Designated Territory.

5.3 Site Acceptance.

We may withhold our consent to a Site for any reason we deem to be based on our good faith business judgment. We will, by delivery of written notice to you, accept or reject each Site proposed by you for the operation of a Tifa Chocolate & Gelato café. We agree to exert commercially reasonable efforts to notify you within 30 days after we have received the complete site report and other materials we have requested.

5.4 Effect of Acceptance.

Our acceptance of the Site (including its location, appearance and size) indicates only that we believe it falls within the acceptable criteria we have established at that time.

5.5 Franchise Agreement.

If we have accepted, and you have obtained lawful possession of or a formal commitment for the Site, we will offer you a franchise to operate a Tifa Chocolate & Gelato café at the proposed Site by delivering to you a Franchise Agreement in a form ready for signing by you (or an affiliate). You understand and agree that we may modify the Franchise Agreement from time to time. You (or an affiliate) must sign and deliver the Franchise Agreement to us within 20-days after our delivery of the Franchise Agreement to you. If you (or your affiliate) do not timely sign and return the Franchise Agreement, we may revoke our offer to grant you a franchise to operate a Tifa Chocolate & Gelato café at the proposed Site. Contemporaneously with the signing of the Franchise Agreement, each of your direct or indirect Owners must sign and deliver to us a Principal Owner's Guaranty in the form attached to the Franchise Agreement.

6. Management of Business.

6.1 Management.

You (or, if you are a Business Entity) a person having management rights and powers (e.g., officers, managers, partners, etc.) (the "Operating Partner(s)") agree to:

(a) supervise the development and operation of Tifa Chocolate & Gelato café franchised pursuant to this Agreement;

(b) attend such training programs, meetings and conventions which we may offer during the term of this Agreement; and

(c) pay and bear all expenses incurred by you and your Operating Partners(s) in

attending such meetings, programs or conventions.

6.2 Management Personnel.

(a) Ownership Interest:

As a developer of multiple Tifa Chocolate & Gelato cafés, you may not be in a position to have direct, personal day-to-day management responsibility for the Tifa Chocolate & Gelato cafés that you will own and operate. However, you understand and acknowledge that each of the Tifa Chocolate & Gelato cafés that you (or your affiliates) own and operate must be under the oversight, supervision and direction of an Operating Partner who has a direct economic ownership interest (at least 10%) in such Tifa Chocolate & Gelato café (or the Business Entity that owns and operates it). Accordingly, you agree that each Tifa Chocolate & Gelato café will be under the oversight and direction of an Operating Partner who meets all the following qualifications and conditions:

(i) Has ownership interest of at least 10% of the economic interest in such Tifa Chocolate & Gelato café or Business Entity;

(ii) Has a sufficient amount of experience in managing and operating restaurants in terms of duration, operational responsibilities and previous training and who has satisfactorily completed our training programs so that such person can demonstrate to our satisfaction that he is capable of overseeing the operations of a Tifa Chocolate & Gelato café;

(iii) Has oversight responsibility and authority over the Tifa Chocolate & Gelato café on a day-to-day basis;

(iv) Is bound by our then-current form of confidentiality and non-competition agreement (or other form of contract satisfactory to us); and

(v) Satisfactorily completes our initial training program, certification and any other training programs we request from time to time.

You will provide to us a copy of the organizational and governing documents for the Business Entity(ies) that demonstrates that the Operating Partner has the requisite ownership interest.

6.3 Joint and Several.

If two or more persons are at any time the Developer under this Agreement, their obligations to us are joint and several and the term "you" refers to all of them.

7. Confidential Information/Exclusive Relationship.

7.1 Types of Confidential Information.

We possess certain confidential information relating to the development and operation of Tifa Chocolate & Gelato cafés, which includes but is not limited to the following (collectively, the "Confidential Information"):

(a) the System and the know-how related to its use;

(b) plans, specifications, size and physical characteristics of Tifa Chocolate & Gelato

cafés;

(c) site selection criteria, land use and zoning techniques and criteria;

(d) sources, design and methods of use of equipment, furniture, forms, materials, supplies, Internet or Intranet, "business to business" or "business to customer" networks or communities and other e-commerce methods of business;

(e) marketing (including but not limited to websites, online advertising, social media marketing or presence, digital marketing and sponsorships), advertising and promotional programs for Tifa Chocolate & Gelato cafés;

(f) staffing and delivery methods and techniques for personal services;

(g) the selection, testing and training of managers and other employees for Tifa Chocolate & Gelato cafés;

(h) the recruitment, qualification and investigation methods to secure employment for employment candidates;

(i) the Computer software we make available or recommend for Tifa Chocolate & Gelato cafés;

(j) methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of Tifa Chocolate & Gelato cafés;

(k) knowledge of specifications for and identities of and suppliers of certain products, materials, supplies, furniture, furnishings and equipment;

(l) recipes, formulas, preparation methods and serving techniques;

(m) knowledge of operating results and financial performance of Tifa Chocolate & Gelato cafés other than those operated by you (or your affiliates); and

(n) pricing, purchase agreements and contracts.

We will disclose certain Confidential Information to you through various manuals and in providing training, guidance and assistance to you from time to time.

7.2 Nondisclosure Agreement. You acknowledge and agree that:

(a) you will not acquire any interest in the Confidential Information, other than the right to utilize it in the development and operation of Tifa Chocolate & Gelato cafés under the Franchise Agreements during the term of this Agreement, and that the duplication or use of the Confidential Information in any other business would constitute an unfair method of competition; and

(b) the Confidential Information is proprietary, may involve our trade secrets and is disclosed to you solely on the condition that you agree that you:

(i) will not use the Confidential Information in any other business or capacity;

(ii) will maintain the absolute confidentiality of the Confidential Information

during and after the term of this Agreement;

(iii) will not make unauthorized copies of any portion of the Confidential Information disclosed via electronic medium, in written form or in other tangible form, including, for example, the Manuals; and

(iv) will adopt and implement all reasonable procedures that we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information including, restrictions on disclosure to your employees and the use of nondisclosure and noncompetition agreements we may prescribe for employees or others who have access to the Confidential Information.

7.3 Competitive Restrictions.

You agree and acknowledge that we would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Tifa Chocolate & Gelato cafés if owners of franchised Tifa Chocolate & Gelato cafés were permitted to hold any interest in any business or facility owning, operating, managing franchising or licensing, any dining facility, café or food service facility, or catering service that features menu items or service similar to any item offered by Tifa Chocolate & Gelato cafés including but not limited to any of the following: handcrafted classic and traditional gelato flavors, chocolate bars, truffles, bonbons, caramel nut clusters, fresh pastries, espresso and cold brew coffees, or similar to any item offered by a Tifa Chocolate & Gelato café or food service facility that features and serves a variety of menu items proprietary foods and other goods, beverages and services (other than a Tifa Chocolate & Gelato café under a "Competitive Business"). You also acknowledge that we have entered into this Agreement with you in part upon consideration of and in reliance on your agreement to deal exclusively with us. Therefore, you agree as follows:

(a) Noncompetition and Non-solicitation:

During the term of this Agreement neither you nor any of your Owners if you are a Business Entity (a "Restricted Person") will:

(i) engage in a Competitive Business or perform services for a Competitive Business, directly or indirectly, as a director, owner, proprietor, officer, manager, employee, consultant, representative, agent, independent contractor or otherwise, except under a franchise agreement with us or our affiliates;

(ii) have any direct or indirect interest, as a disclosed or beneficial owner, in a Competitive Business, except under franchise agreements with us or our affiliates;

(iii) have any direct or indirect interest, as a disclosed or beneficial owner, in any entity which is granted or is granting franchises or licenses to others to operate any Competitive Business, except Tifa Chocolate & Gelato cafés under franchise agreements with us or our affiliates; or

(iv) directly or indirectly, on behalf of yourself or any other person, or as an employee, proprietor, owner, consultant, agent, contractor, employer, affiliate, partner, officer, director or associate, or stockholder of any other person or entity, or in any other capacity, solicit,

divert, take away, or interfere with any of the business, customers, clients, contractors, referral sources, trade or patronage of ours, our affiliate or our franchisees as such may exist throughout the term of this Agreement.

(b) Public Companies:

Notwithstanding the foregoing, any aggregate ownership of 5% or less of the issued and outstanding shares of any class of stock of a publicly traded company is not prohibited by the provisions of this Section.

(c) Confidentiality, Non-solicitation and Noncompetition Agreement:

You must require and obtain, at your expense, execution and delivery to us of restrictive covenants, in the form of Confidentiality, Non-solicitation and Non-competition Agreement attached to the Franchise Disclosure Document from all of your Owners, and any person employed by or under an independent contractor relationship with you whom receives or will receive any training by us or you which is directly or indirectly related to the System or involves any of the Confidential Information no later than ten days following the effective date of this Agreement (or, if any individual or entity attains such status after the effective date of this Agreement, within ten days following such individual or entity's attaining such status).

8. Marks and Internet.

8.1 Ownership and Goodwill of Marks.

Your right to use the Marks is derived solely from this Agreement and the Franchise Agreements and limited to your operation of the Tifa Chocolate & Gelato cafés at the Sites pursuant to and in compliance with the Franchise Agreements and all System Standards we prescribe from time to time during term of the Franchise Agreements. Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that your usage of the Marks and any goodwill established by such use will be exclusively for our benefit and that neither this Agreement nor the Franchise Agreements confer any goodwill or other interests in the Marks upon you (other than the right to operate the Tifa Chocolate & Gelato café in compliance with the Franchise Agreements). All provisions of this Agreement and the Franchise Agreements applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols we authorize to use.

