FRANCHISE DISCLOSURE DOCUMENT

PACIFIC PERKS FRANCHISING LLC
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PACIFIC PERKS FRANCHISING LLC, a Washington limited liability company (the "Franchisor") offers franchises, within a specified exclusive territory ("Exclusive Territory"), for the operation of an on-site mobile catering services business featuring unique food and beverage (including coffee) items, as well as related products and services, on location at corporate, social and business events held by private, corporate and business customers at commercial locations, other locations and businesses within the franchisee's Exclusive Territory. The total investment necessary to begin operation of a Pacific Perks franchise is $71,555~~69,568~~ to $113,285~~99,941~~. This includes $35,000 that must be paid to the Franchisor or its affiliates.

This Disclosure Document summarizes certain provisions of your 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, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our Franchise Director at 9014 NE St. John's Road, Suite 111, Vancouver, Washington 98665, (888) 795-7801.

The terms of your franchise agreement will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read all of your franchise agreement carefully. Show your franchise agreement 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, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

REGISTRATION OF THIS FRANCHISE DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER OF THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION.

Issuance Date: ~~April~~ August , 2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20.
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 B 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 Pacific Perks 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 Pacific Perks franchisee?	Item 20 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 if you still have obligations to your landlord or other creditors.

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About This Franchise

Certain states require that the following risk(s) be highlighted:

1. **Financial Condition.** Franchisor is undercapitalized (see Item 21) and may not be able to meet preopening obligations to all franchisees.

~~1.~~2. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Washington. 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 Washington than in your own state.

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~~2.~~3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

~~3.~~4. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

Certain states, including California, 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

To simplify the language in this Franchise Disclosure Document, "Pacific Perks", "us", "our", "we", etc. means Pacific Perks Franchising LLC, the Franchisor. "You" means the individual, corporation, limited liability company, partnership or other legal entity who buys the franchise (including its individual owners).

Franchisor, Parent and Affiliates

Our name is **PACIFIC PERKS FRANCHISING LLC.** We are a Washington limited liability company that was organized on June 1, 2021. Our principal place of business is located at 9014 NE St. John's Road, Suite 111, Vancouver, WA 98665. We are not engaged in any other business and do not do business under any other name. We do not currently operate any franchised businesses of the kind described in this Disclosure Document.

Our parent is Pacific Perks Coffee, LLC, a Washington limited liability company. Pacific Perks Franchising LLC is wholly owned by Pacific Perks Coffee, LLC. The principal place of business of our parent is also at 9014 NE St. John's Road, Suite 111, Vancouver, WA 98665.

Predecessor

There is no predecessor to Pacific Perks Coffee, LLC.

Agent for Service of Process

Our agents for service of process are listed in Exhibit A.

Prior Experience

We have never offered franchises in other lines of business. Neither we nor any of our affiliates have ever conducted a catering business prior to Pacific Perks Coffee, LLC or Pacific Perks Franchising LLC.

The Franchise Offered

We are offering to certain qualified individuals the opportunity to develop and operate a Pacific Perks Franchised Business according to a distinctive system (the "System") that includes rights to use the Pacific Perks name and logo and the various trade names, trademarks and service marks as well as our color schemes, badging, trade dress, confidential and proprietary offerings, menus, formulas and recipes, procedures, and specifications for preparing food and beverage products and for operations, inventory, delivery and management control methods, initial and ongoing training, advertising services and assistance. The Franchised Business is a mobile catering business that provides onsite delivery and service of selected beverages and made to order food items at corporate and private events. We offer our services and products under the name "Pacific Perks." No alcohol will be furnished as part of the Franchised Business. Our food and beverage offerings and products are marketed to business and commercial clientele and companies within your Exclusive Territory. We offer the Franchised Business through a single franchise agreement (the "Franchise Agreement") that allows you to establish a Franchised Business in a specified Exclusive Territory. The Franchise Agreement that you will be required to sign for your Franchised Business is attached to this document as Exhibit C. We are not engaged in any other business activities. You will have to compete for this corporate and business market in your territory with other businesses offering similar services on a local, regional, and national basis, including, in limited cases, other authorized Pacific Perks franchises. Our available products utilize the latest in food preparation techniques and proprietary management concepts and recipes. We provide a fun, exciting, mood-enhancing catering experience to our customers that brings employees and clients together, creates sales opportunities, entices prospects, builds a team atmosphere and rewards hard workers. Our system allows scheduling flexibility for our operators and their employees. Most charges are flat-fee based upon the duration of the event and the number of attendees. Typical events that we serve include trade shows, conferences, promotional events, parties, client or staff appreciation events, sales meetings, weddings, graduations, award events, car shows, cars and coffee events, school functions, sports events and many other types of events. Available beverages include coffee, espresso, other specialized coffee-based beverages (including caffeine free offerings), Italian sodas, smoothies, hot cocoa and other items. Our coffee products feature our proprietary trade secret coffee blends. Food selections include omelets, quesadillas, crepes, waffles, sandwiches, grilled cheese, ice cream and other items. Food and beverages are delivered to business and commercial locations hosting business and corporate events. The ingredients for the food and beverage products are loaded at the central facility onto our specially designed carts that are referred to as "Mobile Cafés™." The loaded carts include all necessary equipment and supplies and are picked up at the facility in vans that are typically owned by our servers who drive to the event site. Upon arrival at the event site, our servers use the carts to set up the site for service of the selected items. After the event, our servers clean up and haul away the waste. The food and beverage items are served to the event attendees by our servers who are known as "**Perkologist®**s." Customers of the franchised business include large and small businesses, schools, churches, leagues, retailers, sponsors, non-profits and anyone that desires to host a fun event.

Applicable Regulations

Most states require licensing or certification for food and beverage preparation and handlers. You should determine the licensing or certification requirements for your location. Typically, your preparers and servers will be required to have a ServSafe Certification (or locally approved equivalent food handler's certification). You alone are responsible for investigating, understanding and complying with all applicable laws, regulations and requirements applicable to you and your Pacific Perks franchise. The market for our style of business catering services is well established and highly competitive. There are many single locations, independent catering services, and numerous regional and national restaurant systems currently offering business catering that may feature some menu items similar to those we offer. Many such services will feature a broader array of food and beverage items. Additionally, you will compete with the full range of other types of food service operations, many of which may be located within or close to your Exclusive Territory. There also exists active competition among restaurant/beverage/food service providers for the employment of servers, management and operations personnel.

You must comply with all local, state and federal laws that apply to your ownership and operation of your Franchised Business, including health, sanitation, EEOC, OSHA, discrimination, employment, and sexual harassment laws. Beginning in early 2020 and in connection with the COVID-19 pandemic, those laws included "stay-at-home" or "shelter-in-home" orders in many states and localities and similar orders could be instituted in the future. You will be required to comply with federal, state and local laws and regulations relating to minimum wages, employment classification, and other employment matters. In addition, the U.S. Food and Drug Administration, the U.S. Department of Agriculture and state, county, city and local health departments administer and enforce laws and regulations that govern food preparation, delivery and service and sanitary conditions. State and local agencies inspect food preparation businesses to ensure that they comply with these laws and regulations. For California franchisees, Exhibit J contains a general list of the licenses and permits that are likely to be required for operation of a Franchised Business in the State of California. The information in Exhibit J generally describing required permits and licenses for similar operations in Los Angeles, California is provided as a general guide as to the various types of permits and licenses that you may be required to obtain for your Franchised Business. The actual laws and regulations that will apply to your Franchised Business will be determined by the site of your operations and legal requirements will vary in accordance with State and local laws, regulations, ordinances and rules. There may be other laws applicable to your business and we urge you to make additional inquiries and contact your attorney about these laws.

