

FRANCHISE DISCLOSURE DOCUMENT

WARABIMOCHI  K A M A K U R A

KBM USA CO., LTD.

a Japanese corporation
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We offer subfranchise opportunities for the right to offer unit franchises for shops featuring Japanese sweets and beverages that operate under the Warabimochi Kamakura trademarks and operating system (each a “**Warabimochi Kamakura shop**”).

The total investment necessary to begin operation of a Warabimochi Kamakura subfranchisor business ranges from \$88,883 to \$226,667. This total includes ~~JPY 200,000 to JPY 10,000,000, or approximately \$1,383,138 to \$69,167,693,69~~ that must be paid to us and our affiliates before you begin offering Warabimochi Kamakura subfranchises. These amounts are expressed in U.S. Dollars (USD) for your convenience, based on an exchange rate, which will be charged to you in Japanese Yen (JPY).

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Shinji Tanaka, our CEO, at B1 Higashi ward office, 1 4 1 Shimokido, Higashi ward, Niigata city, Niigata prefecture, Japan, tel. +81-25-270-3080; <https://mensho.com/franchise/>.

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. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: ~~June 13~~ November 12, 2025.

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 and development agreements 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. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

3. **Spousal ~~Liability~~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.

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

5. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

6. **Supplier Control.** You must purchase all or nearly all the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

This disclosure document describes our subfranchise program for Warabimochi Kamakura shops in the United States. In this disclosure document, “we,” “us,” and “our” each mean KBM-USA Co., Ltd., the franchisor. “You” and “your” in this disclosure document collectively means the franchisee business entity and its owners.

The Franchisor

KBM-USA Co., Ltd. (“K&S”) is a Japanese corporation was formed on March 26, 2025 to offer franchises for Warabimochi Kamakura shops in the United States (each, a “**Franchised Shop**”). Our principal place of business is B1 Higashi ward office, 1-4-1 Shimokido, Higashi ward, Niigata city, Niigata prefecture, Japan. ~~We began~~Since our founding in March 2025, we have been engaged in the business of operating Warabimochi Kamakura shops of the type to be operated by franchisees, and we have been offering franchises infor this business since July 2025. Under this disclosure document, we offer the right to grant subfranchises for Warabimochi Kamakura shops in the United States under a Master Franchise Agreement (also referred to as “**MFA**”). We also intend to offer, under a separate disclosure document, area development rights for Warabimochi Kamakura shops in the United States under a separate Master Area Development Agreement. We have never offered franchises in any other line of business. We do not operate any Warabimochi Kamakura shops or conduct any other business at this time. We do not have any predecessors. **Exhibit B** to this disclosure document lists state officials that serve as our agents for service of process if we do business in those states.

Our Parent, Affiliates and Predecessors

We are wholly owned by K&S Co., Ltd. (“**Parent**”), a Japanese corporation formed on September 1, 2008 having the same principal address as us, that owns the Warabimochi Kamakura trademarks and a system for operating Warabimochi Kamakura shops (the “**WK Intellectual Property**”). In Japan, our Parent operates 52 shops similar to the franchises we offer under the Warabimochi Kamakura and Kanmidokoro Kamakura names, as well as coffee shops and hair salons under other brands. In 2024, our Parent licensed one unit in the United States. As of December 31, 2024, in addition to the one U.S. location, our Parent’s master franchisees operate and/or sublicense 16 Warabimochi Kamakura or Kanmidokoro Kamakura shops in Singapore, Hong Kong, mainland China, South Korea, the Philippines, Thailand, Malaysia, and Australia. Our Parent’s principal place of business is the same as ours.

The Warabimochi Kamakura Franchise

Warabimochi Kamakura shops offer and sell Japanese sweets and beverages, including Kamakura Warabimochi, a traditional dessert made freshly on-site using high-quality, Japanese-sourced honwarabi powder to create a unique, soft texture. A typical Warabimochi Kamakura shop is 240-860 square feet, with up to 20 seats. Customers may place their orders at the counter or via our mobile app.

Under the subfranchise program, you, as subfranchisor, will sign a Master Franchise Agreement (**Exhibit C**) granting you the right to issue subfranchises for Warabimochi Kamakura shops in a specified geographic area (“**Development Territory**”) according to a mutually-agreed upon development schedule (“**Development Schedule**”). In issuing subfranchises, you will sign a separate Subfranchise Agreement for each Warabimochi Kamakura shop, on the form of Subfranchise Agreement attached to the MFA as **Schedule 2**, as it may be modified by you at your discretion to the extent its terms and conditions do not conflict with the terms of the Master Franchise Agreement executed between you and us.

The Subfranchise Agreement explains the requirements of the franchise license, which grants the subfranchisee the right to operate a single Warabimochi Kamakura shop at a location that the subfranchisee chooses and you approve (“**Approved Location**”). The franchise license gives the subfranchisee the right to identify the Franchised Shop using the Warabimochi Kamakura trademark and logo appearing on the cover page of this disclosure document, as well as any other trade names, service marks, trademarks, logos, emblems, and indicia of origin that we designate and may modify at any time upon written notice during the term of the Subfranchise Agreement (collectively, “**Licensed Marks**”). The subfranchisee must operate its Franchised Shop in accordance with our comprehensive business methods, operating standards, policies, requirements and specifications (collectively referred to as the “**System**”).

During the term of the MFA and the Subfranchise Agreements, we may modify the System in the best interests of the Warabimochi Kamakura brand. We will make corresponding changes to the Manual and will notify you of all changes to the Manual by written or electronic bulletins or other announcements. You must require your subfranchisees to conform to all changes at their expense within the time that we allow, which will be reasonable for the specific type of change that we implement. Changes that we make to the Manual will not materially modify your rights or obligations under the MFA. While franchisees are required to obtain certain proprietary products from third-party suppliers (as described in Item 8), none of these suppliers of proprietary products are affiliates of K&S.

Industry-Specific Laws

You will be responsible for investigating and complying with all laws applicable to the sale of franchises in the states in which you offer subfranchises. Applicable laws include the Federal Trade Commission’s Franchise Rule, 16 CFR 436, which governs the sale of franchises throughout the U.S. Many states also have laws affecting the franchise relationship. You should consider the effect of those laws and the cost of compliance. These laws may change, and it is your sole responsibility to investigate, comply, and stay current with them.