8.2 Limitations on Your Use of Marks.

You agree to use the Marks as the sole identification of the Tifa Chocolate & Gelato cafés, except that you agree to identify yourself as the independent owner in the manner we prescribe in the Manual or otherwise. We may place or require you to place a conspicuous notice at a place we designate in each of your Tifa Chocolate & Gelato cafés identifying you as its independent owner and operator. You agree not to remove, destroy, cover or alter that notice without our prior consent. If you do not do so, we may accomplish the notice or identification as we see fit, and you agree to reimburse us for doing so. You may not use any Mark as part of any corporate or legal business name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we license to you), or in any modified form, nor may you use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. No Mark may be used in any advertising concerning the

transfer, sale or other disposition of any Tifa Chocolate & Gelato café or an ownership interest in you. You agree to display the Marks prominently in the manner we prescribe at the Tifa Chocolate & Gelato cafés, on supplies or materials we designate and in connection with forms and advertising and marketing materials. You agree to give such notices of trade and service mark registrations as we specify and to obtain any fictitious or assumed name registrations required under applicable law.

8.3 Notification of Infringements and Claims.

You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise protect and maintain our interests in the Marks.

8.4 Discontinuance of Use of Marks.

If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We will not be obligated to reimburse you for any direct or indirect loss, including loss of revenue attributable to any modified or discontinued Mark or for any expenditure you make to promote a modified or substitute trademark or service mark.

8.5 Signage.

Your signage must comply with all state and local laws and ordinances. You are also to limit your signage to "Tifa Chocolate & Gelato". The use of any other language is forbidden. If you employ any signage that does not comply with this Agreement, you will be in material breach of this Agreement. The signage must also incorporate the specific letter style, curvature, approved colors and trademark associated with The Tifa Chocolate & Gelato logo. You must not use a sign that deviates from the standard logo unless and until you have submitted a request for such deviation to us in writing with drawings and we have approved such deviation in writing.

8.6 Internet.

You may not maintain a World Wide Web site or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with any Tifa Chocolate & Gelato café without our prior written approval, which we may withhold for any reason or no reason and in our sole discretion. You agree to submit to us for our approval, before use, true and correct printouts of all Web site pages you propose to use in your Web site connection with the business. You understand and agree that our right of approval of all such Web materials is necessitated by the fact that such Web materials will include and be inextricably linked with the Marks. You may only use material which we have approved. Should we grant you the right to

establish a Web site in connection with the business authorized by this agreement, the Tifa Chocolate & Gelato café web site must conform to all of our Web site requirements, whether set forth in its Manual or otherwise. You agree to provide all hyperlinks or other links that we require. If we grant approval for a Web site, you may not use any of the Proprietary Information at the site except as we expressly permit. You may not post any of our proprietary, confidential or copyrighted material or information on the Web site without our prior written permission. If you wish to modify an approved site, all proposed modifications must also receive our prior written approval. You explicitly understand that you may not post on the Web site any material which any third party has any direct or indirect ownership interest in (including, without limitation, video clips, photographs, sound bites, copyrights, trademarks or service marks, or any other test or image which any third party may claim intellectual property ownership interests in). You agree to list on the Web site, should we ever grant you the right to have a Web site in connection with any aspect of this Agreement, any Web site maintained by us, and any other information we require in the manner we dictate. You agree to obtain our prior written approval for any Internet domain name and/or home page address. The requirement for our prior approval set forth in this Paragraph will apply to all activities on the Internet or other communications network to be conducted by you, except that you may maintain one or more E-mail addresses and may conduct individual E-mail communications with our prior written approval. You agree to obtain our prior approval as provided above if you propose to send advertising to multiple addresses via E-mail.

8.7 Protection Against Social Media Networking.

You understand and agree that you are strictly prohibited from promoting or using the Marks in any manner on any social and/or networking websites, including but not limited to, Facebook, LinkedIn, My Space, Twitter, Instagram, Vine, Tumblr, Snapchat, or any other platform, including but not limited to any online advertising, digital marketing and sponsorships without our prior written consent.

9. Termination.

9.1 Termination Upon Notice.

We may terminate this Agreement, effective on delivery of notice of termination to you, if:

(a) you fail to meet your obligations in accordance with the Development Schedule (unless we exercise other remedies under Paragraph 3.4 (b)-(d);

(b) you (or, if you are a Business Entity, any Operating Partner or any Owner) make an unauthorized assignment or transfer of this Agreement, an ownership interest in you or any interest in any affiliate's Tifa Chocolate & Gelato café or Franchise Agreement granted pursuant to this Agreement;

(c) you (or, if you are a Business Entity, any Operating Partner or any Owner) have made any material misrepresentation or omission in your application for the development rights conferred by this Agreement;

(d) you (or, if you are a Business Entity, any Operating Partner or any Owner) are or have been convicted of, or plead, or have pleaded no contest, or guilty, to a felony or other serious crime or offense that is likely to adversely affect your reputation, our reputation or the reputation

of any other Tifa Chocolate & Gelato café;

(e) you (or, if you are a Business Entity, any Operating Partner or any Owner) make any unauthorized use of the Marks, fail to comply with our Internet restrictions or any unauthorized use or disclosure of the Confidential Information;

(f) you fail to make payments of any amounts due to us or our affiliates under this Agreement or any other agreement that you have with us (including any Franchise Agreement), and do not correct such failure within 10 days after written notice of such failure is delivered to you;

(g) you fail to perform or observe any provision of any lease or sublease for any Site, any financing document for any Site or any lease or financing document for any of the approved Operating Assets or Tifa Chocolate & Gelato café Materials (as defined in the Franchise Agreement) and do not correct such failure within the applicable cure period;

(h) you fail to sign a lease or purchase agreement for the Tifa Chocolate & Gelato café within one hundred twenty (120) days of the end of the site selection period or if you fail to open the Tifa Chocolate & Gelato café to the public within five hundred forty (540) days following the effective date of this Agreement;

(i) you do not enter into a franchise agreement within 15 days after you have obtained lawful possession of a lease for or a contract to purchase a Site;

(j) you, or one of your principal Owners, make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; your business, or a principal Owner's business, is attached, seized, subjected to a warrant or levied upon, unless such attachment, seizure, warrant or levy is vacated within 30 days; or any order appointing a receiver, trustee or liquidator of you, or a principal Owner, or the business of any of them is not vacated within 30 days following the entry of such order (You must notify us in writing within 10 days of any of the events listed in this Paragraph 9.1(j));

(k) you, or any of your principal Owners, engage in any dishonest or unethical conduct which may adversely affect the reputation of Tifa Chocolate & Gelato cafés or the goodwill associated with the Marks;

(l) you fail to comply with any other provision of the Agreement or any provision of any other agreement you have with us (including any Franchise Agreement), after we have notified you of the failure whether or not such failures to comply are corrected after notice of the failure is delivered to you;

(m) you fail on 2 or more separate occasions within any 12 consecutive month period or on 3 occasions during the term of this Agreement to comply with this Agreement or any other agreement you have with us (including any Franchise Agreement), after we have notified you of the failure whether or not such failures to comply are corrected after notice of the failure is delivered to you; or

(n) we have delivered to you (or an affiliate) a notice of termination of a Franchise Agreement in accordance with its terms and conditions or you (or your affiliates) have terminated

a Franchise Agreement without cause, as defined in such agreement.

9.2 Cross-Default.

Any default or breach by you, your affiliates and/or any guarantor of yours of any other agreement between us or our affiliates and you and/or such other parties will be deemed a default under this Agreement, and any default or breach of this Agreement by you and/or such other parties will be deemed a default or breach under any and all such other agreements between us or our affiliates and you, your affiliates and/or any guarantor of yours. If the nature of the default under any other agreement would have permitted us (or our affiliate) to terminate this Agreement if the default had occurred under this Agreement, then we will have the right to terminate all such other agreements in the same manner provided for in this Agreement for termination hereof. Your "affiliates" means any persons or entities controlling, controlled by or under common control with you.

10. Effect of Termination and Expiration.

10.1 Continuing Obligations.

All of the obligations under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement, until they are satisfied in full or by their nature expire. Within 5 days immediately following termination or expiration of this Agreement for any reason, you must pay to us all fees or other amounts due us under this Agreement, or any other agreement, note, or obligation between you and us.

10.2 Post-Term Competitive Restrictions.

Upon termination or expiration of this Agreement for any reason, you and your Owners and guarantors agree that, for a period of 2 years commencing on the effective date of termination or expiration, no Restricted Person will have any direct or indirect interest (e.g. through a spouse, child, or other family member) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, manager, representative or agent or in any other capacity in any Competitive Business operating:

(a) at any Site or within the Designated Territory;

(b) within 50 miles of any Site or the Designated Territory; or

(c) within 15 miles of any other Tifa Chocolate & Gelato café, planned in operation or under construction on the later of the effective date of the termination or expiration.

If any Restricted Person refuses voluntarily to comply with the foregoing obligations, the 2-year period will commence with the entry of an order of an arbitrator, or court if necessary enforcing this provision. Each Restricted Person expressly acknowledges that he/she possesses skills and abilities of a general nature and has other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living. You acknowledge and agree that the time and geographic restrictions contained in this Section are reasonable and necessary to protect our interests and investments and do not and will not unduly burden you or deprive you of your ability

to earn a living. You acknowledge and agree that any claim you have, or may have arising from this Agreement, or otherwise have or may have against us will not constitute a defense to our enforcement of the restrictive covenants contained in this Agreement.

10.3 Grant of Franchises.

Upon termination or expiration of this Agreement for any reason, your rights under this Agreement will terminate and you agree to immediately and permanently cease your development activities. We will then have no further obligation to grant you additional franchises for Tifa Chocolate & Gelato cafés and will be free to operate, or grant other persons franchises to operate Tifa Chocolate & Gelato cafés within the Designated Territory.

10.4 Marks and Confidential Information.

Except in connection with Tifa Chocolate & Gelato cafés you are then operating under Franchise Agreements, or with respect to which a Franchise Agreement has been signed, you agree to immediately and permanently cease use, by advertising or in any manner whatsoever, the Marks and the Confidential Information; slogan, trademarks, trade names, service marks, designs, trade dress or logos which are similar in nature to the Marks; or any equipment, materials, forms, confidential methods, procedures, recipes and techniques associated with or similar to the System or which display the Marks or any other distinctive forms, slogans, signs, symbols, trade dress or devices associated with or belonging to us.