ITEM 2 - BUSINESS EXPERIENCE

Natalie Fairchild
Natalie is our Founder and Chief Executive Officer. Since July 2007 she has owned and operated Pacific Perks Coffee, LLC. Natalie has been employed by Pacific Perks Coffee, LLC in Vancouver, Washington as the Chief Executive Officer from July 2007 through the present.

Tristan Mayer
Tristan has been employed by Pacific Perks Coffee, LLC in Vancouver, Washington since 2008. He was employed as our Operations Manager since 2016 and has been our Chief Operating Officer since November 2021.

Zoia Raimer
Zoia was employed as Vice President of Business Development of Pacific Perks Coffee, LLC from February 2016 until November 2021. Since November 2021 she has been employed as Vice President of Business Development and Training of Pacific Perks Coffee, LLC in Vancouver, Washington She has ten years of experience with Starbucks in southwest Washington, including management positions.

ITEM 3 – LITIGATION

No litigation is required to be disclosed in this Item.

Governmental Actions

There are no actions required to be disclosed.

Pending Affiliate Actions

There are no actions required to be disclosed.

ITEM 4 - BANKRUPTCY

No bankruptcies are required to be disclosed in this item.

ITEM 5 - INITIAL FEES

You must pay us the initial franchise fee ("Initial Fee") when the franchise agreement is signed. The amount of the Initial Fee for an individual franchise in an Exclusive Territory is Thirty-Five Thousand and no/100 Dollars ($35,000.00). In fiscal years 2021 and 2022, there were no Initial Fees paid for individual franchises in Exclusive Territories. On November 7, 2023, we sold a franchise with two Exclusive Territories in Phoenix, Arizona. In connection with that sale, we received Initial Fees. In March 2024, after training in January 2024, the franchisee determined that it was unable to obtain a suitable location for its operation and requested to terminate the Franchise Agreement. On March 11, 2024, we entered into a Franchise Termination and Mutual Release Agreement with the franchisee and the franchise relationship was terminated. See Item 20 for additional information on the November 7, 2023 franchise sale and the subsequent termination of the franchise relationship by mutual agreement.

You must pay us the Initial Fee in a lump sum when you sign the Franchise Agreement. The Initial Fee is fully earned when paid and is not refundable in whole or in part under any circumstances. We are not obligated to return any fees if we terminate the Franchise Agreement pursuant to any term of the Franchise Agreement or if terminated by you for any reason other than those reasons expressly set forth in the Franchise Agreement.

ITEM 6 - OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty	6% of Gross Revenues After 3 months, minimum of $125 per week	Weekly via ACH on Tuesday for the sales week ending the immediately preceding Sunday.	Will be debited automatically from your bank account by ACH or other means designated by us.
Brand Fund Contribution	1% of Gross Revenues. We reserve the right to raise to 3% of Gross Revenues.	Payable Tuesday of the week for the prior week via ACH	Will be debited automatically from your bank account by ACH or other means designated by us.
Local Advertising Marketing and Promotional Expenditures	At least $1500 each quarter	Measured quarterly or based on seasonality cycle - as incurred by you	You must spend not less than $1500 each quarter on pre-approved marketing within your designated territory.
Technology Fee • POS • Loyalty • Communication and collaboration	• Up to $500 per month, currently $370 for up to 2 named users, each additional user is $115.	Monthly - Paid to franchisor	Will be debited automatically from your bank account by ACH or other means designated by us.
Software Fees • Accounting	• Accounting Program - $125	Monthly - Paid to third party	Must remain current with vendors
Conference Convention Fee	• Up to $1500	Paid to franchisor in the year when a conference occurs. Payment is required regardless of attendance	Will be debited automatically from your bank account by ACH or other means designated by us.

Transfer Fee (a) All transfers except as provided in (b) below. (b) Transferee is an entity controlled and owned by current Franchisee.	50% of the then current franchise fee No charge.	The transfer fee is paid upon application to transfer	Payable if we approve your transfer request, but prior to execution of final transfer agreements and authorization.
Renewal Fee	20% of the then current franchise fee	Upon signing a then current form franchise agreement	Payable if we approve your renewal request and upon signing our then current franchise agreement.
Operations Manual Replacement Fee	$500	As Incurred to Franchisor	
Additional Attendees during initial training	$500 per person	Due before initial training to franchisor	
Additional training	Currently $500 per person per day plus expenses incurred	As Incurred prior to beginning of additional training	
Local and Regional Advertising Cooperatives	As established by cooperative members	As established by cooperative members	Established by cooperative members.
Interest	1.5% per month or highest rate allowed by law	As Incurred	Payable on all overdue amounts, fees, charges, and payments due to us under the Franchise Agreement. Interest rate cannot exceed legal rate allowed by law and may be adjusted to reflect same.
Reporting Non-Compliance	$150 per occurrence	14 days of invoice	Payable for failure to timely submit Royalty and Activity Reports, and other reports and financial statements as required under Franchise Agreement.

Operations Non-Compliance	$450 to $1,000 per occurrence	14 days of invoice	Payable for failure to comply with operational standards as required and specified under Franchise Agreement, plus inspection and re-inspection costs incurred by us.
Payment Non-Compliance	$150 per occurrence		Payable for failure to timely pay, when due, a fee or payment due to us under the Franchise Agreement, plus interest, costs and legal fees.
NSF Check Fee of Failed Electronic Fund Transfer	$50 per violation	As incurred	Payable if your bank account possesses insufficient funds and/or fails to process a payment or transfer related to a fee due from you to us.
Relocation Fee	Costs and expenses.	As Incurred	Payable if you wish to relocate the Franchised Business' premises.
Testing or Supplier Approval Fee	Actual fees, costs, and expenses	Within 14 days of invoice	You must pay us the costs incurred by us to review and evaluate a potential supplier, product, or service that you submit to us for approval.
Audit Fee	Costs and expenses.	As incurred	For costs incurred by us for each financial audit, provided the audit determines underreporting of 2% or greater during any designated audit period. Includes fees incurred by us including audit, legal, travel and reasonable accommodations.
Quality Assurance Audit	Actual costs incurred by us	As invoiced	Payable if we engage a third-party to perform periodic quality assurance audits, including mystery shopper programs.

Collections	Actual fees, costs, and expenses	On demand	For costs and expenses incurred by us in collecting fees due to us, and/or to enforce the terms of the franchise agreement or a termination of the franchise agreement. Includes costs and expenses of re-inspections required by quality assurance audit.
Non-compliance	Actual fees, costs, and expenses	On demand	Fees, costs and expenses incurred by us as a result of your breach or noncompliance with the terms of your Franchise Agreement.
Legal fees and expenses	Costs and expenses, including but not limited to attorneys' fees for any failure to pay amounts when due or failure to comply in any way with the Franchise Agreement	As Incurred	
Management Fee	20% of Gross Sales in the event we choose to operate franchise due to death, disability, etc., plus our expenses	Weekly with Royalty payment	
Indemnification	The amount of any claim, liability or loss we incur from your Franchised Business.	As Incurred	
Post-Termination or Post-Expiration Expenses	Costs and expenses.	As Incurred	

Notes:

Royalty – based upon gross revenues which include all amounts earned from any source in the course of operating the business, less any sales tax collected on behalf of taxing authorities or gratuities paid to servers.

Brand Fund Contribution is paid directly to the Brand Fund. We may reallocate all or a portion of this fee to a Regional Advertising program if one is established in your region.

Technology fee is for support of our communication systems and POS. We may increase this fee with 30-days' notice based on suppliers' price increases or new technology expenses.

Local Advertising, Marketing and Promotional expenditures are paid to third parties. Measured every Month

Transfer Fee – We maintain a right of first refusal on Transfers of your Franchise.

Relocation – any relocation must be approved by us. Except in cases of emergency, the new premises must be occupied and open prior to vacating the old location. Emergencies are determined on a case-by-case basis. Examples of emergencies include military service relocation or relocation of employment of spouse or domestic partner.

Audit Fee paid by franchisee if difference in reported royalties is 2% or greater.