Market and Competition

The market for restaurant franchises is well-established and competitive. Warabimochi Kamakura shops primarily attract young adults, but the concept can appeal to people of all ages. The segment of the market occupied by Warabimochi Kamakura shops is still emerging. Our competitors include Gong Cha, Matcha Ren, Matcha Café Maiko, Matcha & Mochi, It’s Boba Time, and Kung Fu Tea. Warabimochi Kamakura shops operate year-round and are not a seasonal business. You will compete not only with restaurant franchises for outlets serving desserts and beverages, but with franchises across all cuisines and a wide variety of service formats. Some competitors may have greater financial resources and longer operating histories than we have. You should take these competitive factors into account before deciding to purchase a Warabimochi Kamakura shop franchise.

ITEM 2 BUSINESS EXPERIENCE

Shinji Tanaka, Director and President

Mr. Tanaka is the Director and the President of KBM-USA Co., Ltd., positions he has held since our formation in March 2025. Mr. Tanaka joined the business that became K&S Parent in 2008, and was appointed as a Director of that company in 2016. He has served as President and CEO of K&S Parent since March 2019, overseeing the development and expansion of the Warabimochi Kamakura. Mr. Tanaka is based in Niigata, Japan.

**ITEM 3
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4
BANKRUPTCY**

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

**ITEM 5
INITIAL FEES**

Initial Franchise Fee

You must pay us an initial franchise fee in an amount to be negotiated between us and you depending on the Development Territory granted (the “Initial Franchise Fee”). This fee will ~~calculated in Japanese Yen (JPY) and will range from JPY 200,000 to JPY 10,000,000, which corresponds to approximately \$1,383–\$69,167 in U.S. dollars based on currency conversion rates in June 2025~~ range from \$1,389 to \$69,398. These amounts are expressed in U.S. Dollars (“USD”) for convenience, based on the JPY/USD exchange rate of ¥1 = \$0.006939 as published on June 13, 2025 (the issuance date of this Disclosure Document), and have been rounded up to the nearest whole dollar. All fees imposed on franchisees are denominated in Japanese Yen (“JPY”), and actual USD equivalents may fluctuate depending on the exchange rate in effect at the time of payment. The Initial Franchise Fee is due and payable when you sign the MFA unless otherwise agreed, fully earned by us when paid, and non-refundable.

For North Dakota franchisees, please see state addendum regarding deferral of initial fees.

**ITEM 6
OTHER FEES**

Type of Fee (See Note 1)	Amount (See Note 2)	Date Due	Remarks
Royalty Fees (see Note 3)	40% of (i) the initial franchise fees collected from subfranchisees and (ii) royalty fees collected from subfranchisees based on the Gross Sales of their Franchised Shops	By the last day of each month, you will pay Royalty Fees related to (i) initial franchise fees collected from subfranchisees during the preceding month and (ii) royalty fees collected from subfranchisees for the preceding month	
Renewal Fee	JPY 1,500,000 <u>\$10,410</u>	Upon renewal	
Liquidated Damages	JPY 10,000,000 <u>\$69,398</u>	Upon demand after breach	This fee applies only in the event of a breach of the non-competition covenant.

Type of Fee (See Note 1)	Amount (See Note 2)	Date Due	Remarks
False Statement Fee	JPY 10,000,000 <u>\$69,398</u>	Upon invoice	This fee applies only if you intentionally or through gross negligence report false monthly Gross Sales.
Unauthorized Product Fee	JPY 10,000,000 <u>\$69,398</u>	Upon invoice	This fee applies only if you intentionally or through gross negligence report false monthly Gross Sales.
Termination Fee	JPY 10,000,000 <u>\$69,398</u>	Upon notice of termination	This fee applies only if we terminate the MFA for your breach.

NOTES:

- (1) All payments that we describe in Item 6 are non-refundable and must be paid in a lump sum.
- (2) ~~All payments to us will be in Japanese Yen. To the extent that the amount is calculated based on amounts collected in U.S. Dollars, the conversion will use the exchange rate published by Mitsubishi UFJ Bank (TFF rate) as of the last day of the month in which the fees are paid.~~ fees imposed on franchisees under this Disclosure Document are denominated in JPY. For the convenience of prospective franchisees, certain values in this Disclosure Document are expressed in USD based on the JPY/USD exchange rate of ¥1 = \$0.006939 published as of June 13, 2025, the issuance date of this Disclosure Document. The USD equivalents are rounded up to the nearest whole dollar, are approximate, and are subject to change based on fluctuations in the JPY/USD exchange rate at the time of payment. Franchisees will be required to make all payments in JPY, in a lump sum, as and when due.
- (3) “**Gross Sales**” means the aggregate of all revenue and income from operating the Franchised Shop, including the actual proceeds received from all sales of food, beverages or other goods, merchandise or services, whether payment is in cash, by credit card, gift cards (if we implement a gift card program), or other generally accepted form of payment including noncash payment systems like authorized loyalty cards. Gross Sales includes (i) the actual proceeds received from all sales of food, beverages or other goods, merchandise or services of any kind whether sold to customers for in-store dining, take-out or delivery; (ii) all proceeds from any business interruption insurance; (iii) revenue from the sale of menu items to employees; and (iv) the value of products and services bought by customers by redeeming authorized gift cards. Gross Sales excludes each of the following categories: (i) sales taxes and other taxes separately stated, if any, collected from customers and paid to taxing authorities; (ii) refunds and credits made in good faith to arms’ length customers; (iii) the amount of any checks dishonored or returned and the amount of any charge backs or reversals of credit card transactions with customers; (iv) proceeds from the sale of authorized gift cards to customers; (v) proceeds from isolated sales of trade fixtures having no material effect on ongoing operations; (vi) fixed service charges or voluntary tips paid by customers; and (vii) the value of menu items that you furnish to employees at no cost to the employee.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT
MASTER FRANCHISE AGREEMENT**

Nature of Expenditure	Amount (See Note 2)	Payment Method (See Note 1)	When Due	Paid To
Initial Franchise Fee (see Note 2)	As negotiated, JPY 200,000—10,000,000 (Approximately \$1,383,389 - \$69,167) <u>69,398</u>	Lump Sum	When you sign the MFA or as otherwise agreed	Us
Legal Compliance for Franchise Sales (see Note 3)	\$67,500 - \$117,500 <u>117,501</u>	As Incurred	As Arranged	Lawyers
Additional Funds - 3 months (see Note 4)	\$20,000 <u>20,001</u> - \$40,000	As Incurred	As Arranged	Employees and Suppliers
Total	\$88,883 <u>88,890</u> - \$226,667 <u>226,899</u>			

NOTES:

(1) Amount and Method of Payment. Amounts paid to us or our affiliates are not refundable. Whether costs paid to third parties are refundable will vary based on the practice in the area where your business is operating. We do not provide any direct or indirect financing for amounts paid to us or to third parties. If you meet third-party lender credit requirements, you may be able to obtain financing. The availability and terms of financing will depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and underwriting policies of the financial institutions from which you request a loan. We do not determine terms and conditions of any financing and we do not provide guarantees for any financing provided to you.