11. Transfers.

11.1 By Us.

This Agreement is fully transferable by us and inures to the benefit of any assignee or other legal successor to our interest, as long as such assignee or successor agrees to be bound by, and assumes all of our continuing obligations under it.

11.2 By You.

You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a corporation, corporation or partnership, your Owners) and that we have granted this Agreement in reliance upon our perceptions of the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you (or, if you are a Business Entity, your Owners). Therefore, neither this Agreement (or any interest therein) nor any part or all of the ownership of you may be transferred by you or your Owners without our prior written approval. Any such transfer without our prior written approval constitutes a breach of this Agreement and will convey no rights, or interests in, this Agreement. As used in this Agreement, the term "transfer" includes your (or your Owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (a) this Agreement; (b) you; or (c) any of the Franchise Agreements.

11.3 Transfer to a Business Entity.

Notwithstanding Paragraph 11.2, if you are in full compliance with this Agreement, we may permit you to transfer this Agreement to a Business Entity that conducts no business other than your Tifa Chocolate & Gelato cafés so long as you own, control and have the right to vote all

of its issued and outstanding ownership interests (like stock or partnership interests) and you guarantee its performance under this Agreement. Furthermore, you may not transfer any ownership interest to anyone who does not meet our approval. All owners of every Tifa Chocolate & Gelato café and of any Business Entity must meet our approval. The organizational or governing documents of the business organization must recite that the issuance and transfer of any ownership interest in the business organization are restricted by the terms of this Agreement, are subject to our approval, and all certificates or other documents representing ownership interests in the business organization must bear a legend referring to the restriction of this Agreement. As a condition of our approval of the issuance or transfer of ownership interests to any person other than you, we may require (in addition to the other requirements we have the right to impose) that the proposed owner execute an agreement, in a form provided or approved by us, agreeing to be bound jointly and severally by, to comply with, and to guarantee the performance of, all of your obligations under this Agreement and sign a General Release used in the then current disclosure document.

11.4 Conditions for Approval of Transfer.

(a) Application: If you (or, if you are a Business Entity, your Owners) are in full compliance with this Agreement and all of the Franchise Agreements, we will not unreasonably withhold our approval of a transfer that meets all the applicable requirements of this Section. The proposed transfer and its owners must be individuals of good moral character and otherwise meet our then applicable standards for developers of Tifa Chocolate & Gelato cafés.

(b) Development Rights: If the transfer of the development rights granted under this Agreement or a controlling interest in the Developer, or is one of a series of transfers which in the aggregate constitute the transfer of the development rights granted under this Agreement or a controlling interest in the Developer, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

(i) the transferee must have sufficient business experience, aptitude and financial resources to operate your business and develop the Designated Territory, and must either already own a Tifa Chocolate & Gelato café or is acquiring one or more of them in association with the transfer;

(ii) you agree to pay us all amounts owed to us or our affiliates, if any, which are then due and unpaid and submit all required reports and statements which have not yet been submitted, under this Agreement, any Franchise Agreement or any other agreement between you (or an affiliate) and us (or our affiliates);

(iii) the transferee and/or the transferee's personnel must agree to complete our initial training program to our satisfaction;

(iv) the transferee must meet our current owner criteria and agree to be bound by and expressly assume all of the terms and conditions of this Agreement for the remainder of its term;

(v) you (and your Owners) must execute a general release, in the form attached to the Franchise Disclosure Document, of any and all claims against us and our officers, directors, employees and agents;

(vi) we must approve the material terms and conditions of such transfer including, without limitation, that the price and terms of payment are not so burdensome as to affect adversely the future development of the Designated Territory and the operation of Tifa Chocolate & Gelato cafés in it;

(vii) if the transferee finances any part of the sale price of the transferred interest, you (and your Owners) must agree that all obligations of the transferee under or pursuant to any promissory notes, agreements or security interests reserved by you (or your Owners) must be subordinate to transferee's obligations to us to comply with this Agreement or Franchise Agreements executed by the transferee;

(viii) all Restricted Persons must sign and deliver to us an agreement in which they will comply with the competitive restrictions contained in Paragraph 10.2 of this Agreement for 2 years commencing on the effective date of the transfer; and

(ix) the transferee must pay us a fee equal to $12,500 for each franchise which has not yet been developed in the Designated Territory.

In connection with any transfer permitted under this Section, you agree to provide us with all documents to be signed by you and the proposed assignee or transferee at least 30 business days prior to signing.

11.5 Right of First Refusal.

If you (or your Owners) at any time determine to transfer this Agreement (as defined above) you will obtain a bona fide, signed written offer, an earnest money deposit (in the amount of 5% or more of the offering price) from a responsible and fully disclosed purchaser and submit an exact copy of such offer to us. The offer must apply only to an interest in this Agreement or you. It must not include the purchase of any other property or rights of you (or your Owners). The offer must completely describe the purchase price, payment terms, terms of the assumption of liabilities and all other material terms of the transfer (including all exhibits and other information so that we may readily determine the foregoing). Within 30 days from the date we receive the copy of such offer, we may purchase your rights under this Agreement and the assets of your business on the terms and conditions contained in the offer provided to us, except that:

(a) we may substitute cash for any form of payment proposed in the offer (with a discounted amount if an interest rate will be charged on any deferred payments);

(b) our credit will be deemed equal to the credit of any proposed purchaser;

(c) we will have no less than 90 days to prepare for a closing; and

(d) we are entitled to receive, and you and your Owners agree to make, all customary representations and warranties given by the seller of the assets of a business or with the capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to:

(i) ownership and condition of and title to stock or other forms of ownership interests and/or assets;

(ii) liens and encumbrances relating to the stock or other ownership interests and/or assets; and

(iii) validity of contracts and the liabilities contingent or otherwise of the corporation or other legal entity whose stock or ownership rights are being purchased.

The 30-day period will not commence until you have delivered to us full and complete documentation to enable us to fully evaluate the offer.

If we exercise our right of first refusal, you and your selling Owner(s) agree that, for a period of 2 years commencing on the date of the closing, you and they will be bound by the competitive restrictions contained in Paragraph 10.2 of this Agreement.

If we do not exercise our right of first refusal, you or your Owners may complete the transfer on the terms contained in the offer, subject to our approval of the transfer as described in this Section of this Agreement. If the transfer as described in the offer is not completed within 120 days after delivery of the offer to us, or if there is a material change in the terms of the transfer, we will again have the right of our first refusal as described in this Agreement.

11.6 Death or Permanent Disability.

Upon your death or permanent disability or that of one of your Owners, the executor, administrator, conservator or other personal representative of such person must transfer his or her interest within a reasonable time, not to exceed 6 months from the date of death or permanent disability, to a third party approved by us. Such transfer, including, without limitation, transfer by devise or inheritance, is subject to all the conditions for transfers contained in Paragraph 11.4 and unless transferred by gift, devise or inheritance, subject to the terms of Paragraph 11.5. Failure to dispose of such interest within that time period constitutes a breach of this Agreement. Our consent to a transfer of any interest subject to the restrictions of this Section does not constitute a waiver of any claims we may have against the assignor; nor will it be deemed a waiver of our right to demand the assignee's exact compliance with any of the terms or conditions of this Agreement or any Franchise Agreements.

11.7 Public Offerings of Securities.

Notwithstanding any other provisions of this Agreement, you agree not to, without our prior written consent, sell or offer to sell any of your securities if such sale or offer would be required to be registered pursuant to the provisions of the Securities Act of 1933, as amended, and the rules and regulations pursuant thereto, or the securities laws of any other state or territory of the United States of America or of any other jurisdiction. All advertisements or promotional materials must be previously approved by us. You may not use any advertising or promotional materials that we have disapproved.

11.8 Franchise Transfers.

A transfer of any Tifa Chocolate & Gelato café developed pursuant to this Agreement may be made only in connection with the transfer of the Franchise Agreement for such Tifa Chocolate & Gelato café, and a transfer of the Franchise Agreement for any such Tifa Chocolate & Gelato café may be made only in connection with the transfer of all interests of yours in such Tifa Chocolate & Gelato café (or the affiliate that owns such A Tifa Chocolate & Gelato café). A

transfer must comply with all of the requirements for a transfer set forth in the Franchise Agreement.

12. Relationship of the Parties/Indemnification.

12.1 Independent Contractors.

You and we understand and agree that this Agreement does not create a fiduciary relationship between the parties. We and you are independent contractors. Nothing in this Agreement is intended to make either party a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings as the owner of development rights granted under an Area Development Agreement with us in the ways we specify for doing so. You agree to place notices of independent ownership on such forms, business cards, stationary, advertising and other materials as we may require from time to time.

12.2 No Liability for Acts of Other Party.

You agree not to employ any of the Marks in signing any contract or applying for any license or permit or in a manner that may result in our liability for any of your indebtedness or obligations. You agree to not use the Marks in any way not expressly authorized by this Agreement or the Franchise Agreements. Except as expressly authorized in writing, neither you nor we will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other or be obligated by or have any liability under any agreements or representation made by the other. We will not be obligated for any damages to any person or property directly or indirectly arising out of the operations of your business authorized by or conducted pursuant to this Agreement.

12.3 Taxes.

We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, payroll property or other taxes, whether levied upon you or your assets or upon us, arising in connection with the business conducted by you pursuant to this Agreement or any Franchise Agreement. Payment of all such taxes is solely your responsibility.