ITEM 7 - ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Estimated Amount Low	Estimated Amount High	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee[1]	$35,000	$35,000	Lump sum	At signing of Franchise Agreement	The Initial Franchise Fee is paid to Pacific Perks Franchising LLC
Construction, Leasehold Improvements[2]	$ 1,200	$ 11,100	As incurred	Before opening	Contractor/Third-party providers
Furniture and Fixtures[3]	$ 6,890	$ 12,100	As incurred	Before opening	Contractor/Third- party providers
Equipment[4]	$ 19,459	$ 23,129	Lump sum	Before opening	Third-party providers
Signage (interior and exterior)[5]	$0	$ 1,000	As incurred	Before opening	Third-party providers
Computer, Software and Point of Sales System[6]	$75	$1,325	Lump Sum	Before opening	Third-party providers
Opening Inventory[7]	$963	$988	As incurred	Before opening	Third-party providers or us
Rent Deposits[8]	$ 1,100	$ 4,000	As incurred	Before opening	Landlord
Utility Deposits[9]	$0	$150	As incurred	Before opening	Utility providers
Insurance Deposits and Premiums[10]	$123	$368	As arranged	Before opening	Insurance company
Pre-opening Travel Expense[11]	$1000	$3100	As incurred	Before opening	Airline, hotel, restaurants
Grand Opening Advertising[12]	$1000	$5,000	As incurred	Prior to opening	Third parties
Professional Fees[13]	$1000	$5000	As arranged	Before opening	Attorneys, accountants
Business Permits and Licenses[14]	$565	$1950	As incurred	Before opening	Licensing Authorities
Printing, Stationery and Office [15]	$500	$900	As incurred	Before opening	Third-party providers
Additional funds – 3 Months[16]	$2,680	$8,175	As incurred	After opening	Various
Total	**$71,555**	**$113,285**			

NOTES

1 Initial Franchise Fee

Franchise Fee is the same for all similarly situated franchisees

2 Construction, Leasehold Improvements

Square foot range:

800 - 1200 sq ft

Special Characteristics:

warehouse space with a kitchen, or a room that can be converted into a kitchen

Difference between high and low due to:

Franchisee provided or leased

Architect Fees Included?

No, modification not generally required.

General Contractor Fees Included?

The space may require some modification.

Estimates based on historical experience of affiliate

Estimates are based on a site obtained in "vanilla box" condition

3 Furniture and Fixtures

Furniture and Fixtures consists of (main categories)

Shelving, Refrigeration, Water Heater, 3 Part Sink (may require plumber), Hand washing sink, mop sink, grease trap (may require plumber), RO water system

Costs do not include transportation or set up charges

4 Equipment

Equipment consists of (main categories)

Carts, Espresso Setup, Food and Beverage Setup,

Equipment Items assumed to be leased (if any)

Suitable Vehicle (if needed)

Costs do not include transportation or set up charges

5 Signage (interior and exterior)

Difference between high and low due to:

Size of sign based on commercial space

Includes wall signage for exterior of commercial space

6 Computer, Software and Point of Sales System

Computer / Software / POS consists of (main categories)

Computers and printer (not leased)

7 Opening Inventory

Opening Inventory consists of (main categories)

Food and Drink Ingredients, Paper Products

8 Rent Deposits

Represents 3-month deposit (first, last month, plus 1 month security)

Low estimate represents:

1000 sq ft @ $4.68 per square foot

High estimate represents:

1000 sq ft @ $10 per square foot

Both estimates represent a site in a suburban location

9 Utility Deposits

Estimates based on historical experience of affiliate

Includes Electric, Gas, Water

Will vary based on municipality and service provider

10 Insurance Deposits and Premiums

Represents estimated deposit of premium to initiate coverage

Coverage for 12 months, with an annual premium of $1472

Estimate is based on historical experience of affiliate

Represents coverage limits outlined in Item 8 of Disclosure Document

11 Pre-opening Travel Expense

Represents travel and expense to attend training

Number of People:	1 to 2
Duration (days):	5
Location:	Vancouver, WA area

Estimate does not include any labor costs

12 Grand Opening Advertising

Estimated or required?

Required

Timeframe	
Days Prior to Opening:	30
Days After Opening:	60

13 Professional Fees

Represents fees for initial reviews and advisory services

Accountant

Attorney

14 Business Permits and Licenses

Specific Licenses Include: local required health and food handler permits and

Basic business permits

15 Printing, Stationery and Office Supplies

Includes but not limited to the following items:

Business Cards

Office Supplies

Items bearing marks

	Uniforms	
16	Additional funds – 3 Months	Includes costs to operate the business for the initial 3 months

We recommend that you provide for the possibility that expenses may exceed revenues and maintain sufficient cash reserves to carry you through the start-up and development stage of your business. The exact amount of such reserves will vary from operation to operation and cannot be meaningfully estimated. You should consult with your accountant and financial advisor in order to develop a business plan for your particular operation. These additional funds may be used for expenses such as required state or local licensing or certification and additional training to satisfy state and local licensing requirements.

The figures stated above do not include any provision for managerial salaries or draws by you based upon the assumption that you will be the full-time manager of the franchised business. They also do not include any applicable taxes.

ITEM 8 - RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You are required to purchase Pacific Perks marketing materials, branded clothing and promotional items, vehicle wraps and signage, product liability (food and beverage), general liability insurance, commercial auto insurance, workers' compensation insurance, and business personal property insurance. We may establish specifications for a suitable vehicle to be used by the franchised business in the conduct of business and the signage or trade wrap necessary on the vehicles used for the business. Such specifications or requirements will be set forth in the Manual, from time to time. We may designate authorized suppliers for any or all of these products, services or supplies. As of the date of this Franchise Disclosure Document, there are no approved suppliers for these items.

Not less than thirty (30) days prior to the opening date of the franchised business, you must order from the designated suppliers or other approved suppliers that we designate such initial inventory of Pacific Perks clothing apparel, marketing brochures and promotional supplies, business cards and vehicle wraps and signage as required by us in the Manual or otherwise in writing, or as may be provided in the Franchise Agreement. You must provide to us reasonable and timely proof of such orders.

All products sold or offered for sale by the franchised business must meet our then current standards and specifications as established in the Manual or otherwise in writing. Our trade secret blends or formulas of coffees under the trade names Perkology™ and Perkatory™ are required to be purchased from a single source as described in the Manual the single source may be us or one or more of our affiliates. We reserve the right to add other trade secret blends or formulations that must be purchased from a single source (including from us or one or more of our affiliates) in the future. We have the right to require you to purchase from approved suppliers or us, other items as we may from time to time require for the operation of the franchised business. As of the date of this Franchise Disclosure Document, there are no other products or services that must be purchased from approved suppliers or us. We provide specifications to the suppliers that we designate for all products.

You are required to maintain insurance coverage of the types and minimum amounts specified in the Manual, this Franchise Disclosure Document, the Franchise Agreement or supplementary notices. You are required to maintain all required insurance with insurance companies approved by us. All required insurance must name us as an additional insured and must provide that it may not be terminated, amended, canceled, or modified without at least fifteen (15) days prior written notice to us. You are required to provide certificates of insurance evidencing such coverage prior to the opening of the franchised business and thereafter at least fifteen (15) days prior to the expiration of any policy.

You must purchase all products and services needed in the franchised business and not covered in the discussion under this Item 8 solely from us or from suppliers who demonstrate to our continuing reasonable satisfaction the ability to meet our standards and specifications, who possess adequate quality controls and capacity to supply your needs promptly and reliably, and who have been approved by us in the Manual or otherwise in writing. If you desire to purchase products or services from other than approved suppliers, you must submit to us a written request to approve the proposed supplier, together with such information as we may reasonably require. We will have the right to require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to us or to an independent testing facility designated by us. A charge not to exceed the reasonable cost of the evaluation and testing must be paid by you. We will, within ninety (90) days after receipt of such completed request and completion of such evaluation and testing (if required by us), notify you in writing of our approval or disapproval of the proposed supplier. Approval will not be unreasonably withheld. You must not sell or offer for sale any products or services of the proposed supplier until our written approval of the proposed supplier is received by you. We may from time to time 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 to purchase from the disapproved supplier. We do not have any purchasing or distribution cooperatives.