~~(2) Initial Franchise Fee. This fee will be paid in JPY currency. Conversion rates may vary and the USD calculation shown in the estimate is based on the then current conversion rate at the time this disclosure document was prepared. See Item 5.~~

~~(2) Expression of Franchise Fees. All fees imposed on franchisees under this Disclosure Document are denominated in JPY. For the convenience of prospective franchisees, certain values in this Disclosure Document are expressed in USD based on the JPY/USD exchange rate of ¥1 = \$0.006939 published as of June 13, 2025, the issuance date of this Disclosure Document. The USD equivalents are rounded up to the nearest whole dollar, are approximate, and are subject to change based on fluctuations in the JPY/USD exchange rate at the time of payment. Franchisees will be required to make all payments in JPY, in a lump sum, as and when due.~~

(3) Legal Compliance for franchise sales. This is an estimate of legal fees and costs to comply with applicable franchise and business opportunity sales laws during the initial three-month period, including the preparation of a Franchise Disclosure Document, state registration and exemption filings, and compliance with disclosure obligations under federal and state franchise and business opportunity laws. These legal costs may also include the review and customization of the Subfranchise Agreement and related documents by franchise counsel.

(4) Additional Funds – 3 Months. This is an estimate of the additional working capital, in excess of revenue, that you may need to operate your subfranchisor business during the first three months of operation. The estimate includes labor expenses for 1 employee during the 3 months after you begin offering subfranchises, but does not include any salary to owners during the initial period. The

estimate includes items like professional and accounting fees (outside of legal compliance costs for franchise sales), marketing expenses, insurance, payroll taxes, health insurance and workers' compensation, bank charges, miscellaneous supplies and equipment, state tax and license fees. The expenses you incur during the initial period will depend on factors such as the time of year you open, the amount you pay your staff, the number of employees you hire, your experience and business acumen, competition, and the level of franchise sales you reach during the initial period.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

General Comments about System Standards

To protect our reputation and goodwill and to maintain high standards of operation under the System, subfranchisees must operate their Franchised Shops in strict conformance with our System standards, including the methods, standards, and specifications we prescribe from time to time in the Manual or otherwise in writing.

The System standards may relate to any aspect of the appearance, function, cleanliness, and operation of the Franchised Shop. We may identify System specifications and requirements by (i) designating the specific equipment, ingredients, food items, beverage products or supplies that subfranchisees must or may use or sell by brand name, manufacturer, supplier, model number or minimum features or comparable specifications; (ii) providing you with recipes, menu names, and minimum standards for freshness and appearance of menu items; (iii) supplying you with renderings and sample layouts for the design and appearance of a Warabimochi Kamakura shop and or other detailed operating instructions and procedures; (iv) establishing standards for advertising featuring the Licensed Marks; or (v) a combination of these approaches.

These specifications and requirements promote uniformity among Warabimochi Kamakura shops, ensure consistency in the quality of the products and services that Warabimochi Kamakura shops serve to customers, and strengthen customer confidence in the Warabimochi Kamakura brand name. We formulate standards and specifications or their modification based on comprehensive evaluations, including taste testing and physical inspections conducted by a team of experts. We explain our current specifications in the Manual. We may revise our specifications in our discretion as frequently as we believe is necessary through written or electronic bulletins or supplements to the Manual. You must cause your subfranchisees to conform to all changes in our specifications at their cost, within the time we allow.

In establishing and operating your subfranchise business, you will not be required to purchase or lease goods and services from us, our affiliates or another designated supplier, or that must meet our specifications.

We estimate that the goods and services that your subfranchisees will be required to purchase or lease from us, our affiliates or another designated supplier, or meeting our specifications will amount to approximately 25%% of all purchases and leases that subfranchisees make to establish their Franchised Shop and approximately 50% of all ongoing purchases and leases that subfranchisees make to operate the Franchised Shop.

We had no franchisees as of the issuance date of this disclosure document and we have earned no revenue. In the last fiscal year, our Parent received ~~JPY1,000,000~~ JPY 1,000,000 (approximately \$6,940 USD) in revenue from required purchases of goods and services by its Warabimochi Kamakura franchisee in the United States. Our Parent earned approximately \$225,814 in revenue from required purchases of goods and services for fiscal year 2024, and approximately \$39,719 through August 30, 2025.

We and our affiliates may earn a profit on any goods or services that we or they sell to you and other Warabimochi Kamakura franchisees and subfranchisees, and may receive rebates or other consideration or benefits from unaffiliated third-party suppliers with respect to their sales of products or services to you or other Warabimochi Kamakura franchisees or subfranchisees.

Alternative Suppliers of Proprietary Products and Non-Proprietary Products and Services

We may allow alternative suppliers if they are able to meet the standards established by us. Specifically, an alternative supplier must:

- Be able to provide ingredients, equipment, and other approved products in the quantities and within the timeframes we specify;
- Demonstrate a strong reputation for quality and reliability in the food and beverage industry;
- Comply with all applicable health, safety, and food handling regulations, and provide products that meet our specifications for taste, quality, and consistency; and
- Maintain appropriate insurance coverage and bonding as required by us.

In addition, alternative suppliers must agree to comply with our specifications for packaging, presentation, and branding, including the use of our Proprietary Marks where applicable, to ensure consistency across all Warabimochi Kamakura shops.

At this time, no alternative suppliers have been approved for Warabimochi Kamakura products. If a franchisee submits an alternative supplier for consideration, we will notify the franchisee within six (6) months whether the supplier has been approved. Approval of an alternative supplier may be revoked if the supplier fails to continue meeting the requirements described above. Currently, there is no fee to apply for or obtain approval of an alternative supplier.

Additional Disclosures ~~regarding~~Regarding Suppliers

We or an affiliate may be a designated or approved supplier. To that extent, our officers who also are owners of our company have an interest in a supplier, namely us or the affiliate supplier. Otherwise, at this time, no officer of our company owns an interest in any required, recommended or approved supplier of products or services to our franchisees, except for a nominal interest, if any, in a supplier that is a public company.

Insurance

Before undertaking any activities in connection with your franchise, you must obtain appropriate insurance, at your expense. This insurance must protect you, us, and our affiliates against any loss, liability or expense arising from the operation of your subfranchise business.

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.

own cost and expense. We will have no obligation or liability to you as a result of the modification or substitution.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents that are material to the franchise rights that we offer to you. We also have no pending patent applications that are material to the franchise.