12.4 Indemnification.

You agree to indemnify, defend and hold us, our affiliates and our respective shareholders, directors, officers, employees, agents, successors and assignees (the "Indemnified Parties") harmless from and against and to reimburse them for all claims, obligations and damages described in this Section, any and all taxes described in Paragraph 12.3 of this Agreement and any and all claims and liabilities directly or indirectly arising out of the operation of your business (even if our negligence is alleged, but not proven), your breach of this Agreement or your use of the Marks in any manner not in accordance with this Agreement. For purposes of this indemnification, "claims" means and includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties including, without limitation, reasonable costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. The Indemnified Parties have the right to defend any such claim against them in such manner as they deem appropriate or desirable in their sole discretion. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Under no circumstances will we or any other

Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

13. Enforcement.

13.1 Severability; Substitution of Valid Provisions.

Except as otherwise stated in this Agreement, each provision of this Agreement, and any portion of any provision, are severable. The remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting your competitive activities is deemed unenforceable, you and we agree that such provisions will be enforced to the fullest extent permissible under governing law. This Agreement will be deemed automatically modified to comply with such governing law if any applicable law requires: (a) a greater prior notice of the termination of or refusal to renew this Agreement; or (b) the taking of some other action not described in this Agreement; or (c) if any System Standard is invalid or unenforceable. We may modify such invalid or unenforceable provision to the extent required to be valid and enforceable. In such event, you will be bound by the modified provisions.

13.2 Waivers.

We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time: (a) we do not exercise a right or power available to us under this Agreement; or (b) we do not insist on your strict compliance with the terms of this Agreement; (c) there develops a custom or practice which is at a variance with the terms of this Agreement; or (d) if we accept payments which are otherwise due to us under this Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else. Any waiver we may grant to you will, without any prejudice to you and without any obligation on our part to compensate you, be subject to our continuing review, and may be revoked by us, at any time and for any reason, effective upon our notice to you of our revocation of the waiver.

13.3 Limitation of Liability.

Neither we nor you will be liable for loss or damage or deemed to be in breach of this Agreement if failure to perform obligations results from:

(a) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or any department or agency thereof;

(b) acts of God, terror, war or similar events;

(c) acts or omissions of a similar event or cause.

However, such events or delays do not excuse payments of amounts owed at any time.

13.4 Approval and Consents.

Whenever this Agreement requires our advance approval, agreement or consent, you agree

to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. If we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on, and will not assume any liability or obligation to you.

13.5 Governing Law.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) and the United States Arbitration Act, this Agreement and our relationship shall be governed by the laws of California.

Developer waives any and all rights, actions or claims for relief under the Federal Act entitled "Racketeer Influenced and Corrupt Organizations", 18 U.S.C. Section 1961 et seq.

13.6 Judicial Enforcement, Injunction, and Specific Performance.

Notwithstanding the provisions of Paragraphs 13.7 and 13.8, we shall be entitled, without bond, to the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to your use of the Marks, your obligation upon termination or expiration of the Agreement, and any Transfer by you of this Agreement and ownership of Developer. If we secure any such injunction or order of specific performance, you agree to pay us an amount equal to the aggregate of our cost of obtaining such relief, including, without limitation, reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, and any damages incurred by us as a result of the breach of any such provision.

13.7 Mediation.

The parties hereto agree that before resorting to binding arbitration, that if any dispute arises between the parties hereto, any affiliated companies thereof or any of their officers, directors, partners, relating to anything other than the matters set forth in Paragraphs 7.3, 10.2 and 13.6, the parties hereto agree to first try in good faith before resorting to arbitration, to settle the dispute by mediation in Westlake, California, administered by the American Arbitration Association under its Commercial Mediation Rules and initiated at and supervised by the American Arbitration Association office in Atlanta, Georgia or such other office as the American Arbitration Association may designate, unless agreed otherwise by the parties. Disputes subject to mediation shall be all controversies, claims, and matters from the beginning of time, whether contractual or tort in nature, except for those matters specifically excluded in Paragraphs 7.3, 10.2 and 13.6. The party who seeks resolution of a controversy, claim or dispute or other matter in question shall notify the other party and the American Arbitration Association office in writing of the existence and subject matter of such controversy, claim or dispute. Unless mutually agreed otherwise, the parties shall meet with the mediator within thirty (30) days after the recipient party has received notice of the dispute, and agree to utilize their best efforts and all expediency to resolve the matters in dispute. The mediation shall not continue longer than one (1) day without the written approval of both parties. Neither party shall be bound by any recommendation of the mediator; however, any agreement reached during mediations shall be final and conclusive. The expense of mediation shall be shared equally by both parties. The parties' obligation to mediate will be deemed to be satisfied after one (1) hearing day or 60 days after mediation demand has been made if any party fails to appear or

participate in good faith in the mediation.

We and you each agree that the mediation process is negotiation for the purpose of compromise. All offers, promises, conduct, and statements, whether oral or written, made in the course of the mediation process by any of the parties, their agents, employees, experts and attorneys, shall be confidential. You acknowledge that we may require you to execute a confidentiality agreement pertaining to the mediation process. Notwithstanding the foregoing, evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or not discoverable as a result of its use in the mediation process.

In the event the parties are unable to reach an agreement by mediation, then in that event all disputes, controversies, claims or causes of action shall be submitted to binding arbitration pursuant to Paragraph 13.8 hereinafter.

13.8 Arbitration.

All disputes and claims relating to any provision of this Agreement (other than as set forth in Paragraph 13.6 above, "Judicial Enforcement, Injunction and Specific Performance"), any specification, standard, operating procedure, or rule or any other obligation of Developer prescribed by us or any obligation of us, or the breach thereof (including, without limitation, any claim that this Agreement, any provision hereof, any specification, standard, operating procedure, rule or any other obligation of Developer or us is illegal or otherwise unenforceable or voidable under any law, ordinance, or ruling) shall be settled by arbitration in Westlake, California, or if we shall no longer maintain an office in Westlake, California, then our home office. Arbitration shall be conducted in accordance with the United States Arbitration Act (9 U.S.C. Section 1 et seq.), if applicable, and the Rules of the American Arbitration Association (relating to the arbitration of disputes arising under franchise and license agreements, if any, otherwise, the general rules of commercial arbitration), provided that the arbitrator shall award, or include in his/her award, the specific performance of this Agreement, and the arbitrator shall issue a written opinion explaining the reasons for his/her decision and award. If a claim for amounts owed by Developer to us is asserted in the arbitration proceeding and if we shall prevail on such claim, we shall be entitled to so much of our cost and expenses including accounting and legal fees, as are attributable to the prosecution thereof. Judgment upon the award of the arbitrator may be entered in any court having jurisdiction thereof or of us or of Developer. During the pendency of an arbitration proceeding hereunder, the parties hereto shall fully perform and comply with the provisions of this Agreement.

13.9 Third Party Beneficiaries.

Our officers, directors, shareholders, agents, and/or employees are express third party beneficiaries of the arbitration provisions in Paragraph 13.8, each having authority to specifically enforce the right to arbitrate claims asserted against such person(s) by Developer.

13.10 Class Claims.

Developer agrees that any arbitration between Developer and us will be Developer's individual claim and that the claim or claims subject to arbitration shall not be arbitrated on a class-wide basis.

13.11 Binding Effect.

This Agreement is binding on and will inure to the benefit of our successors and assigns. Except as otherwise provided in this Agreement, this Agreement will also be binding on your successors and assigns, and your heirs, executors and administrators.

The parties hereto agree that this Agreement may be executed electronically by any means Franchisor chooses, and if by electronic signature, the electronic signature shall be binding to the same extent as an original signature and shall be deemed an original signature with regard to this Agreement and all Riders, Amendments or Addenda hereto. You are not entitled to challenge the validation or authenticity of the electronic signature or the document on the ground that it is not the original.

13.12 Entire Agreement.

This agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us. There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. Notwithstanding the foregoing, nothing in the Agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us.

13.13 No Liability to Others; No Other Beneficiaries.

We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement.

13.14 Construction.

The headings of the sections and paragraphs are for convenience only. If two or more persons re at any time operating as the Developer hereunder, whether or not as partners or joint venturers, their obligations and liabilities to us are joint and several. This Agreement may be signed in multiple copies, each of which will be an original.

13.15 Certain Definitions.

The term "family member" refers to parents, spouses, offspring and siblings, and the parents and siblings of spouses. The term "affiliate" means any Business Entity directly or indirectly owned or controlled by a person, under common control with a person or controlled by a person. The terms "developer, franchisee, franchise owner, you and your" are applicable to one or more persons, a Business Entity, as the case may be. The singular use of any pronoun also includes the plural and the masculine and neuter usages include the other and the feminine. The term "person" includes individuals and Business Entities. The term "Section" or "Paragraph" refers to a section, subsection or paragraph of this Agreement. The word "control" means the power to direct or cause the direction of management and policies. The word "Owner" means: any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in another person (or a transferee of this Agreement or an interest in you), and the officers, directors, partners,

members or holders of a beneficial interest in any person who has 5% or more a direct or indirect beneficial interest in you or this Agreement and any person who has any other legal or equitable interest, or the power to vest in himself/herself any legal or equitable interest, in the revenue, profits, rights or assets.

13.16 Time is of the Essence.

It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement. In computing time periods from one date to a later date, the words "from" and "commencing on" (and the like) mean "to but excluding." Indications of time of day mean Pacific Time.

13.17 Notices and Payments.

All written notices and reports permitted or required under this Agreement or by the Manuals will be deemed delivered:

(a) 2 business days after being placed in the hands of a commercial airborne courier service for next business day delivery; or

(b) 3 business days after placement in the United States mail by certified mail, return receipt requested, postage paid.

We may direct notices to your affiliates to you. All such notices must be addressed to the parties as follows:

If to Us: ~~30760 Russell Ranch Road, Unit A~~2060 D Avenida de los Arboles, #471

~~Westlake Village, California 91362~~Thousand Oaks, CA 91362-1361

Attention: Michael Ashamalla, Chief Executive Officer

If to You: _____

_____

_____

Attention: _____

Either you or we may change the address for delivery of all notices and reports and any such notice will be effective within 10 business days of any change in address. Any required payment or report not actually received by us during regular business hours on the date due (or postmarked by postal authorities at least 2 days prior to such date, or in which the receipt form the commercial courier service is not dated prior to 2 days prior to such date) will be deemed delinquent.