Except as discussed above, we have no purchase arrangements with suppliers, nor do we negotiate purchase arrangements with suppliers for your benefit. You do not receive any material benefit for using designated or approved sources. You are not required to purchase or lease any other goods or services from us or from a supplier designated by us. There are no approved suppliers in which any of our officers or affiliates owns an interest.

ITEM 9 - FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure document item
a. Site selection and acquisition/Lease	Section 1	Item 7
b. Pre-opening purchases/leases	Section 7	Item 8
c. Site development and other pre-opening requirements	Not Applicable	Not Applicable
d. Initial and ongoing training	Section 6	Item 11
e. Opening	Section 5	Item 7
f. Fees	Section 4	Items 5 and 6
g. Compliance with standards and policies/operating manual	Sections 7 and 9	Item 16
h. Trademarks and proprietary information	Section 8	Item 13
i. Restrictions on products/ services offered	Section 7	Item 8
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Section 15.2	Items 12 and 15
l. Ongoing product/service purchases	Section 7	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 5 and 7	Item 8
n. Insurance	Section 13	Items 6 and 8
o. Advertising	Section 12	Item 11
p. Indemnification	Section 20	Not Applicable
q. Owner's participation/management/staffing	Sections 7 and 17.1	Item 15

r. Records/reports	Section 11	Item 6
s. Inspections and audits	Sections 7.9, 11.4 and 15.2	Item 6
t. Transfer	Section 14	Items 6 and 17
u. Renewal	Section 2	Item 17
v. Post-termination obligations	Section 16	Item 17
w. Non-competition covenants	Section 17	Item 17
x. Dispute resolution	Section 25	Item 17

ITEM 10 - FINANCING

We do not offer direct or indirect financing to franchisees for franchises operated within an Exclusive Territory. We do not arrange financing from other sources. We do not guarantee any of your notes, leases or obligations.

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

Except as listed below, Pacific Perks is not required to provide you with any assistance.

Pre-Opening Assistance

Before you open your business, we will:

1. Designate your Exclusive Territory.

2. Conduct an initial training program that you must attend and satisfactorily complete prior to opening your business.

3. Supply our Manual.

Although we are not bound to do so by the Franchise Agreement, we generally assist you in making the franchised business ready to commence operations. We estimate the typical length of time between the execution of the Franchise Agreement and the commencement of the franchised business is between ninety (90)) and one hundred eighty (180) days. The factors that affect this time are financing, permitting and certification requirements, zoning or local ordinances, weather conditions, shortages, supply chain disruptions, construction requirements, state licensing, permitting, training, etc.

You select your business site within your territory subject to our approval. You must have our written approval to change the approved location of your business or to operate your business from a location outside of your Exclusive Territory. If you have not obtained an approved location for your business at the time that the Franchise Agreement is executed, you must obtain a location through purchase or lease that meets our then-current standards and specifications as determined by us in our sole subjective discretion exercised in good faith within sixty (60) days of the date the Franchise Agreement is executed. You must be open for business within one hundred eighty (180)days of the date you complete the initial training program. We can agree to extend this deadline for an additional sixty (60) days if we determine in our sole subjective discretion that your failure to obtain an approved location or open for business did not result from your failure to exercise due diligence or use your best efforts. If the site is not agreed upon or if you are not open for business within these time periods, we can terminate the Franchise Agreement. We do not act as a lessor or lease property to you.

We consider a number of factors in deciding whether to approve a proposed location or a request to relocate an approved location. These factors include the general location, zoning and permitting requirements, whether the location is located within or in close proximity to the Exclusive Territory, the size of the location, and other factors which we may consider relevant.

Post-Opening Assistance

During the operation of the franchised business, we will:

1. Develop new products, services and methods, and provide you with information about those developments.

2. Supply updates to our Manual.

Advertising

We are not required to spend any amount on advertising in your Exclusive Territory. However, through a promotion and advertising fund (the "Brand Fund"), we make available advertising materials and services to us; we then make them available to you. Materials and services provided by the Brand Fund to all franchisees may include websites, social media presence, video tools, posters, brochures, search engine optimization, online reputation management and other miscellaneous items. You will receive certain samples at no charge. If you want additional copies, you must pay the associated costs.

You may develop advertising materials for your own use, at your own cost. We must approve the advertising materials in advance of you using the materials and the approval must be in writing. You are not required to participate in any local or regional advertising cooperative, and we do not have the power to require that cooperatives be formed, changed, dissolved or merged. However, we strongly recommend that you spend between one percent (1%) and three percent (3%) of the Gross Revenues of the franchised business on local marketing in addition to the Brand Fund contributions discussed below. We also strongly recommend marketing cooperation with other franchisees as a way to further promote your business and the overall presence and awareness of the Pacific Perks brand in the market.

Occasionally, we may provide for placement of advertising on behalf of the entire franchise system. However, most placement is done on a local basis, typically by individual franchisees. We reserve the right to use fees paid to the Brand Fund to place advertising in national media (including broadcast, print or other media) at any time. All payments to the Brand Fund are spent on promotion, advertising and marketing of goods and services provided by franchisees of the System; they are not used to sell additional franchises.

You will be required to pay a monthly Brand Fee to the Brand Fund equal to one percent (1%) of the monthly Gross Revenues of the franchised business. We reserve the right to raise the monthly Brand Fee to three percent (3%) of the monthly Gross Revenues of the franchised business.

We administer the Brand Fund in the following manner:

1. We will direct all promotion and advertising programs, with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation of these materials. The Brand Fund is intended to maximize general public recognition, acceptance, and use of the System. We are not obligated, in administering the Brand Fund, to make expenditures that are equivalent or proportionate to each franchisee's contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Brand Fund.

2. The Brand Fund, all contributions to it, and any earnings on the funds, will be used exclusively to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which we believe will enhance the image of the System, including, among other things, the costs of preparing and conducting media advertising campaigns; direct mail advertising; marketing surveys; employing advertising and/or public relations agencies to assist in the promotions; purchasing promotional items; employing agencies specializing in search engine optimization, online reputation management and other online marketing services, and providing promotional and other marketing materials, websites, social media presence and services to the businesses operating under the System. No part of the Brand Fund will be used for solicitation of franchise sales.

3. You must contribute to the Brand Fund by separate EFT made payable to the Brand Fund. All sums paid by franchisees to the Brand Fund will be maintained in a segregated account separate from our other accounts. Except for the reasonable expenses and overhead incurred to administer the Brand Fund discussed below, the Brand Fund and any earnings will not otherwise inure to our benefit. Separate bookkeeping accounts will be maintained for the Brand Fund. Any fund balance not spent in the fiscal year in which it accrues is carried over for use in future fiscal years. An annual financial statement of the Brand Fund, which is not reviewed or audited, will be made available to franchisees.

4. The Brand Fund may be used to compensate us for reasonable expenses and overhead incurred for accounting, collection, bookkeeping, reporting and legal services which we provide to the Brand Fund to support marketing activities and for out-of-pocket expenses. In addition, we may provide products and services to the Brand Fund, including Pacific Perks brochures and web-hosting services. Any such products or services provided by us will be provided at a cost comparable to those costs that the Brand Fund would otherwise incur if the products or services were obtained from unaffiliated third parties.

Computer Requirements

You will be required to supply the following hardware in good working order:
two laptops/desktops (estimated at $2000 total);
one printer (estimated at $500); and
one tablet (estimated at $500).