We claim common law copyright rights in the Manual, trade dress, beverage designs, marketing and promotional materials, training materials, and other written materials that we provide to you. While we have not registered any of these materials with the U.S. Copyright Office, we consider all of these materials as our intellectual property and claim legal rights as the owner and creator or licensee of these materials.

You may use the Manual only to operate and promote your subfranchise business during the term of the MFA and only in the manner that we authorize for your to operate your subfranchise business. Except as necessary to exercise your rights or perform your obligations under the MFA, you may not duplicate, copy, disclose or disseminate the contents of the Manual without our prior consent. We may modify the Manual at any time. We will notify you of all changes in writing and you must promptly adopt the changes at your cost. You must physically return all copies of the Manual or print-outs in your possession or delete electronic content from your computer and not retain any copies when the MFA expires or terminates. You must keep the Manual (or, if we provide you with more than one copy, each copy of the Manual) confidential, updated and in a secure or locked receptacle when not in use. If there is a dispute over the current version of the Manual, the terms of our master copy will control. If you lose any volume of the Manual that we furnish in physical format or that you print out, we may charge you a replacement fee.

We are not aware of any agreements or third-party claims of infringing uses that might limit our, or your, use of the Manual. We are not aware of any current determinations of the Copyright Office or any court, or any pending interference, opposition or cancellation proceedings or material litigation involving any materials in which we claim a copyright or regard as proprietary or as our trade secret.

The form of Subfranchise Agreement (**Exhibit C, Schedule 2**) broadly defines the scope of information that we regard as “**Confidential Information.**” Whether we share Confidential Information with you or you discover Confidential Information independently, you may not divulge Confidential Information or the results of your operations except to your employees and representatives who must know the information in order to carry on their employment duties or render professional advice to you. You will be responsible for enforcing your subfranchisees’ obligations under their Subfranchise Agreements with respect to Confidential Information.

The MFA requires you to follow the requirements of the System unless you first obtain our prior written approval to make modifications or improvements to the System. You may have new ideas that you want to introduce to us, and we encourage this. If you develop improvements to the System and obtain our approval, you may allow your subfranchisees to use them. However, if you localize any aspects of the System with our written consent, any and all intellectual property rights in such aspects as localized by Master Franchisee shall be the sole property of Master Franchisee.

If you bring a third-party claim to our attention that involves any other intellectual property besides the Licensed Marks, we will take whatever action we think is appropriate under the circumstances (including taking no action) and control the prosecution, defense, or settlement of any legal action. You must cooperate and assist us in defending our rights in the particular intellectual property at issue. You and your owners and

management must agree not to communicate with any person other than us and our counsel about any infringement, challenge, or claim. You may not take any action in your own name. Unless we establish that a third-party claim is due to your misuse of the Manual or any other Confidential Information or proprietary materials that we allow you to use and classify as intellectual property, we will defend you in matters relating to your use of the intellectual property.

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

You must devote the requisite time, energy, and best efforts to meet your obligations to us under the Master Franchise Agreement. You will exercise complete control over and responsibility for your employees. As the employer, you will make all hiring and firing decisions and establish your own employment policies. All employees that you hire must be competent, conscientious, and properly trained by you to perform their duties. You are responsible for the performance of your employees and agents.

**ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You may only offer subfranchises on a form of Subfranchise Agreement approved by us, subject to modifications you negotiate with subfranchisees in the ordinary course of business. You must also ensure that your promotional and marketing activity meets our brand standards.

**ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION
~~THE FRANCHISE RELATIONSHIP~~**

The Franchise Relationship

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

Master Franchise Agreement (“MFA”)

PROVISION	MFA SECTION	SUMMARY
A. Length of the franchise term	Article 11.1	The initial term begins when you sign the MFA and ends 10 years after the opening date of the first subfranchised Franchised Shop.
B. Renewal or extension of the term	Article 11.2	The MFA may be renewed for consecutive 10-year terms.
C. Requirements for franchisee to renew or extend	Article 12.2	The MFA will automatically renew for successive 10-year terms provided that the following conditions are met: (i) you have not given written notice of non-renewal at least 90 days prior to the expiration of the then-current term, and (ii) at the time of renewal, you are not in violation of any obligations under this MFA. Upon renewal you must pay the renewal fee of JPY 15,000,000 \$104,095 (See Note 1).
D. Termination by franchisee	Article 12.1	You may terminate the MFA upon at least 180 days’ notice to Company.
E. Termination by franchisor without cause	Not applicable	Termination without cause is only possible by mutual agreement.

PROVISION	MFA SECTION	SUMMARY
F. Termination by franchisor with cause	Articles 12.2 and 12.3	We may only terminate the MFA for good cause based on your material default. This disclosure is subject to state law. See State-Required Addenda, Exhibit D . Termination of the MFA will not automatically result in the termination of any other agreement between us or our affiliate and you or your affiliate.
G. "Cause" defined (curable defaults)	Article 12.3	Except for defaults that the MFA identifies as not curable, if you materially breach the MFA and fail to cure the breach within the prescribed period after notice from Company, we can terminate the MFA. This disclosure is subject to state law. See State-Required Addenda, Exhibit D .
H. "Cause" defined (non-curable defaults)	Articles 12.2 and 12.3.2 - 12.3.5	The MFA identifies the following non-curable defaults: you being subject to seizure, provisional seizure, or provisional disposition; you engaging in actions or making statements that damage the social credibility of us or the franchise group, you being found to involved with anti-social forces, such as organized crime groups, and you intentionally failing to meet the Development Quota.
I. Franchisee's obligations on termination/non-renewal	Articles 12.4 and 12.5	If the MFA is terminated by us due to your breach, you must pay JPY 10,000,000 \$69,397 (See Note 1); immediately cease using all trademarks and other materials provided under the MFA and related agreements; and complete the following within 20 days: (i) return any returnable materials and documents provided by us; (ii) confirm and sign documents issued by us regarding the termination; (iii) remove all signage and cease using and other materials bearing the Licensed Marks; and (iv) delete all past posts on social media or blogs related to the Franchised Shops unless instructed otherwise by Company. This disclosure is subject to state law. See State-Required Addenda, Exhibit D .
J. Assignment of contract by franchisor	Not applicable	We do not have a contractual right to assign the MFA.
K. "Transfer" by franchisee: definition	Articles 9.1 and 13.2	The MFA is a personal service contract. You are prohibited from transferring, delegating, entrusting, or loaning to third parties, the MFA without our approval.
L. Franchisor approval of transfer by franchisee	Article 13.2	Any transfer of the MFA requires our approval, which will not be unreasonably withheld.
M. Conditions for franchisor approval of transfer	Not applicable	None specified.
N. Franchisor's right of first refusal to acquire franchisee's business	Not applicable	None.
O. Franchisor's option to purchase your business	Not applicable	None
P. Death or disability of franchisee	Not applicable	The MFA does not contain any provision relating to death or disability of the franchisee. Certain states have laws that protect a franchisee or their estate from termination under some circumstances in the event of their death or disability. See State-Required Addenda, Exhibit D .
Q. Non-competition covenants during the term of the franchise	Articles 2.1 and 2.3	The MFA forbids you and your directors, officers, and other related parties from engaging, directly or indirectly, in any business similar to Warabimochi Kamakura shops during the term of the MSA, except a franchise agreement with us and with our prior written approval. In the event of breach, you must pay us liquidated damages in the amount of JPY 10,000,000 \$69,397 (See Note 1). This disclosure is subject to state law. See State-Required Addenda, Exhibit D .