14. Merger, Acquisition or Affiliation.

You agree that we have the right, now, or in the future, to purchase, merge, acquire, or affiliate with an existing competitive or non-competitive franchise network, chain, or any other

business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as "Tifa Chocolate & Gelato cafés" operating under the Marks or any proprietary marks or any of their marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which Developer acknowledges may be within its " Designated Territory", proximate thereto, or proximate to any of the Tifa Chocolate & Gelato café locations).

We will have the right to assign this Agreement, and all of our rights and privileges under this Agreement, to any person, firm, corporation or other entity.

You agree and affirm that we may sell ourselves, our assets, name and Marks or other proprietary marks and/or our system to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claim, demand, or damages arising from or related to the loss of our name, and Marks, proprietary marks (or any variation thereof) and system and/or the loss of association with or identification of Tifa Chocolate & Gelato cafés under this Agreement. You specifically release any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing.

If we assign our rights in this Agreement, nothing herein shall be deemed to require us to remain in the restaurant business or any business which we now conduct or to offer to sell any food items, products or services to Developer or any franchised Tifa Chocolate & Gelato café.

The parties to this Agreement now sign and deliver this Agreement in 2 counterparts effective as of the date shown on page 1, regardless of the actual date of signature.

TIFA FOODS INTERNATIONAL, INC.	**DEVELOPER**
By:_____	**By:**_____
_____	_____
(Printed Name and Title)	(Printed Name and Title)
Date:_____	Date:_____

EXHIBIT "H-ONE" TO THE AREA DEVELOPMENT AGREEMENT

DESIGNATED TERRITORY

EXHIBIT "H-ONE" TO THE AREA DEVELOPMENT AGREEMENT

DESIGNATED TERRITORY

Description of Designated Territory:

or if appropriate check here □ for Map describing Designated Territory and attach the Map to this Exhibit H-One"

EXHIBIT "H-TWO" TO THE AREA DEVELOPMENT AGREEMENT

STATE REQUIRED AMENDMENT TO AREA DEVELOPMENT AGREEMENT

EXHIBIT "I" TO THE DISCLOSURE DOCUMENT

FORM OF CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS

CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS

THIS CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS (this "**Assignment")** is effective as of _____, 20__, between **TIFA FOODS INTERNATIONAL, INC.,** a California corporation, with its principal place of business at ~~30760 Russell Ranch Road, Unit A~~2060 D Avenida de los Arboles, #471 ~~Westlake Village, California 91362~~Thousand Oaks, CA 91362-1361 ("**Franchisor**," "**Assignee**," "**we**," "**us**" or "**our")** and _____ whose current place of business is _____ ("**Franchisee**," "**Assignor**," "**you" or "your"**). You and we are sometimes referred to collectively as the "**parties"** or individually as a "**party".**

BACKGROUND INFORMATION

We have simultaneously entered into a Franchise Agreement (the "**Franchise Agreement"**) dated as of _____, 20__ with you, pursuant to which you plan to own and operate a franchise to operate as a Tifa Foods International, Inc. franchise. We use, among other things, certain proprietary, procedures, formats, systems forms, printed materials, applications, methods, specifications, standards and techniques we authorize or develop (collectively the "**System**"). We identify Tifa Foods International, Inc. franchises and various components of the System by certain trademarks, trade names, service marks, trade dress and other commercial symbols (collectively the "**Marks**"). In order to protect our interest in the System and the Marks, we will have the right to control the telephone numbers and listings of the Tifa Foods International, Inc. franchise if the Franchise Agreement is terminated.

OPERATIVE TERMS:

You and we agree as follows:

1. **Background Information**: The background information is true and correct. This Assignment will be interpreted by reference to the background information. Terms not otherwise defined in this Assignment will have the meanings as defined in the Franchise Agreement.

2. **Conditional Assignment**: You assign to us, all of your right, title and interest in and to the following telephone numbers _____ (specified when obtained) and any other telephone numbers and regular, classified or other telephone directory listings (collectively, the "**Numbers and Listings**") associated with the Marks and used from time to time in connection with the operation of the Tifa Foods International, Inc. Franchised Business. We will have no liability or obligation of any kind whatsoever arising from or in connection with the Assignment, unless we notify the telephone company and/or the listing agencies with which you have placed telephone directory listings (collectively, the "**Telephone Company**") to effectuate the assignment of the Numbers and Listings to us. Upon termination or expiration of the Franchise Agreement we will have the right and authority to ownership of the Numbers and Listings. In such event, you will have no further right, title or interest in the Numbers and Listings and will remain liable to the Telephone Company for all past due fees owing to the Telephone Company on or before the date on which the assignment is effective. As between the parties, upon termination or expiration of the Franchise Agreement, we will have the sole right to and interest in the Numbers and Listings.

3. **Power of Attorney**: You irrevocably appoint us as your true and lawful attorney-

in-fact to: (a) direct the Telephone Company to effectuate the assignment of the Numbers and Listings to us; and (b) sign on your behalf such documents and take such actions as may be necessary to effectuate the assignment. Notwithstanding anything else in the Assignment, however, you will immediately notify and instruct the Telephone Company to effectuate the assignment described in this Assignment to us when, and only when: (i) the Franchise Agreement is terminated or expires; and (ii) we instruct you to so notify the Telephone Company. If you fail to promptly direct the Telephone Company to effectuate the assignment of the Numbers and Listings to us, we will direct the Telephone Company to do so. The Telephone Company may accept our written direction, the Franchise Agreement or this Assignment as conclusive proof of our exclusive rights in and to the Numbers and Listings upon such termination or expiration. The assignment will become immediately and automatically effective upon Telephone Company's receipt of such notice from you or us. If the Telephone Company requires that you and/or we sign the Telephone Company's assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, our signature on such forms or documentation on your behalf will effectuate your consent and agreement to the assignment. At any time, you and we will perform such acts and sign and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement. The power of attorney conferred upon us pursuant to the provisions set forth in this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without our consent.

4. **Indemnification**: You will indemnify and hold us and our affiliates, stockholders, directors, officers, members, and representatives (collectively, the "**Indemnified Parties**") harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses that any of the Indemnified Parties incur as a result of any claim brought against any of the Indemnified Parties or any action which any of the Indemnified Parties are named as a party or which any of the Indemnified Parties may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of any agreement or contract or the nonpayment of any debt you have with the Telephone Company.

5. **Binding Effect**: This Assignment is binding upon and inures to the benefit of the parties and their respective successors-in-interest, heirs, and successors and assigns.

The parties hereto agree that this Agreement may be executed electronically by any means Franchisor chooses, and if by electronic signature, the electronic signature shall be binding to the same extent as an original signature and shall be deemed an original signature with regard to this Agreement and all Riders, Amendments or Addenda hereto. You are not entitled to challenge the validation or authenticity of the electronic signature or the document on the ground that it is not the original.

6. **Assignment to Control**: This Assignment will govern and control over any conflicting provision in any agreement or contract which you may have with the Telephone Company.

7. **Attorneys' Fees, Etc**.: In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment or the enforcement thereof, the prevailing party will be entitled to reimbursement of its attorneys' fees, costs and expenses from the non-prevailing party. The term "attorneys' fees" means any and all charges levied by an attorney for his or her services including time charges and other reasonable fees including paralegal fees and legal assistant fees and includes fees earned in settlement, at trial, appeal or in bankruptcy proceedings

and/or in arbitration proceedings.

8. **Severability**: If any of the provisions of this Assignment or any section or subsection of this Assignment or any section or subsection of this Assignment is held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected, and will remain in full force and effect in accordance with its terms.

Governing Law Forum: This Assignment is governed by California Law. The parties will not institutes any action arising out of this Assignment against any of the other parties to this Assignment except in the state or federal court of competent jurisdiction in Westlake Village, California, and they irrevocably submit to the jurisdiction of such courts and waive any objection they may have to either the jurisdiction or venue of such court.

ASSIGNOR:

ASSIGNEE:

TIFA FOODS INTERNATIONAL, INC.

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name:

Title:

Date:

THIS CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS is accepted and agreed to by:

(TELEPHONE COMPANY)

By: _____

Name: _____

Its: _____

Date: _____

EXHIBIT "J" TO THE DISCLOSURE DOCUMENT

FORM OF

CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE

CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE

THIS CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE (this "**Assignment"**) is made, entered into and effective as of the effective date of the Lease (as defined herein below), by, between and among **TIFA FOODS INTERNATIONAL, INC.,** a California corporation with its principal business address located at ~~30760 Russell Ranch Road, Unit A~~2060 D Avenida de los Arboles, #471 ~~Westlake Village, California 91362~~Thousand Oaks, CA 91362-1361 ("**we**," "**us**" or "**our**"), and _____ whose current principal place of business is _____ ("**you"** or "**your**").

BACKGROUND INFORMATION

We entered into that certain Franchise Agreement (the "**Franchise Agreement**") dated as of _____, 20__ with you, pursuant to which you plan to own and operate a Tifa Foods International, Inc. franchise located at that certain location approved by us located at _____ pursuant to the Franchise Agreement between you and us dated _____, 20__ (the "**Approved Office Location**" or "**Site**"). In addition, pursuant to that certain Lease Agreement (the "Lease"), you have leased or will lease certain space containing the Tifa Foods International, Inc. franchise described therein from _____ (the "**Lessor**"). The Franchise Agreement requires you to deliver this Assignment to us as a condition to the grant of a franchise.

We and you agree as follows:

1. **Background Information:** The background information is true and correct. This Assignment will be interpreted by reference to, and construed in accordance with, the background information.

2. **Incorporation of Terms**: Terms not otherwise defined in this Assignment have the meanings as defined in the lease.

3. **Indemnification of Us:** You agree to indemnify and hold us and our affiliate, if any, our members, directors, officers and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses, that they incur resulting from any claim brought against any of them or any action which any of them may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of the Lease, including the failure to pay rent or any other terms and conditions of the Lease.