Software and Data Storage

We will supply the following with the cost included in your Technology Fee:

PerksWerks™ software (This is a proprietary software owned and developed by us. You will receive a royalty free nonexclusive license for two users that expires when you cease to be a franchisee.); CRM (licensed for two users); use of our email account for two users.~~.~~ You must use computer software and data storage that is made available or designated by us from time to time. You must pay for the costs of any software or data storage maintenance, repairs, upgrades and updates that we may require from time to time, and there are no contractual limitations on the frequency or costs of these obligations in the Franchise Agreement. You will need to supply your own approved cloud-based accounting system and an approved Phone system. We will own and have independent access to the information and data generated and stored by any software that we provide, including customer lists and other customer information, and there are no contractual limitations on our right to access or use this information.

Operating Manual

We will loan you a copy of the Manual that contains mandatory and suggested specifications, standards and procedures. The Manual is confidential and remains our property. We will modify the Manual from time to time, but the modification will not alter your status and rights under the Franchise Agreement. The Table of Contents of the Manual is attached as Exhibit E.

Training

Prior to your actual commencement of business operations, you (or, if the franchised business is a corporation or limited liability company, then the manager designated by you and acceptable to us, or if a partnership, then 50% of the partners) must attend and complete our training program for new franchisees.

The training program will be held in the Vancouver, Washington area and virtually. Training is conducted over the course of one (1) week in person and 16.25 hours virtually over 4 weeks. We will train up to two (2) people and at least one owner/manager must attend training. All trainees must hold a ServSafe Certification (or locally approved equivalent food handler's certification) and provide a copy of the certification to us prior to attending training.

Pre-opening training will include at least one on-site event, as well as covering daily operating procedures, marketing, financial management and train the trainer for staff onboarding. Pre-opening training is a requirement to operating the franchised business and must be successfully completed prior to opening. Our pre-opening training program is typically conducted four (4) to six (6) times a year and is held every eight (8) to twelve (12) weeks.

The initial training program will be overseen by Natalie Fairchild, Tristan Mayer and Zoia Raimer. Refer to experience and biography in Item 2 of this document. We will review trainee understanding and knowledge of procedures outlined in the Franchise Operations Manual which is provided during franchise onboarding. We train using visual, verbal, and hands-on instruction. We may employ video and virtual instruction to cover the topics identified on the chart below.

Training Topic	Hours of virtual Training	Hours of On the Job Training	Location
Welcome: Introduction to Training, History of the Brand, Our Culture, Mission and Vision	2	0	Virtual
Personnel: Staffing, Positions, Hiring, Creating Your Policies and Best Practices	2	0	Virtual
Marketing: Creating Brand Awareness, Our Value Proposition, Strategies to Develop Clients and Repeat Event Bookings	2	2	Vancouver, WA and Virtual

Operational Procedures: Daily Procedures, Maintaining Equipment, Cleaning and Sanitation, Operations Software, Receiving/Managing Inventory, and Event Scheduling	0	12	Vancouver, WA area
Event Procedures: Our Menus & Offerings, Recipes, Safe Food Handling, Set Up and Break Down of Events, Event Procedures and Guest Services	4.25	25	Vancouver, WA area and virtual
Financial Management: Operations Software, Banking Procedures, KPIs and Reporting, Royalties and Franchise Obligations	2	0	Virtual
Review: Training Assessment, Start Up Inventory, Working with Suppliers and Grand Opening Plan	4	1	Vancouver, WA area and virtual
SUBTOTAL HOURS	**16.25**	**40**	
TOTAL HOURS	**56.25**		

We will provide 1 to 2 days of in-market support following the conclusion of pre-opening requirements. All trainees must have successfully completed the training program. We will assess all operational and image standards for the brand. If approved, Grand Opening of business may be scheduled. If approved, you may launch and start booking and hosting events; if not approved, we reserve the right to require additional training in order to successfully complete the program.

A typical training schedule will include the following:

Welcome: 2 hours virtual classroom/0 hours on the job
Personnel: 2 hour virtual classroom/0 hours on the job
Marketing: 2 hours virtual classroom/2hours on the job
Operational Procedures: 0 hours virtual classroom/12 hours on the job
Event Procedures: 4.25 hours virtual classroom/25 hours on the job
Financial Management: 2 hours virtual classroom/0 hours on the job
Review: 4 hours virtual classroom/1 hour on the job

We will assess all operational and image standards for the brand. If approved, Grand Opening of your business may be scheduled. If approved, you may launch and start booking and hosting events; if not approved, we reserve the right to require additional training in order to successfully complete the program.

You also must attend additional required training courses, virtual training, webinars, seminars and programs as we may require in our sole discretion from time to time. Except for the cost of instructors and training materials, you must pay all expenses incurred to attend these programs, including transportation, lodging, meals and wages. We will also hold conferences (which may be virtual), additional training courses, webinars or seminars to discuss and instruct you in sales techniques, personnel training, bookkeeping, accounting, inventory control, performance standards, advertising programs, merchandising procedures, new procedures for inspections, new products, marketing, and general operating procedures. You will be required from time to time to attend these conferences, additional training courses, webinars or seminars which we deem, in our reasonable judgment, to be of significance to the operation of your franchised business.

We may require you to attend an annual Brand Conference unless we have approved otherwise in our discretion. If we require attendance to the Brand Conference, you must pay the registration fee for one person to attend the Brand Conference annually. If you cannot attend for any reason, you will still be required to pay the registration fee and a non-attendance fee. You must pay any registration/training fee and all your travel and living expenses associated with any required conference, training course, seminar or meeting. These events are held at locations in the United States chosen by us. At our discretion, Brand Conferences may be held virtually.

ITEM 12 - TERRITORY

Prior to the execution of the Franchise Agreement, we will designate the location of your Exclusive Territory, which will be set forth on Attachment A attached to the Franchise Agreement. The Franchise Agreement grants to you the right to operate a Franchised Business at a single Authorized Location selected by you and approved by us that includes an "Exclusive Territory." Your Exclusive Territory will ultimately consist of a geographical area typically defined by zip codes and that generally has a population estimated to have approximately 450,000 people, unless we determine otherwise. The demographics report or reports used to determine the Exclusive Territory will be provided by the U.S. Census Bureau or other similar population information that is available to determine the population base in the geographic area around your Authorized Location. Although we try to design Exclusive Territories to meet a certain estimated population size, there is no geographical standard size of an exclusive territory. The Exclusive Territory is important to both you and to us. Unlike a traditional retail business where the customer comes to you, the franchised business will require you to go to the customer. Additionally, your best referral sources will also be located throughout your Exclusive Territory. Thus, the franchised business will be operated throughout the geographical boundaries of the Exclusive Territory. You are not allowed to operate the franchised business outside your Exclusive Territory without our prior written consent. We will not establish or operate another Franchised Business or authorize any other person or entity to establish a franchised business within your Exclusive Territory or modify the territory rights granted to you for the Exclusive Territory, unless otherwise mutually agreed in writing, as long as you are in good standing and not in any default. You cannot conduct business in another franchisee's Exclusive Territory without our consent (which may be withheld at our discretion) and only if you pay that franchisee an infringement fee of Fifteen Percent (15%) of the Gross Sales for that customer. If the area outside your Exclusive Territory is a Greenfield (an area in which no franchisee is currently located) you may service any customer you obtain but must either transfer the account or pay the invasion fee if the customer's area is later assigned to a future franchisee.

We reserve the right to establish "House Accounts." House Accounts will be established only with regional or national businesses that have facilities in multiple territories with whom we have established a business relationship prior to the date of any business relationship that your franchise has established with the House Account. If a catered event is scheduled to be held by a House Account at a location or facility within your Exclusive Territory, we will notify you by email in advance of the scheduled event and we will offer any order for services calling for performance in your Exclusive Territory to you at the price we establish with the House Account if you notify us of your intent to do so not more than forty-eight (48) hours following our notice to you. If you choose not to fulfill the order at the price we establish or are unable to do so, then we, one of our affiliates or a third party we designate (including another Pacific Perks franchise) may fulfill the order, and you will be entitled to no compensation in connection with that order. At your request, we can provide assistance in catering the event for a negotiated fee.