PROVISION	MFA SECTION	SUMMARY
R. Non-competition covenants after the franchise terminates or expires	Articles 2.2 and 2.3	The MFA forbids you and your directors, officers, and other related parties from engaging, directly or indirectly, in any business similar to Warabimochi Kamakura shops for three years after termination of the MSA, except a franchise agreement with us and with our prior written approval. In the event of breach, you must pay us liquidated damages in the amount of JPY 10,000,000 \$69,396 (See Note 1).
S. Modification of the agreement	Article 13.8	The MFA may not be modified except by a written agreement that both of us sign. As noted throughout this disclosure document, the MFA, among other things, gives us the right to modify or change the System in our discretion through changes in the Manual if the changes do not fundamentally alter your rights under the MFA.
T. Integration/merger clause	Article 13.8	Only the terms of the MFA are binding (subject to state law). Nothing in the MFA requires you to waive or disclaim any of the representations that we make in this disclosure document. Any representations or promises outside of this disclosure document and other agreements may not be enforceable.
U. Dispute resolution by arbitration or mediation	Not applicable	The MFA does not contemplate mediation or arbitration.
V. Choice of forum	Article 13.8	The Tokyo District Court or Tokyo Summary Court shall have exclusive jurisdiction for the first instance over any disputes arising from or related to the MFA. Certain states have laws that supersede the choice of forum in the MFA and require that a lawsuit be brought in the state or federal courts in the franchisee's home state. See State-Required Addenda, Exhibit D .
W. Choice of law	Article 13.6	Japanese law applies. Certain states have laws that supersede the choice of law provision in the MFA. If your Franchised Shop is in one of these states, the applicable state law will apply. See State-Required Addenda, Exhibit D .

(1) All fees imposed on franchisees under this Disclosure Document are denominated in JPY. For the convenience of prospective franchisees, certain values in this Disclosure Document are expressed USD based on the exchange rate published by Mitsubishi UFJ Financial Group's Global Markets Research Division as of May 30, 2025 and are rounded up to the nearest whole dollar. The USD equivalents are approximate and subject to change based on fluctuations in the JPY/USD exchange rate at the time of payment. Franchisees will be required to make payments in JPY.

ITEM 18 PUBLIC FIGURES

We do not use any public figures to promote Warabimochi Kamakura franchises.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance ~~representations~~ or the past financial performance of company-owned or franchised outlets. We also do not

authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Warabimochi Kamakura shop outlet, however, we may provide you with the actual records of that shop 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 Shinji Tanaka, our CEO, at B1 Higashi ward office, 1 4 1 Shimokido, Higashi ward, Niigata city, Niigata prefecture, Japan, tel. +81-25-270-3080, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

As of the issuance date of this disclosure document, there are no Warabimochi Kamakura subfranchisors existing in the United States.

**Table No. 1
Systemwide Outlet Summary For Years 2022 to 2024 (U.S. Locations Only)**

Outlet Type	Year	Outlets at Start of the Year	Outlets at End of the Year	Net Change
Franchised Outlets	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company-Owned Outlets	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	0	0	0
	2023	0	0	0
	2024	0	0	0

**Table No. 2
Transfers of Outlets by Franchisees For Years 2022 to 2024 (U.S. Locations Only)**

State	Year	Number of Transfers
Total	2022	0
	2023	0
	2024	0

* States not listed had no activity to report.

**Table No. 3
Status of Franchised Outlets For Years 2022 to 2024 (U.S. Locations Only)**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Us	Ceased Operations - Other Reason	Outlets at End of Year
Total	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

* States not listed had no activity to report.

Table No. 4
Status of Company-Owned Outlets For Years 2022 to 2024 (U.S. Locations Only)

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisee	Outlets Closed	Sold to Franchisee	Outlets at End of Year
Total	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

* States not listed had no activity to report.

Table No. 5
Projected Openings in Fiscal Year 2025 (U.S. Locations Only)

State	MFA Signed but Outlet Not Open as of 3/26/2025	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Multi-State (TBD)	0	1	0
Total	0	1	0

* States not listed had no activity to report.

Exhibit F contains a list of the operating Warabimochi Kamakura shops in the United States as of the Issuance Date of this disclosure document. There are no franchisees in the United States whose franchise was terminated, canceled, or not renewed, or who otherwise voluntarily or involuntarily ceased to do business under an MFA during the most recently completed fiscal year or have not communicated with us during the 10 weeks before the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

We have not signed any confidentiality clauses with any current or former franchisee which would restrict them from speaking openly with you about their experience with us.

We have not created, sponsored, or endorsed any trademark-specific franchisee organization, and no independent franchisee organization has requested to be included in this disclosure document.

ITEM 21 FINANCIAL STATEMENTS

Exhibit G contains our audited opening balance sheet as of March 26, 2025. Exhibit G contains our audited opening balance sheet as of March 26, 2025, which was prepared in accordance with U.S. generally accepted accounting principles and audited by an independent certified public accountant. We have not yet been in business for three full fiscal years and therefore cannot include all of the do not have audited financial statements for the periods that would be otherwise be required to be included in under this Item 21, including income statements, statements of stockholders' equity, and statements of cash flows.

Our fiscal year ends on August 31. We will include additional financial statements in future disclosure documents as they become available.

**ITEM 22
CONTRACTS**

Attached as Exhibits to this disclosure document are the following contracts:

- | | |
|------------------|--|
| Exhibit C | Master Franchise Agreement
Schedule 1 – Term Sheet
Schedule 2 – Form of Subfranchise Agreement |
| Exhibit D | State-Required Addenda |

**ITEM 23
RECEIPTS**

Two copies of an acknowledgment of receipt appear at the end of this disclosure document. Please fill out and sign both receipts, return one copy to us and keep the other for your records.