4. **Assignment**: You grant to us a security interest in and to the Lease, all of the furniture, fixtures, inventory and supplies located in the Approved Location and the franchise relating to the Tifa Foods International, Inc. franchise, and all of your rights, title and interest in and to the Lease as collateral for the payment of any obligation, liability or other amount owed by you or your affiliates (if permitted by us) to the Lessor arising under the Lease and for any of the terms and provisions of the Franchise Agreement. In the event of a breach or default by you under the terms of the Lease, or, in the event we make any payment to the Lessor as a result of your breach of the Lease, then such payment by us, or such breach or default by you, will at our option be deemed to be an immediate default under the Franchise Agreement, and we will be entitled to the possession of the Site and to all of your rights, title and interest in and to the Lease and to all other remedies described herein or in the Franchise Agreement or at law or in equity, without prejudice to any of our other

rights or remedies under any other Agreements or under other applicable laws or equities. This Assignment will constitute a lien on your interest in and to the Lease until satisfaction in full of all amounts owed by you to us. In addition, our rights to assume all obligations under the Lease provided in this Assignment are totally optional on our part. You agree to execute any and all Uniform Commercial Code financing statements and all other documents and instruments deemed necessary by us to perfect or document the interests and assignments granted herein.

5. **No Subordination:** You will not permit the Lease to become subordinate to any lien without first obtaining our written consent, other than the lien created by this Assignment, the Franchise Agreement, the Lessor's lien under the Lease, liens securing bank financing for your operations on the Site and the agreements and other instruments referenced herein. You will not terminate, modify or amend any of the provisions or terms of the Lease without our prior written consent. Any attempt at termination, modification or amendment of any of the terms without such written consent is null and void.

6. **Exercise of Remedies**: In any case of default by you under the terms of the Lease or under the Franchise Agreement, we will be entitled to exercise any one or more of the following remedies:

(a) to take possession of the Approved Location, or any part thereof, personally, or by our agents or attorneys;

(b) to, without notice and with or without process of law, enter upon and take maintain possession of all or any part of the Approved Location, together with all your furniture, fixtures, inventory, books, records, papers and accounts;

(c) to exclude you, your agents or employees from the Approved Location;

(d) as your attorney-in-fact or in our own name, and under the powers herein granted, to hold, operate, manage and control the Tifa Foods International, Inc. Franchised Business and conduct the business, if any thereof, either personally or by our agents, with full power to use such measures, legally rectifiable, as we may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, hereby granting full power and authority to us to exercise each and every or the rights, privileges and powers herein granted at any and all times hereafter;

(e) to cancel or terminate any unauthorized agreements or subleases entered into by you, for any cause or ground which would entitle us to cancel the same;

(f) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site or the Site that may seem judicious; and

(g) to insure and reinsure the same for all risks incidental to our possession, operation and management thereof; and/or

(h) notwithstanding any provision of the Franchise Agreement to the contrary, to declare all of your rights but not obligations under the Franchise Agreement to be immediately terminated as of the date of your default under the Lease.

7. **Power of Attorney**: You do hereby irrevocably appoint us as your true and lawful attorney-in-fact in your name and stead and hereby authorize us, upon any default under the Lease or

under the Franchise Agreement, with or without taking possession of the Site, to rent, lease, manage and operate the Site to any person, firm or corporation upon such terms and conditions as we may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as we would have upon taking possession of the Site pursuant to the provisions set forth in the Lease. The power of attorney conferred upon us pursuant to this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without our written consent.

8. **Election of Remedies:** It is understood and agreed that the provisions set forth in this Assignment are deemed a special remedy given to us and are not deemed to exclude any of the remedies granted in the Franchise Agreement or any other agreement between the parties, but are deemed an additional remedy and are cumulative with the remedies therein and elsewhere granted to us, all of which remedies are enforceable concurrently or successively. No exercise by us or any of the rights hereunder will cure, waive or affect any default hereunder or default under the Franchise Agreement. No inaction or partial exercise of rights by us will be construed as a waiver of any of our rights and remedies and no waiver by us of any such rights and remedies will be construed as a waiver by us of any future rights and remedies.

9. **Binding Agreements**: This assignment and all provisions are binding upon the parties, their successors, assigns and legal representatives and all other persons or entities claiming under them or through them, or either of them, and the words "we", "us" or "our" or "you" and "your "includes all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement. All individuals executing on behalf of corporate or other legal entities hereby represent and warrant that such execution has been duly authorized by all necessary corporate and shareholder or member authorizations and approvals.

10. **Assignment to Control**. This Assignment governs and controls over any conflicting provisions in the lease.

11. **Attorney's Fees, Etc**. In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment, the prevailing party will be entitled to recover its attorneys' fees, costs and expenses relating to any trial or appeal (including, without limitation, paralegal fees) or arbitration or bankruptcy proceeding from the non-prevailing Party.

12. **Severability**. If any of the provisions of this Assignment or any section or subsection of this Assignment is to be held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected there–by and will remain in full force and effect in accordance with its terms.

[Signatures on page that follows.]

IN WITNESS WHEREOF, the Parties have caused this Assignment to be executed as of the day and year first above written.

"**YOU**":	"**US**"
_____	**TIFA FOODS**
Name of Entity	**INTERNATIONAL, INC.,**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

THIS CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE is accepted and agreed to by:

"**Lessor**"

By: _____

Name: _____

Its: _____

Date: _____

EXHIBIT "K" TO THE DISCLOSURE DOCUMENT

FORM OF

PRINCIPAL OWNER'S GUARANTY

PRINCIPAL OWNER'S GUARANTY

This Guaranty must be signed by each of the principal owners (referred to as "**you**" or "**your**" for purposes of this Guaranty only) of _____ (the "**Business Entity**") under the Franchise Agreement dated _____, 20__ (the "**Agreement**") with **TIFA FOODS INTERNATIONAL, INC.** ("**we,**" "**us**" or "**our**").

1. **Incorporation of Terms**. Each term of the Agreement is incorporated into this Guaranty.

2. **Guaranty**. In consideration of and as an inducement to us signing and delivering the Agreement, each of you signing this Guaranty personally and unconditionally: guarantee to us and our successors and assigns that (a) the Business Entity will punctually pay and perform every obligation and obey every restriction and covenant set forth in the Agreement and each and every Agreement entered into by and between Us and the Business Entity; and (b) each of you jointly and severally agrees to be personally bound by, and personally liable for the breach of, each and every obligation, restriction and covenant in the Agreement.

3. **Payment**. If the Business Entity fails to make any payment when due or otherwise defaults under any of the terms of the Agreement, immediately upon demand, you will pay to us the full amount owed, plus any interest or penalty allowed under the Agreement. All payments are made without set-off, deduction or withholding for any reason, and are final and free from any defense, claim or counterclaim of you, except the defense that the Business Entity has paid all obligations in full.

4. **Waivers**. Each of you waives: (a) acceptance and notice of acceptance by us of your obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you; (d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability; (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors.

5. **Consents and Agreements**. Each of you consents and agrees that: (a) your direct and immediate liability under this Guaranty are joint and several; (b) you must render any payment or performance required under the Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person; (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to the Business Entity or to any other person, including without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Agreement and, if required by the Agreement, after its termination or expiration.

6. **Enforcement Costs**. If we are required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, you must reimburse us for our enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', arbitrators'

and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

7. **Effectiveness**. Your obligations under this Guaranty are effective on the Agreement Date, regardless of the actual date of signature. Each of you agrees that this "Principal Owners Guaranty" may be executed electronically by any means Franchisor chooses, and if by electronic signature, the electronic signature shall be binding to the same extent as an original signature with regard to this "Principal Owners Guaranty." You are not entitled to challenge the validation or authenticity of the electronic signature or this document on the ground that it is not an original. Terms not otherwise defined in this Guaranty have the meanings as defined in the Agreement. This Guaranty is governed by California law and we may enforce your rights regarding it by arbitration in Westlake Village, California, or if we no longer maintain an office in Westlake Village, California then our home office. Arbitration shall be conducted in accordance with the United States Arbitration Act (9 U.S.C. Section 1 *et seq*.), if applicable, The Rules of the American Arbitration Association relating to the Arbitration of disputes arising under franchise and license agreements, if any, otherwise, the general rules of commercial arbitration, provided that the arbitrator shall award, or include in his/her award, the specific performance of this Agreement, and the arbitrator shall issue a written opinion explaining the reasons for his/her decision and award. If a claim for amounts owed by you to us is asserted in the arbitration proceeding and if we shall prevail on such claim, we shall be entitled to so much of our cost and expenses including accounting and legal fees, as are attributable to the prosecution thereof. Judgment upon the award of the arbitrator may be entered in any court having jurisdiction thereof or of us or of you.

Each of you now signs and delivers this Guaranty effective as of the date of the Agreement regardless of the actual date of signature.

PERCENTAGE OF OWNERSHIP	**GUARANTORS**
_____	_____
_____	_____
_____	_____
	DATE _____

EXHIBIT "L" TO THE DISCLOSURE DOCUMENT

FORM OF

PRINCIPAL OWNER'S STATEMENT

PRINCIPAL OWNERS STATEMENT

This form must be completed by you if you have multiple owners or if you, or your franchised business, is owned by a business organization (like a corporation, partnership or limited liability company). We are relying on the truth and accuracy of this form in awarding the Franchise Agreement to you.

1. **Form of Owner.** Franchisee is a (check one):

(a) General Partnership _____ ☐

(b) Corporation _____ ☐

(c) Limited Partnership _____ ☐

(d) Limited Liability Company _____ ☐

(e) Other _____ ☐

Specify: _____

Franchisee was formed under the laws of _____.
(State)

2. **Business Entity**. Franchisee was incorporated or formed on _____, 20__, under the laws of the State of _____. Franchisee has not conducted business under any name other than your corporate, limited liability company or partnership name and _____. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

Name of Person	**Position**
_____	_____
_____	_____
_____	_____
_____	_____

3. **Owners**. The following list includes the full name and mailing address of each person who is one of your owners and fully describes the nature of each owner's interest. Attach additional sheets if necessary.