You are required to operate the Franchised Business only at your Authorized Location and may not relocate the Franchised Business without our prior written consent. You will be assigned a specific Territory in which to conduct your business. You may not establish or operate another Franchised Business except by signing a separate Franchise Agreement. You do not receive any rights of first refusal or the right to acquire additional franchises or Territories unless you sign another franchise agreement with us.

Except as provided above, you are not granted any rights in connection with the franchised business. You may not intentionally solicit orders within another franchisee's Exclusive Territory. If you do, your franchise is subject to termination. To the extent we operate a Pacific Perks System business, we will not intentionally solicit orders within your Exclusive Territory provided that you are not in default of any provision of the Franchise Agreement.

The continuation of territorial exclusivity depends on achieving certain minimum Gross Sales levels. Except as otherwise approved in writing, beginning in the second full Calendar Year of your Franchise Agreement, your Franchised Business must maintain minimum Gross Sales for the term of the Franchise Agreement. The minimum Gross Sales standards will be negotiated with you prior to signing your Franchise Agreement and will be based upon the demographic makeup of your specific Exclusive Territory. Failure to attain these minimum Gross Sales levels will constitute a default and you will be required to pay the shortfall royalty of those Gross Sales levels upon written notice or face immediate termination under the Franchise Agreement. The original minimum Gross Revenues requirements apply only to the initial term of the Franchise Agreement. In renewal terms, and in the case of the transfer by you of an established territory, the sales volume requirements may be adjusted to reflect the potential of an established market. If you fail to generate Gross Revenues equal to or in excess of the minimum Gross Revenues requirements in the Franchise Agreement, we, at our option, may operate or license other franchisees to operate Pacific Perks franchises inside of the Exclusive Territory.

You may not advertise outside your Exclusive Territory. You may, however, advertise in media that includes your Exclusive Territory but extends beyond your Exclusive Territory. For example, advertising in social media, on websites or in print or electronic media that covers both your Exclusive Territory and an area beyond your Exclusive Territory is permitted. As discussed in this Item 12, you may not service customers located in another franchisee's Exclusive Territory unless you pay that franchisee an invasion fee. Otherwise, you may not solicit or accept orders from customers outside your Exclusive Territory, including any use of other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside your Exclusive Territory.

We and our affiliates have the right outside of the Exclusive Territory to grant other franchises or operate company or affiliate owned Pacific Perks businesses or offer, sell or distribute any products or services associated with the System under the Proprietary Marks or any other trademarks or through any distribution channel or method, including the Internet, all without compensation to any franchisee. In addition, we and our affiliates have the right to operate and franchise others to operate franchised businesses or any other businesses within and outside the Exclusive Territory under trademarks other than the Pacific Perks Service Mark through any distribution channel or method, including the Internet without compensation to any franchisee. We currently sell certain Pacific Perks labeled merchandise and products such as coffee blends on the Internet and reserve the right to continue or expand such sales. Although we do not currently have plans to do so, we reserve the right in the future to own or operate "Pacific Perks Cafes™" that sell featured products and services under our trademarks to the general public within your Territory. Other than that exception, our operation of, or association or affiliation with, restaurants (through franchising or otherwise) in the Exclusive Territory that compete with Pacific Perks businesses will only occur through some form of merger or acquisition with an existing restaurant chain. Other than our internet sales, as of the date of this Disclosure Document, neither we nor our affiliates operate or have plans to operate or franchise businesses under a different trademark that will sell goods or services that are the same as or similar to those a franchisee will sell.

Except for rights expressly granted to you under the Franchise Agreement, we retain all of our rights and discretion with respect to the Trademarks, the Pacific Perks system, and Pacific Perks franchises wherever located, including the right to (a) operate, and grant others the right to operate, Pacific Perks franchises at locations and on terms and conditions we deem appropriate; (b) sell any products or services under the Trademarks or under any other trademarks, service marks or trade dress, through other channels of distribution; and (c) operate, and grant to others the right to operate, businesses identified by trademarks, service marks or trade dress, other than the Trademarks, under terms and conditions we deem appropriate.

We and our affiliates may sell branded products under the Trademarks through any method of distribution other than a dedicated Pacific Perks franchise, including sales through such channels of distribution as the internet, catalog sales, telemarketing, or other direct marketing sales (together, "alternative distribution channels") and grocery stores, restaurants and other traditional food distribution channels. You may not use alternative distribution channels to make sales except as described in this Item 12 of the Disclosure Document and you will receive no compensation for our sales through alternative distribution channels.

If we engage in electronic commerce through any internet, world wide web, social media or other computer network site or sell through any other alternative distribution channel, we will offer any order for services calling for performance in your Exclusive Territory to you at the price we establish. If you choose not to fulfill the order at the price we establish or are unable to do so, then we, one of our affiliates or a third party we designate (including another Pacific Perks franchise) may fulfill the order, and you will be entitled to no compensation in connection with that order.

We and our affiliates can use alternative channels of distribution to make sales of products or services under trademarks different from the Trademarks you will use under the Franchise Agreement, but we and our affiliates have not yet made any sales of this type.

If you transfer your Franchise, you will need to comply with certain requirements, including paying required fees and obeying notice and other requirements. The Franchise Agreement grants us a right of refusal on your Franchise and Territory in the event that you desire to transfer your Franchise.

ITEM 13 - TRADEMARKS

You are granted the right to open and operate your Pacific Perks franchise under the name "Pacific Perks®." You may also use our other current or future Trademarks to operate your business. By Trademarks, we mean trade names, trademarks, service marks and logos used to identify your service. On October 22, 2019, the word service mark "**Pacific Perks®**" was registered on the United States Patent and Trademark Office ("USPTO") principal register, registration number 5,890,973 in International Classes 30 (coffee) and 43 (catering). On July 4, 2023, the word service mark "**Perkologist®**" was registered on the USPTO principal register, registration number 7,101,463 in International Class 43 (catering). Our parent, Pacific Perks Coffee LLC, currently owns both registered service marks. We have the exclusive license from our parent to use and license others to use both registered service marks in the United States.

Our parent, Pacific Perks Coffee LLC, claims common law trademark or service mark rights on other marks, including, but not limited to, **PerksWerks™**, **Perkology™**, **Perkatory™**, **Pacific Perks Cafes™** and **Mobile Cafes™.** Pacific Perks Coffee LLC reserves the right to file for registration with the USPTO of these marks or other marks at any time, in the discretion of our parent. We have the exclusive license from our parent to use and license others to use these marks. Our parent reserves the right to assign ownership of any or all of the marks to an intellectual property holding company, subject to our license rights.

You must follow our rules when you use the Trademarks. You cannot use a name or mark as part of your corporate, limited liability company or other entity name. You cannot use a name or mark with modifying words, designs or symbols except for those that are licensed to you under the Franchise Agreement. You may not use the Trademarks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

The Trademarks are not subject to any presently effective determinations of the USPTO, the Trademark Trial and Appeal Board, any state trademark administrator or any court; nor are they subject to any pending interference, opposition, or cancellation proceeding or material litigation that limits or restricts our right to use the Trademarks.

There are no currently effective agreements presently in effect that would limit the rights of us to use or license the use of the Trademarks.

We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you. You must promptly notify us of any unauthorized use of the Trademark, any challenge to the validity of the Trademarks, or any challenge to our ownership of or right to use and to license others to use, our right to use, or your right to use, the Trademarks. We will take the action we think is appropriate. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Trademarks. While we are not required to defend you against a claim against your use of the Trademarks, we will reimburse you for your liability and reasonable costs in connection with defending the Trademarks. To be reimbursed, you must have notified us immediately when you learned about the infringement or challenge. However, if we determine, in our sole discretion, that you have not used the Trademarks in accordance with the Franchise Agreement, the cost of such defense, including the cost of any judgment or settlement, will be borne by you.