WARABIMOCHI KAMAKURA MASTER FRANCHISE AGREEMENT

This Master Franchise Agreement (“**Agreement**”) is made as of _____ (“**Effective Date**”) by and between KBM-USA Co., Ltd., a Japanese corporation (“**Company**”) and _____, a _____ (“**Master Franchisee**”).

RECITALS

A. Warabimochi Kamakura shops feature Japanese sweets, including warabimochi (a traditional dessert made using high-quality, Japanese-sourced honwarabi powder), and a variety of beverages. Warabimochi Kamakura shops operate under the trade name “**Warabimochi Kamakura**” and in accordance with comprehensive, distinctive and uniform business methods, standards and specifications (the “**System**”) developed and owned by K&S Co., Ltd. a Japanese corporation (“**K&S**”).

B. K&S has granted Company a perpetual license to sublicense all of the Licensed Marks in connection with the issuance of subfranchise agreements to develop and operate Warabimochi Kamakura shops in the United States (“**Subfranchise Agreements**”).

C. Master Franchisee desires to obtain the exclusive right to grant subfranchises to third parties to operate Warabimochi Kamakura shops in the Development Territory, and Company is willing to grant such rights to Master Franchisee on the terms and conditions of this Agreement. This Agreement is concluded based on mutual trust, aiming for the maintenance and development of the Warabimochi Kamakura franchise system, mutual benefit, and a long-term cooperative relationship.

For the convenience of the franchisee, all fees set forth in this Agreement are expressed in U.S. Dollars (“**USD**”), based on an exchange rate of ¥144.10 = \$1.00, as published by Mitsubishi UFJ Financial Group’s Global Markets Research Division on May 30, 2025; and

Notwithstanding the use of USD equivalents, all fees imposed on the franchisee shall be denominated in Japanese Yen (“**JPY**”), and the actual USD amounts payable may fluctuate based on the exchange rate in effect at the time of payment;

NOW, THEREFORE, for valuable consideration, the parties agree as follows:

ARTICLE 1 (Relationship)

1.1. Company and Master Franchisee are independent business entities. Master Franchisee does not represent Company in any capacity, and Company shall not be bound by any representations made by Master Franchisee; provided, however, that Company will have an opportunity to review, and will be bound by, the disclosures included in Master Franchisee’s Franchise Disclosure Document (“**FDD**”).

1.2. Subject to the terms and conditions of this Agreement, Company hereby grants to Master Franchisee, and Master Franchisee accepts, the exclusive right to grant subfranchises to third parties to open and operate Warabimochi Kamakura shops in the Development Territory. Master Franchisee will be free, in its discretion and responsibility, to (i) implement, develop and manage the System in the Development Territory; (ii) select and approve its subfranchisees; and (iii) offer, negotiate and sell subfranchises.

1.3. Company and Master Franchisee each acknowledge that any advice, approval, standards or specifications provided by Company regarding Master Franchisee’s subfranchise business do not guarantee success of the business.

ARTICLE 2 (Non-Competition)

2.1. During the term of this Agreement, Master Franchisee and its directors, officers, and other related parties shall not engage, directly or indirectly, in any business similar to Warabimochi Kamakura shops permitted by Company to be subfranchised by Master Franchisee under this Agreement, except under a franchise agreement with Company or with Company's prior written approval.

2.2. After the termination of this Agreement, Master Franchisee and its directors, officers, and other related parties shall not engage, directly or indirectly, in any business similar to Warabimochi Kamakura shops, for three years from the date of termination of this Agreement, except under a franchise agreement with Company or with Company's prior written approval.

2.3. The parties acknowledge that damages from a breach of this Article ARTICLE 2 are uncertain and difficult to calculate. The parties therefore agree that in the event of a breach of this Article, Master Franchisee shall pay Company liquidated damages in the amount of ~~JPY 10,000,000~~ \$69,397.

ARTICLE 3 (Development Obligations)

3.1. Master Franchisee shall make commercially reasonable efforts to open the number of subfranchised Warabimochi Kamakura shops in the Development Quota within the Development Territory in accordance with the Development Schedule, all as specified in Schedule 1, and maintain the operation of those shops during the term of this Agreement. If any Warabimochi Kamakura shop closure is anticipated, Master Franchisee shall make commercially reasonable efforts to open a new Warabimochi Kamakura shop to maintain the number of operating Warabimochi Kamakura shops. If Master Franchisee wishes to sell subfranchises outside the then-current Development Territory, Master Franchisee shall must consult with Company in advance and obtain approval.

ARTICLE 4 (Payments)

4.1. Master Franchisee shall pay Company an initial franchise fee of ~~JPY~~ \$_____ (the "**Initial Franchise Fee**"). The Initial Franchise Fee is non-refundable under any circumstances.

4.2. Master Franchisee shall pay Company a monthly royalty fee ("**Royalty Fee**") equal to forty percent (40%) of the sum of (i) initial franchise fees collected during the preceding month from Master Franchisee's Warabimochi Kamakura subfranchisees; and (ii) royalty fees collected from Master Franchisee's Warabimochi Kamakura subfranchisees during the month based on the Gross Sales of the subfranchised Warabimochi Kamakura shops during the preceding month.

4.2.1. Master Franchisee shall transfer the monthly Royalty Fee to Company's designated account by the last business day of each month. The transfer fee shall be borne by Master Franchisee. Royalty Fees are non-refundable under any circumstances.

4.2.2. For purposes of this Agreement, "**Gross Sales**" means the aggregate of all revenue and income from operating the subfranchised Warabimochi Kamakura shop, whether payment is in cash or by credit card, gift cards or other generally accepted form of payment including noncash payment systems like authorized gift cards or loyalty cards. Gross Sales includes the actual proceeds received from all sales of food, beverages or other goods, merchandise or services of any kind whether sold to customers for in-shop dining, take-out, or delivery. For the sake of clarity, Gross Sales includes: (a) revenue received from employees for meals furnished to employees at a discount; (b) the value of goods and services bought by customers by redeeming gift cards; and (c) the proceeds from any business interruption insurance. Gross Sales excludes: (i) sales taxes and other taxes separately stated, if any, collected from customers and paid

to taxing authorities; (ii) refunds and credits made in good faith to arms' length customers; (iii) the amount of any checks dishonored or returned and the amount of any charge backs or reversals of credit card transactions with customers; (iv) proceeds from the sale of authorized gift cards to customers; (v) proceeds from isolated sales of trade fixtures having no material effect on ongoing operations; (vi) customer tips or service charges paid out to employees; and (vii) the value of meals furnished to employees at no cost.