Owner's Name and Address	**Description of Interest**
_____	_____
_____	_____
_____	_____
_____	_____

4. **Governing Documents**. Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.)

This Statement of Principal Owners is current and complete as of _____, 20__.

You agree that this document may be executed electronically by any means Franchisor chooses, and if by electronic signature, the electronic signature shall be binding to the same extent as an original signature and shall be deemed an original signature with regard to this document. You are not entitled to challenge the validation or authenticity of the electronic signature or this document on the ground that it is not the original.

OWNER

INDIVIDUALS

_____

[Signature]

_____

[Print Name]

_____

[Signature]

_____

[Print Name]

CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

_____

[Name]

By: _____

Title: _____

EXHIBIT "M" TO THE DISCLOSURE DOCUMENT

FORM OF CONFIDENTIALITY, NON-SOLICITATION AND NON-COMPETITION AGREEMENT FOR FRANCHISE AGREEMENT

CONFIDENTIALITY, NON-SOLICITATION AND

NON-COMPETITION AGREEMENT

NAME: _____

FRANCHISEE: _____

HOME ADDRESS: _____

_____

HOME TELEPHONE:_____

CLASSIFICATION: _____
(Owner, Shareholder, Officer, Director, Attorney, Employee, etc.)

_____ ("Franchisee") is a franchisee of Tifa Foods International, Inc. ("Franchisor") pursuant to a Franchise Agreement entered into by Franchisee and Franchisor dated _____, 20__ (the "Franchise Agreement"). I agree that, unless otherwise specified, all terms in this Agreement have those meanings ascribed to them in the Franchise Agreement.

I agree that during the term of my employment by, ownership participation in, association with or service to in Franchisee, or at any time thereafter, I will not communicate, divulge or use for the benefit of any other person, persons, partnership, proprietorship, association, corporation or entity any confidential information, knowledge or know-how concerning the systems of operation, services, products, clients or practices of Franchisee and/or Franchisor.

Any and all information, knowledge, know-how, techniques and information which the entities mentioned above or their officers designate as confidential will be Confidential Information for the purposes of this Agreement, except information which I can demonstrate came to my attention before disclosure or which had become or becomes a part of the public domain through publication or communication by others (unless the publication or communication is in violation of a similar confidentiality agreement), but in no event through any act of mine.

I will at no time copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing it, in whole or in part, store them in a computer retrieval or data base, nor otherwise make them available to any unauthorized person. Upon the expiration or other termination for any reason of my employment, association, service, or ownership, I agree to return to Franchisor or Franchisee, as the case may be, all Confidential Information or material containing it (in whole or in part) in my possession utilized during my employment, association, service or ownership participation.

I further agree that during the term of my ownership participation, and under the circumstances set forth in the following paragraph, for a period of two years immediately following its expiration or termination for any reason, I will not, directly or indirectly engage or participate in any Competitive Business, as defined below, which is located within fifteen (15) miles of the Franchised Business or provides such services to customers within fifty (50) miles of the perimeter of any Protected Territory of any franchisee operating under the Tifa Foods International, Inc. system. I agree that I am prohibited from engaging in any Competitive Business as a proprietor, partner, investor, shareholder, director, officer, employee, principal, agent, advisor, or consultant.

The term "Competitive Business" as used in this Agreement means any business or facility

owning, operating or managing, or granting franchises or licenses to others to do so, any café or goods or services or facility that features menu items and services similar to any of the menu items offered by the Tifa Chocolate & Gelato café, including any dining facility, café, or food service facility, or catering service, that features menu items or services similar to any item offered by Tifa Chocolate & Gelato cafés, including but not limited to, handcrafted classic and traditional flavors of gelato, truffles, bonbons, caramel nut clusters, fresh pastries, espresso and cold brew coffee, (other than a Tifa Chocolate & Gelato café operated under a franchise agreement with us). This "exclusivity construed in accordance with and/or is governed by (as applicable) the law of the State of California without recourse to California (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the franchised Business is located outside of California and the provision would be enforceable under the laws of the state in which the franchised Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of California or any other state, which would not otherwise apply.

I further agree that all disputes and claims relating to this Agreement and of the Franchise Agreement (other than your engaging in a Competitive Business, as defined above, upon termination or expiration of the Franchise Agreement, the use of our name or trademarks) shall be settled by Arbitration in Westlake Village, California, or if Franchisor shall no longer maintain an office in Westlake Village, California, then the home office of Franchisor. Arbitration shall be conducted in accordance with the United States Arbitration Act (9 U.S.C. Section 1 *et seq*.), if applicable, and the Rules of the American Arbitration Association (relating to the arbitration of disputes arising under franchise and license agreements, if any, otherwise, the general rules of commercial arbitration), provided that the arbitrator shall award, or include in his/her award, the specific performance or injunction remedies of this Agreement, and the arbitrator shall issue a written opinion explaining the reasons for his/her decision and award. If a claim for amounts owed by Franchisee to Franchisor is asserted in the arbitration proceeding and if Franchisor shall prevail on such claim, Franchisor shall be entitled to so much of its cost and expenses including accounting and legal fees, as are attributable to the prosecution thereof. Judgment upon the award of the arbitrator may be entered in any court having jurisdiction thereof or of Franchisor, Franchisee or me as an owner, shareholder, officer, director, attorney, employee or any other relationship I have with the Franchisee. During the pendency of an arbitration proceeding hereunder, Franchisee and Franchisor shall fully perform and comply with the provisions of this Agreement.

I hereby waive and covenant never to assert or claim that arbitration is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

I hereto agree that this document may be executed electronically by any means Franchisor chooses, and if by electronic signature, the electronic signature shall be binding to the same extent as an original signature and shall be deemed an original signature with regard to this document. You are not entitled to challenge the validation or authenticity of the electronic signature or this document on the ground that it is not the original.

Witness:

_____ _____

(Signature)

_____ _____

Date **(Printed Name)**

EXHIBIT "N" TO THE DISCLOSURE DOCUMENT

FORM OF

CONFIDENTIALITY, NON-SOLICITATION AND NON-COMPETITION AGREEMENT

FOR

AREA DEVELOPMENT AGREEMENT

CONFIDENTIALITY, NONSOLICITATION

AND NONCOMPETITION AGREEMENT FOR

AREA DEVELOPMENT AGREEMENT

NAME: _____

DEVELOPER: _____

HOME ADDRESS: _____

_____

HOME TELEPHONE: _____

CLASSIFICATION: _____

(Owner, Shareholder, Officer, Director, Attorney, Employee, etc.)

_____ ("Developer") is a developer of Tifa Foods International, Inc. ("Franchisor") pursuant to an Area Development Agreement entered into by Developer and Franchisor dated _____, 20__ (the "Area Development Agreement"). I agree that, unless otherwise specified, all terms in this Agreement have those meanings ascribed to them in the Area Development Agreement.

I agree that during the term of my employment by, ownership participation in, association with or service to Developer, or at any time thereafter, I will not communicate, divulge or use for the benefit of any other person, persons, partnership, proprietorship, association, corporation or entity any confidential information, knowledge or know-how concerning the systems of operation, services, products, clients or practices of Developer and/or Franchisor which may be communicated to me ("Confidential Information"), and I will not divert any business to competitors of Developer and/or Franchisor.

Any and all information, knowledge, know-how, techniques and information which the entities mentioned above or their officers designate as confidential will be Confidential Information for the purposes of this Agreement, except information which I can demonstrate came to my attention before disclosure or which had become or becomes a part of the public domain through publication or communication by others (unless the publication or communication is in violation of a similar confidentiality agreement), but in no event through any act of mine.

I will at no time copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing it, in whole or in part, store them in a computer retrieval or data base, nor otherwise make the them available to any unauthorized person. Upon the expiration or other termination for any reason of my employment, association, service or ownership participation, I agree to return to Franchisor or Developer, as the case may be, all Confidential Information or material containing it (in whole or in part) in my possession utilized during my employment, association, service or ownership participation.

I further agree that during the term of my employment, association, service or ownership participation, and under the circumstances set forth in the following paragraph, for a period of two years immediately following its expiration or termination for any reason, I will not, directly or indirectly engage or participate in any Competitive Business, as defined below, which is located within fifteen (15) miles of the Franchised Business or provides such services to customers within fifty (50) miles

of the perimeter of any Protected Territory of any franchisee operating under the Tifa Foods International, Inc. system. I agree that I am prohibited from engaging in any Competitive Business as a proprietor, partner, investor, shareholder, director, officer, employee, principal, agent, advisor, or consultant.

The term "Competitive Business" means any business or facility owning, operating or managing, or granting franchises or licenses to others to do so, any dining facility, café, or food service facility featuring and serving a variety of menu items, and other beverages and services similar to any of the menu items offered by Tifa Foods International, Inc. including but not limited to any of the following: handcrafted classic and traditional flavors of gelato, truffles, bonbons, caramel nut clusters, fresh pastries, espresso and cold brew coffee, (other than Tifa Chocolate & Gelato cafés, Inc. operated under franchise agreements with Franchisor), exclusively construed in accordance with and/or governed by (as applicable) the law of the State of California without recourse to California (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the franchised Business is located outside of California and the provision would be enforceable under the laws of the state in which the franchised Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of California or any other state, which would not otherwise apply.

I further agree that all disputes and claims relating to this Agreement and of the Franchise Agreement (other than your engaging in a Competitive Business, as defined above, upon termination or expiration of the Franchise Agreement, the use of our name or trademarks) shall be settled by Arbitration in Westlake Village, California, or if Franchisor shall no longer maintain an office in Westlake Village, California then the home office of Franchisor. Arbitration shall be conducted in accordance with the United States Arbitration Act (9 U.S.C. Section 1 *et seq*.), if applicable, and the Rules of the American Arbitration Association (relating to the arbitration of disputes arising under franchise and license agreements, if any, otherwise, the general rules of commercial arbitration), provided that the arbitrator shall award, or include in his/her award, the specific performance or injunction remedies of this Agreement, and the arbitrator shall issue a written opinion explaining the reasons for his/her decision and award. If a claim for amounts owed by Franchisee to Franchisor is asserted in the arbitration proceeding and if Franchisor shall prevail on such claim, Franchisor shall be entitled to so much of its cost and expenses including accounting and legal fees, as are attributable to the prosecution thereof. Judgment upon the award of the arbitrator may be entered in any court having jurisdiction thereof or of Franchisor, Franchisee or me as an owner, shareholder, officer, director, attorney, employee or any other relationship I have with the Franchisee. During the pendency of an arbitration proceeding hereunder, Franchisee and Franchisor shall fully perform and comply with the provisions of this Agreement.