You must modify or discontinue the use of the Trademarks if we modify or discontinue them. You must not directly or indirectly contest our right to the Trademarks, trade secrets or business techniques that are a part of the Pacific Perks System and franchised businesses.

We do not know of any infringing uses that would materially affect your use of the Trademarks.

In addition to the above, we have claimed exclusive use of the url "pacificperkscoffee.com" as an internet domain name and have restricted your rights to use of our Trademarks or url on public computer networks. You may not establish or maintain a world wide web site, social media presence, email address, or otherwise establish or maintain a presence or advertise on the internet or any other public computer network in connection with the franchised business without our prior written approval. There are a number of restrictions in this regard, as set forth in the Franchise Agreement, and as addressed in the Manual.

ITEM 14 - PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents Copyrights and Trade Secrets

We hold no patents. We have registered no copyright with the United States Copyright Office. However, we claim copyrights on certain forms, advertisements, promotional materials, blends, formulations, menus and other written materials. We also claim copyrights and other proprietary rights in the Manual. We claim and enforce trade secret rights under relevant state and federal laws (including the Uniform Trade Secrets Act in states where it has been enacted and The Defend Trade Secrets Act of 2016) for various proprietary secret recipes, formulas and blends of coffee and food items.

There are no agreements currently in effect which significantly limit your right to use any of our copyrights. Also, there are no currently effective determinations of the USPTO, the U.S. Copyright Office (Library of Congress) or any court pertaining to or affecting any of our copyrights discussed above. As of the date of this Franchise Disclosure Document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights that could materially affect your use of them in any state.

Your and our obligations to protect your rights to use our copyrights are similar to the obligations for Trademarks described in Item 13 above.

Confidential Information

You may never – during the initial term, any renewal term or after the Franchise Agreement expires or is terminated – reveal any of our confidential information, including Trade Secrets, to another person or use it for any other purpose or business. You may not copy any of our confidential information or give it to a third party except as we authorize. All persons affiliated with you must sign our Confidentiality/Non-Competition Agreement. See Attachment E to Exhibit C (Franchise Agreement). Our confidential information will include products, services, menus, formulas, recipes, ingredients, mixtures, blends, equipment, technologies, procedures and strategies relating to the operation of a Pacific Perks franchise; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications that are part of the Pacific Perks System; the Manual; records of customers and referral sources; billings; methods of advertising and promotion; instructional materials; and other matters. Notwithstanding any provisions in the Franchise Agreement, any confidentiality agreement or any company policy of Franchisor or Franchisee applicable to the unauthorized use or disclosure of Trade Secrets, you are hereby notified that, pursuant to § 7 of the Defend Trade Secrets Act of 2016 (Public law 114-153 May 11, 2016), an individual (including, but not limited to, an employee, consultant or independent contractor) shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a Trade Secret that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law. An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a Trade Secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the Trade Secret to the attorney of the individual and use the Trade Secret information in the court proceeding, if the individual files any document containing the Trade Secret under seal; and does not disclose the Trade Secret, except pursuant to court order.

In this Franchise Disclosure Document, the term "Trade Secret" means all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing if- (a) the owner thereof has taken reasonable measures to keep such information secret; and (b) the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the information.

ITEM 15 - OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

You or your designated manager are obligated to participate in the actual operation of the franchised business on an exclusive and full-time basis. This obligation begins with your attendance at the initial training program and precludes any other part-time employment or other work commitment. You must attend and successfully complete our initial training program and complete our start-up program. In the case of a corporation, limited liability company or partnership franchisee, the direct, on-site supervision must be done by a person who owns a beneficial interest of at least one-half of the corporation, limited liability company or partnership entity, and must have taken the initial training course. That person must participate in the actual operation of the franchised business on an exclusive and full-time basis during normal business hours. In the case of a corporation, all shareholders, in the case of a limited liability company, all members, and in the case of a partnership, all partners, must sign a continuing personal guarantee in the form of Attachment C to Exhibit C (Franchise Agreement).

Neither you nor any "on-premises" manager can have an interest in or business relationship with any of Pacific Perks's business competitors. In the case of a corporation, all shareholders, in the case of a limited liability company, all members, and in the case of a partnership, all partners, must sign a Confidentiality/Non-Disclosure Agreement in the form of Attachment C to Exhibit C (Franchise Agreement). The manager or supervisor must sign the same form Confidentiality/Non-Disclosure Agreement (Attachment C to Exhibit C (Franchise Agreement)) to maintain confidentiality of the proprietary information and Trade Secrets described in Item 14 and conform to the covenants not to compete described in Item 17. The manager or supervisor, the officers, directors and shareholders of a corporate franchisee, the officers, managers and members of a limited liability company, the general and limited partners of a limited partnership franchisee and each individual who owns a 5% or greater interest in the franchise entity must sign an agreement with covenants similar in substance to those set forth in Section 17 of the Franchise Agreement assuming and agreeing to discharge all obligations of the "Franchisee" under the Franchise Agreement.

ITEM 16 – RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are required to meet and maintain the highest health standards and ratings applicable to the operation of the Franchised Business. You must furnish to us, within three (3) days after receipt, a copy of any inspection report, warning, citation, certificate, rating and any other document issued by any federal, state, local or other administrative agency, instrumentality or organization with respect to the environmental, health or safety conditions of the Franchised Business.

You must maintain in sufficient supply and use and sell at all times only food and beverage items, ingredients, products, materials, supplies and paper goods that conform to our standards and specifications; prepare all menu items in accordance with our recipes and procedures for preparation contained in the Manuals or other written directives, including the prescribed measurements of ingredients; and refrain from deviating from our standards and specifications by the use or offer of non- conforming items or differing amounts of any items, without our prior written consent. You are required to sell and offer for sale only menu items, products and services as we have expressly approved for sale in writing; to refrain from any deviation from our standards and specifications without our prior written consent; and to discontinue selling and offering for sale any menu items, products or services which we may disapprove in writing at any time.

You are required to offer for sale and sell at the Franchised Business all menu items and other designated products and services we require and provide the products and services in the manner and style we prescribe, including all catering and delivery services.

We may, from time to time, suggest prices for the offer and sale of any menu items, products, merchandise, and services. We have the right to modify the standard menu format which will give us the right to establish prices, both minimum and maximum. Any such modification will be in writing. Unless we so modify our standard menu format, any list or schedule of prices we furnish to you is a recommendation only and any decision you make to accept or reject the suggestion will not affect the relationship between us.

We have developed and will continue to develop for use in the System certain products which are prepared from highly confidential secret blends, formulations or recipes and which are our trade secrets. For example, our trade secret blends or formulas of coffees under the trade names Perkology™ and Perkatory™ are required to be purchased from a single source as described in the Manual. We reserve the right to add other trade secret blends or formulations that must be purchased from a single source in the future. Because of the importance of quality and uniformity of production and the significance of the products in the System, it is to the mutual benefit of the parties that we closely control the production and distribution of the products. Accordingly, if the products become a part of the System, you must use only our proprietary products and must purchase solely from us or from a source designated by us all of your requirements for the products.

You are required to maintain competent, conscientious, and trained personnel to operate the Franchised Business in accordance with the appropriate agreement you have signed and our Manuals and to take all steps necessary to ensure that your employees preserve good customer relations, comply with such dress code as we may prescribe in the Manuals or otherwise and observe reasonable standards of business conduct, grooming and cleanliness.

You must offer all goods and services that we designate for all franchisees. These required services are in the area of on-site corporate and business event catering and related added services. You must offer all goods and services in accordance with our brand standards and operating basics, and all other mandatory policies, practices, procedures, regulations and specifications that we may establish from time to time. You must offer specific packages of goods and services or such other packages of goods and services as we establish from time to time in accordance with our mandatory policies, practices, procedures, regulations and specifications.