4.3. As part of the obligations under paragraph 4.2 above, Master Franchisee shall report monthly Gross Sales of the subfranchisees for the calculations of the Royalty Fees. If Master Franchisee intentionally or through gross negligence reports false monthly Gross Sales, Master Franchisee shall pay Company a fee of ~~JPY 10,000,000~~\$69,397. This fee is in addition to, and does not replace, the termination fee under paragraph 12.4 below.

4.4. Regarding the calculation in paragraph 4.2 above, the Royalty Fees shall be based on Gross Sales in ~~U.S. Dollars~~USD and paid in ~~Japanese Yen~~JPY converted at the exchange rate (Mitsubishi UFJ Bank's TTM) on the last day of the month. If there is no exchange rate on such day due to a holiday, the exchange rate of the most recent previous business day shall be used.

4.5. Payments for goods procurement and other payments shall be settled by the end of the following month after the month-end closing.

4.6. All payments specified in this agreement shall be made in Japanese Yen.

4.7. If Master Franchisee fails to pay the full amount of Royalty Fees or other payments by the due date, Master Franchisee shall pay Company a late fee at the rate of 0.5% per month or the maximum rate permitted by applicable law, whichever is lower, on the unpaid amount from the due date until the actual payment date. The calculation of the late fee shall be based on the number of days from the day after the due date to the actual payment date. Payment of the late fee shall take precedence over other obligations of Master Franchisee and does not limit Company's exercise of other rights or remedies.

4.8. Any amount payable under this Agreement, including, but not limited to, the Initial Franchise Fee, Royalty Fees, and payments for food ingredients and products that Master Franchisee is required to pay to Company, shall be determined and paid without deduction for withholding tax, value-added tax (VAT), or any similar taxes (hereinafter referred to as "**Taxes**").

ARTICLE 5 (Reports and Audits)

5.1. Master Franchisee shall have the obligation to report and communicate all matters specified and instructed by Company.

5.2. Master Franchisee shall comply, and shall obligate its subfranchisees to comply, with the operations manual provided by Company related to Warabimochi Kamakura shops.

5.3. If Master Franchisee appears in advertisements or media such as TV or magazines and uses Company's trademark or other marks in such appearances (hereinafter referred to as "**Appearances**"), Master Franchisee shall promptly report to Company the media, scheduled broadcast or publication date, and other matters requested by Company after the Appearance. Master Franchisee shall not object to Company disclosing or using the fact and content of such Appearances for advertising purposes.

5.4. Master Franchisee shall not use the know-how, documents, materials, information, or any other information obtained through this Agreement for any purpose other than to exercise its rights or perform its obligations under this Agreement, and shall manage them strictly under its own responsibility.

7.1.4. If Company and Master Franchisee determine that on-site visits by Company's employees or contractors are necessary, Master Franchisee shall bear all related expenses, including transportation and accommodation.

7.2. Master Franchisee shall obligate its subfranchisees to develop, build out, and operate their shops in compliance with the System and Company's guidance.

ARTICLE 8 (Products and Shop Operations)

8.1. In order to maintain the quality of Warabimochi Kamakura shops, Master Franchisee shall purchase from Company or its designated supplier supplies of ingredients and products designated by Company for resale to Master Franchisee's subfranchisees.

8.1.1. Company shall determine its prices for such ingredients and products considering market prices. Company may change the supply prices based on market fluctuations. However, if Master Franchisee determines that the prices of food ingredients and products supplied by Company significantly deviate from market prices, Master Franchisee shall have the right to request a price correction from Company or to select an alternative supplier. Master Franchisee shall not sell the food ingredients and products specified above to third parties except for Master Franchisee's subfranchisees within the Development Territory.

8.1.2. If Master Franchisee violates this paragraph 8.1, it shall pay Company a fee of ~~JPY 10,000,000~~ \$69,397.

8.1.3. The payment for ingredients, products, and other goods supplied by Company to Master Franchisee shall be made under the following conditions:

8.1.3.1. The delivery terms shall be FOB, and the goods shall be handed over at a port agreed upon by both parties.

8.1.3.2. Company shall promptly present the bill of lading to Master Franchisee.

8.1.3.3. Master Franchisee shall promptly pay 100% of the amount stated on the invoice after confirming the issuance of the bill of lading.

8.1.3.4. Master Franchisee shall promptly distribute the goods received from Company to the relevant locations.

8.2. For ingredients and products not designated by Company, Master Franchisee may designate suppliers or permit its subfranchisees to procure them in their local market.

8.3. Regarding the manufacture of Warabi-mochi and Kuromitsu handled at Warabimochi Kamakura shops, Master Franchisee shall obligate its subfranchisees to manufacture the products according to Company's recipe, using the ingredients specified by Company, and following all instructions provided by Company.

8.4. Master Franchisee may develop and sell region-specific menus with prior written approval from Company.

8.5. Master Franchisee shall not create or purchase products or merchandise using the Licensed Marks without Company's approval.

ARTICLE 11 (Term and Renewal)

11.1. The initial term of this Agreement shall begin on the Effective Date and shall continue for 10 years after the opening date of the first subfranchised Warabimochi Kamakura shop.

11.2. This Agreement will automatically renew for successive 10-year terms provided that the following conditions are met: (i) Master Franchisee has not given written notice of non-renewal at least 90 days prior to the expiration of the then-current term, and (ii) at the time of renewal, Master Franchisee is not in default of its obligations under this Agreement.

11.3. Master Franchisee will pay Company a renewal fee of \$ _____ (including tax) upon renewal.

ARTICLE 12 (Termination and Cancellation)

12.1. If Master Franchisee intends to terminate or cancel the Agreement, they must notify Company at least 180 days in advance.

12.2. If Master Franchisee ceases offering subfranchises and does not have the number of operating subfranchise shops specified in Schedule 1, Company may consider it a declaration of business cessation and treat it as a notice of termination.

12.3. If any of the following occurs, Company may immediately terminate this Agreement without any notice or demand:

12.3.1. Master Franchisee materially breaches the Agreement, and fails to cure the breach within the prescribed period after a notice from Company.

12.3.2. Master Franchisee is subject to seizure, provisional seizure, or provisional disposition.

12.3.3. Master Franchisee engages in actions or makes statements that damage the social credibility of Company or the franchise group.