I hereby waive and covenant never to assert or claim that arbitration is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

I hereto agree that this document may be executed electronically by any means Franchisor chooses, and if by electronic signature, the electronic signature shall be binding to the same extent as an original signature and shall be deemed an original signature with regard to this document. I shall not be entitled to challenge the validation or authenticity of the electronic signature nor this document on the ground that it is not the original.

Witness:

_____	_____
	(Signature)
_____	_____
Date	**(Printed Name)**

EXHIBIT "O" TO THE DISCLOSURE DOCUMENT

FORM OF

FRANCHISEE QUESTIONNAIRE

TIFA FOODS INTERNATIONAL, INC.

FRANCHISEE QUESTIONNAIRE

Prior to the final execution of a Franchise Agreement, this questionnaire must be completed in its entirety.

1. **Full Name of Franchisee:**

_____

2. **Franchisee Office Location:**

_____

3. Franchisee is: (check applicable box)

[ ] Individual [ ] Corporation [ ] General Partnership [ ] Limited Partnership

[ ] Other _____

4. **If Franchisee is other than an individual, indicate the capacity in which the undersigned is authorized to act on behalf of the Franchisee: (check applicable box)**

[ ] Officer (insert title): _____

[ ] General Partner

[ ] Other (please explain): _____

5. **Name of our Company Representative who primarily worked with you on this sale:**

_____

EXHIBIT "P" TO THE DISCLOSURE DOCUMENT

STATE SPECIFIC AND OTHER

ADDENDA AND RIDERS

SOP 50 10 5(J)

ADDENDUM TO FRANCHISE [1]AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20____, by and between _____ ("Franchisor"), located at _____, and _____ ("Franchisee"), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20___, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

[1] While relationships established under license, jobber, dealer and similar agreements are not generally described as ''franchise'' relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 -3733.

Authorized Representative of FRANCHISOR:

By: _____

Print Name: _____

Title: _____

Authorized Representative of FRANCHISEE:

By: _____

Print Name: _____

Title: _____

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

CALIFORNIA ADDENDUM

The following modifications are to the Tifa Foods International, Inc. Franchise Disclosure Document, Franchise Agreement and Area Development Agreement and may supersede, to the extent then required by valid applicable state law, certain provisions of the Franchise Agreement.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

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

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

3. The Franchise Agreement contains covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.

4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.

5. Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange.

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

7. OUR WEBSITES, http://www.TifaFranchising.com/ and http://www.TifaChocolateAndGelato.com/ HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

8. In Item 6, the maximum interest allowed in California is 10% per annum. Item 6 is modified in California to comply with California law and charging a maximum of 10% per annum for "Late Payment Charges".

9. The Department has determined that the franchisor has not demonstrated it is adequately capitalized and/or that the franchisor must rely on franchise fees to fund operations. The Commissioner has imposed a requirement for the franchisor to maintain a surety bond in the amount of $75,000 with International Fidelity Insurance Company during the registration period. The surety bond is available for you to recover your damages in the event we do not fulfill our obligations to you to open your franchise business. We will provide you with a copy of the surety bond upon request.

10. Non-solicitation provisions in contracts are against California public policy. Therefore, we will not enforce the non-solicitation provision in California.

11. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made

by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

It is agreed that the applicable foregoing state law Addendum, supersede any inconsistent portion of the Disclosure Document or Franchise Agreement, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect.

Dated this _____ day of _____, 20___.

TIFA FOODS INTERNATIONAL, INC.

By: _____

Title: _____

FRANCHISEE	**DEVELOPER**
_____	_____
(Signature)	(Signature)
_____	_____

EXHIBIT "Q" TO THE DISCLOSURE DOCUMENT

FORM OF RELEASE

FORM OF RELEASE

The following is our current general release form that we expect to include in a release that a franchisee and/or transferor may sign as part of a renewal, approved transfer or purchase by us of the assets of a franchisee's Tifa Foods International, Inc. Franchise. We may periodically modify the release.

THIS RELEASE is given by _____ and their predecessors, agents, affiliates, legal representatives, agents, successors, assigns, heirs, beneficiaries, executors and administrators (collectively, "**we**," "**us**" or "**ours**"), to TIFA FOODS INTERNATIONAL, INC. and all of its predecessors, affiliates, owners, officers, employees, legal representatives and agents, directors, successors and assigns, and their heirs, beneficiaries, executors and administrators (collectively, "**you**" or "**your**"). Effective on the date of this Release, we forever release and discharge you from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, which we now have or ever had against you, including without limitation, anything arising out of that certain Franchise Agreement dated _____, 20__ (the "**Franchise Agreement**"), the franchise relationship between the parties, and any other relationships between you and us; except your obligations under the _____ Agreement. This Release is effective for: (a) any and all claims and obligations, including those of which we are not now aware; and (b) all claims we have from anything which has happened up to now; provided, however, that all liabilities arising under Indiana Code Sec. 23-2-2.7, the California Franchise Registration and Disclosure Law and/or the Minnesota Franchise Act are excluded from this release, and that all rights enjoyed by us under the Franchise Agreement and any causes of action arising in our favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force; it being the intent of this provision that the non-waiver provisions of General Business Law, Section 687.4 and 687.5 be satisfied. If we are domiciled or have our principal place of business in the State of California, then we hereby expressly waive and relinquish all rights and benefits under Section 1542 of the California Civil Code, which provides: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.".

We are bound by this Release. We freely and voluntarily give this Release to you for good and valuable consideration and we acknowledge its receipt and sufficiency.

We represent and warrant to you that we have not assigned or transferred to any other person any claim or right we had or now have relating to or against you.

In this Release, each pronoun includes the singular and plural as the context may require.

This Release is governed by California law.

This Release is effective _____, 20__, notwithstanding the actual date of signatures.

IN WITNESS WHEREOF, the undersigned execute this Release:

By: _____

Name: _____

Title: _____

Date: _____

(STATE OF _____)

(COUNTY OF _____)

The foregoing instrument was acknowledged before me this the _____ day of _____, 20___, by _____, who is personally known to me or has produced _____ as identification.

_____

Signature of Notary

_____

Printed Name of Notary

My Commission Expires: _____

EXHIBIT “R” TO THE DISCLOSURE DOCUMENT

RECEIPTS

State Effective Dates

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

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

State	Effective Date
California	Pending~~04/11/24~~
Hawaii	
Illinois	
Indiana	
Maryland	Pending
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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

RECEIPT
(Retain this copy for your records)

This disclosure document summarizes certain provisions of the Franchise Agreement, Area Development Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Tifa Foods International, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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 for the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Tifa Foods International, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency in Exhibit "F".

The franchisor is Tifa Foods International, Inc., located at 2060 D Avenida de los Arboles, #471~~30760 Russell Rach Road, Unit A~~, ~~Westlake Village, California 91362~~Thousand Oaks, CA 91362-1361. Its telephone number is (310) 902-7626.

Issuance Date: April 2, 2024 As Amended October 10, 2024

The franchise seller for this offering is marked below, whose principal business address and telephone number are 2060 D Avenida de los Arboles, #471~~30760 Russell Rach Road, Unit A~~, ~~Westlake Village, California 91362~~Thousand Oaks, CA 91362-1361, (310) 902-7626.

[ ] Michael Ashamalla
[ ] Shawn Orr

Tifa Foods International, Inc. authorizes the respective state agencies identified in Exhibit "F" to receive service of process for it in their particular state.

I received a disclosure document dated April 2, 2024 As Amended October 10, 2024 that included the following Exhibits:

Exhibit A	Financial Statements
Exhibit B	List of Franchisees and Area Developers
Exhibit C	List of Franchisees Who Have Left the System
Exhibit D	Form of Confidential Operating Manual Table of Contents
Exhibit E	Form of Key-Employee Manager Confidentiality Agreement
Exhibit F	List of State Agencies/Agents for Service of Process
Exhibit G	Form of Franchise Agreement
Exhibit H	Form of Area Development Agreement
Exhibit I	Form of Conditional Assignment of Telephone Numbers and Listings
Exhibit J	Form of Conditional Assignment and Assumption of Lease
Exhibit K	Form of Principal Owner's Guaranty
Exhibit L	Form of Principal Owner's Statement
Exhibit M	Form of Confidentiality, Non-Solicitation and Non-Competition Agreement for Franchise Agreement

Exhibit N	Form of Confidentiality, Non-Solicitation and Non-Competition Agreement for Area Development Agreement
Exhibit O	Questionnaire
Exhibit P	State Specific and other Addenda and Riders
Exhibit Q	Form of Release
Exhibit R	Receipts

Individual:

_____
Date Received

_____
Prospective Franchisee Signature

_____
Print Name

OR

Legal Entity

By: _____

Name: _____

On behalf of the following entity:
Company Name:
_____

Title: _____

_____
Date Received

RECEIPT
(Sign, date, and return this copy to us)

This disclosure document summarizes certain provisions of the Franchise Agreement, Area Development Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Tifa Foods International, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Tifa Foods International, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency in Exhibit "F".

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Exhibit P	State Specific and other Addenda and Riders
Exhibit Q	Form of Release
Exhibit R	Receipts

Individual:

_____
Date Received

_____
Prospective Franchisee Signature

_____
Print Name

OR

Legal Entity

By: _____

Name: _____

On behalf of the following entity:
Company Name:
_____

Title: _____

_____
Date Received