12.3.4. Master Franchisee is found to be involved with anti-social forces, such as organized crime groups.

12.3.5. Master Franchisee intentionally fails to meet the Development Quota specified in Schedule 1.

12.4. If the Agreement is terminated by Company due to a breach by Master Franchisee, Master Franchisee must pay Company a fee of ~~JPY 10,000,000~~ \$69,397.

12.5. Upon termination or cancellation of the Agreement, Master Franchisee must immediately cease using all trademarks and other materials provided under this Agreement and related agreements, and complete the following within 20 days:

12.5.1. Return any returnable materials and documents provided by Company.

12.5.2. Confirm and sign documents issued by Company regarding the termination.

**~~ADDENDUM TO MASTER FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA~~**

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE
AGREEMENT PURSUANT TO THE NORTH DAKOTA FRANCHISE LAW**

This ADDENDUM TO MASTER FRANCHISE AGREEMENT (“Addendum”) is made and entered into as of _____ by and between KBM-USA Co., Ltd., a Japanese corporation (“Company”) and _____, a _____ (“Franchisee”).

RECITALS

A. Franchisee is a resident of the State of North Dakota or a non-resident who is acquiring master franchise rights for a territory in the State of North Dakota to subfranchise Warabimochi Kamakura Shops.

B. The purpose of this Addendum is to amend the Master Franchise Agreement in order to conform the Master Franchise Agreement to the requirements of the North Dakota Franchise Investment Law (the “Law”).

C. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Master Franchise Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged by the parties, the parties agree as follows:

1. The above recitals are incorporated and made part of this Addendum.

2. The Law identifies certain practices as being unfair, unjust, or inequitable to franchisees. The parties hereby amend the Master Franchise Agreement in the following respects in order to comply with the requirements of the Law:

(i) To the extent that the covenants in the Master Franchise Agreement pertaining to a Competitive Business restrict competition in a manner contrary to the North Dakota Century Code Section 9-08-06, they may not be enforceable. A covenant not to compete that applies after the Master Franchise Agreement ends for any reason may be unenforceable in the State of North Dakota.

(ii) Any provision in the Master Franchise Agreement that requires Franchisee to mediate a dispute with Company at a location outside of North Dakota is not enforceable.

(iii) Any provision in the Master Franchise Agreement that requires Franchisee to consent to the jurisdiction of courts outside of North Dakota is not enforceable.

(iv) The Master Franchise Agreement shall be governed by and construed in accordance with the laws of the State of North Dakota to the extent required by the Law.

(v) Any provision in the Master Franchise Agreement that requires Franchisee to waive the right to a jury trial or the right to collect exemplary or punitive damages is not enforceable under the Law.

(vi) Any provision in the Master Franchise Agreement that requires Franchisee to pay all of Company’s costs and expenses to enforce the Master Franchise Agreement is not enforceable. However, a franchise agreement provision that awards attorney’s fees to the prevailing party is enforceable.

(vii) Any provision in the Master Franchise Agreement that requires Franchisee to consent to a limitations period for bringing claims against Company is not enforceable and the statute of limitations under the Law shall apply to claims arising under the Master Franchise Agreement.

(viii) Any provision in the Master Franchise Agreement that requires Franchisee to execute a general release in violation of the Law is not enforceable. However, you acknowledge that Company may, in its sole discretion, modify this requirement and require that Franchisee and Company execute a mutual general release of claims.

(ix) Any provision in the Master Franchise Agreement that requires Franchisee to consent to liquidated damages or termination penalties is not enforceable.

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

4. This Addendum shall be effective only to the extent that the jurisdictional requirements of the Law are met independently of and without reference to this Addendum. This Addendum shall have no effect if the jurisdictional requirements of Law are not met.

5. The Master Franchise Agreement shall be given full force and effect as amended by this Addendum.

6. Fee Deferral. Notwithstanding anything to the contrary in this Disclosure Document or the Franchise Agreement, if you are a North Dakota franchisee, we will not collect any initial fees (including the Initial Franchise Fee and any other fees payable before you open for business) until we have fulfilled our pre-opening obligations to you. Our pre-opening obligations include providing the training, site selection/build-out assistance, and other initial support required under the Franchise Agreement. Once these obligations have been fulfilled, the deferred fees will become immediately due and payable

IN WITNESS WHEREOF, the parties have executed this Addendum on the date first above written.

COMPANY:

FRANCHISEE:

KBM-USA CO., LTD.

[NAME]

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

RECEIPT [Your Copy]

This Disclosure Document summarizes provisions of the Master Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If ~~we offer~~ Warabimochi Kamakura offers you a franchise, ~~we~~ it must provide this Disclosure Document to you fourteen (14) calendar-days before you sign a binding agreement with, or make a payment to, ~~us or our affiliate~~ Warabimochi Kamakura or its affiliates in connection with the proposed franchise sale, or sooner if required by applicable state law.

Iowa requires that ~~we~~ Warabimochi Kamakura give you this disclosure document at the earlier of (i) the first personal meeting and (ii) 14 calendar days before the execution of any binding agreement or the payment of any consideration that relates to the franchise relationship. **Michigan** requires that ~~we~~ Warabimochi Kamakura give you this disclosure document at least 10 business days before the execution of any binding agreement or the payment of any consideration that relates to the franchise relationship. **New York** requires that ~~we~~ Warabimochi Kamakura give you this disclosure document at the earlier of (i) the first personal meeting and (ii) 10 business days before the execution of any binding agreement or the payment of any consideration that relates to the franchise relationship.

If ~~we do~~ Warabimochi Kamakura does not timely deliver this Disclosure Document or if this Disclosure Document contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in **Exhibit E**.

Company: KBM-USA Co., Ltd. B1 Higashi ward office, 1 4 1 Shimokido Higashi ward, Niigata city, Japan Tel. +81-25-270-3080	Franchise Sellers: Shinji Tanaka B1 Higashi ward office, 1 4 1 Shimokido Higashi ward, Niigata city, Japan Tel. +81-25-270-3080
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I have received, on the date indicated, a Warabimochi Kamakura Franchise Disclosure Document with an issuance date of ~~June 13~~ November 12, 2025, that included the following Exhibits:

- A. List of State Administrators
- B. Agents for Service of Process
- C. Master Franchise Agreement
Schedule 1 Term Sheet
Schedule 2 Form of Subfranchise Agreement
- D. State-Required Addenda
- E. Manual Table of Contents
- F. Operating Warabimochi Kamakura Shops
- G. Financial Statements

Date FDD Received: _____

Name: _____

Keep this copy for your records.

RECEIPT [Our Copy]

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Date FDD Received: _____

Name: _____

Return this copy to us -- you may sign through DocuSign or email a pdf of the signed copy to kamakura.brand.management@gmail.com.