We have the right to add additional authorized services and products that are compatible with the Pacific Perks business that you are required to offer. There are no limits on our right to do so.

You are required to use the Authorized Location solely for the operation of the Franchised Business and must maintain business hours as provided for in the Manual or as we may specify from time to time in writing.

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 in the agreements attached to this disclosure document.

THE FRANCHISE RELATIONSHIP

Provision	Section in the Franchise Agreement	Summary
a. Length of the franchise term	Section 2	5 years
b. Renewal or extension of the term	Section 2	If you are in good standing, you can add additional terms of 5 years each.

c. Requirements for you to renew or extend	Section 2	You must: a. provide written notice six months prior to expiration of current term, b. pay the renewal fee equal to 20% of the then applicable Franchise Fee, c. be in full compliance, d. be current on all monetary obligations, and e. sign general release in form set forth in Exhibit F. You may be asked to sign a contract with materially different terms and conditions than your original contract. The Royalty Fee, Brand Fee, Technology Fee and other fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees. The boundaries of the territory may be modified to address changes in the market and current market conditions.
d. Termination by franchisee	None	You may terminate the Franchise Agreement only if allowed to by law.
e. Termination by franchisor without cause	None	Not applicable.
f. Termination by franchisor with cause	Section 15	We may terminate only if you default. The Franchise Agreement describes defaults throughout. Please read it carefully.
g. "Cause" defined – curable defaults	Sections 15.4 and 15.5	You have 10 days to cure monetary and financial defaults and 30 days to cure all other defaults except for non-curable defaults listed in the Franchise Agreement and h. below.
h. "Cause" defined – non-curable defaults	Sections 15.1 and 15.2	Automatic without notice: insolvency, bankruptcy, assignment for the benefit of creditors, receivership, dissolution, or levy. By notice if: Termination of exclusive rights under Franchise Agreement by notice if you fail to satisfy the minimum requirements related to Gross Revenues.

i. Franchisee's obligations on termination/nonrenewal	Sections 16 and 17	You must: a. pay all you owe to us and affiliates, b. stop using our trademarks, confidential information, trade secrets and Manual, c. deliver to us all confidential information and the Manual, d. cancel assumed name registrations that contain our trademarks, e. stop using telephone numbers listed in directories under our trademarks and assign those numbers to us, f. stop using, terminate, and/or assign to us, at our election, all online presences used in operation of the franchised business, and g. procure an extended coverage errors and omissions insurance policy for at least two (2) years with us named as an additional insured.
j. Assignment of contract by franchisor	Section 14	There is no restriction on our right to assign.
k. "Transfer" by franchisee – definition	Section 14	Any assignment, transfer, sub franchising, sublicensing or sale of the Franchise Agreement, franchised business or any interest in them.
l. Franchisor approval of transfer by Franchisee	Section 14	There is no transfer without approval except to a business entity you form according to requirements of Franchise Agreement.
m. Conditions for franchisor approval of transfer	Section 14	a. Transferee must apply to us and demonstrate qualifications necessary to conduct business. b. Transferee must successfully complete initial training program at transferee's expense. c. You must pay transfer fee of 20% of the then current franchise fee. d. You must have cured all defaults and paid all you owe us and affiliates.

		f. Transferee must apply to us and demonstrate qualifications necessary to conduct business. g. Transferee must successfully complete initial training program at transferee's expense. Transferee must sign new franchise agreement, which may contain different terms. h. Term of new franchise agreement expires on expiration date of your Franchise Agreement. i. You and your owners must sign a general release in the form set forth in Exhibit F. j. All required confidentiality/non-competition agreements must be signed. k. You must give us a copy of signed contract, which we must approve. l. You must procure an extended coverage errors and omissions insurance policy for at least two (2) years with us named as an additional insured.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 14.5	We can match any offer for the Franchised Business.
o. Franchisor's option to purchase franchisee's business	None	Not applicable.
p. Death or disability of franchisee	Section 14.6	Your estate has 120 days in which to sell, assign, transfer or apply for right to continue to operate.
q. Non-competition covenants during the term of the franchise	Section 17.2	You may not be involved in a competing business. The non-competition provisions are subject to state law.
r. Non-competition covenants after the franchise is terminated or expires	Section 17.3	No competing business for 2 years within old exclusive territory. The non-competition provisions are subject to state law.
s. Modification of the agreement	Section 23	No oral modifications generally, but the Manual is subject to change.
t. Integration/merger clause	Section 23	Only the terms of the Franchise Agreement and disclosure document are binding (subject to state law). Any representations or promises outside of the disclosure document or Franchise Agreement may not be enforceable.
u. Dispute resolution by mediation or arbitration	Section 25	Except for certain claims, all disputes must be arbitrated in Washington, subject to state law.
v. Choice of forum	Section 25	Arbitration or Litigation must be in Washington subject to state law.

w. Choice of law	Section 25	Washington law applies subject to state law.

ITEM 18 - ARRANGEMENTS WITH PUBLIC FIGURES

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

ITEM 19 - FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose 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 the information is included in the disclosure document. Financial performance information that differs from that included in this 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 performance at a particular location or under particular circumstances.

Definitions

a) 2021 Measurement Period – refers to the period of January 1, 2021 through December 31, 2021.

b) 2022 Measurement Period – refers to the period of January 1, 2022 through December 31, 2022.

c) 2023 Measurement Period – refers to the period of January 1, 2023 through December 31, 2023.

d) Outlet – refers to either a Company Owned Outlet or Franchise Outlet, as the context requires.

e) Company Owned Outlet – means an Outlet owned either directly or indirectly by us, our affiliate or any person identified in Item 2 of this Disclosure Document. A Company Owned Outlet also includes any Outlet that is operated as a joint venture owned in part by us, our affiliate or any person identified in Item 2 of this Disclosure Document, or that is managed by us, our affiliate or any person identified in Item 2.

f) Gross Sales – means the total revenue derived by each Outlet less sales tax, tips, discounts and allowances. Gross Sales is recorded upon completion of jobs during each Measurement Period.

g) Cost of Goods Sold – means the costs of Direct Labor, Service Materials, Service Vehicles and Disposal Fees incurred in providing the services to customers which are represented in Gross Sales.

h) Gross Margin – means the mathematical subtraction of Total Cost of Goods Sold from Total Gross Sales. Gross Margin does not include expenses such as rent and other overheads.

i) YOY Sales Growth – refers to the year over year calculation of the percentage of growth for Gross Sales for each Outlet. YOY Sales Growth is calculated by comparing the Gross Sales from the 2023 Measurement Period with the Gross Sales generated during the 2022 Measurement Period and by comparing the Gross Sales generated during the 2022 Measurement Period with the Gross Sales generated during the 2021 Measurement Period.

Bases And Assumptions

The financial information was prepared on a basis consistent with generally accepted accounting principles during the respective measurement periods. The information in this analysis has not been audited, is based on historical financial data and is not a forecast or projection of future financial performance.

Company Owned Outlets

We have one Company Owned Outlet located in Vancouver Washington. This Company Owned Outlet is representative of the franchise offered. This Company Owned Outlet operated without territory restrictions, in a geographic area equivalent to the size of two typical franchise territories. Our representative Company Owned Outlet is located at 9014 NE St. John's Rd, Suite 111 in Vancouver, Washington 98665. This Company Owned Outlet has been in operation since 2007. In Table 1 below we report Gross Sales and Cost of Goods Sold data of our representative Company Owned Outlet for the 2022 and 2023 Measurement Periods. No outlets have been excluded from this Item 19.

Table 1

Gross Sales, Cost of Goods Sold, and Disclosed Expenses Company Owned Outlet for the 2023 Measurement Period		
	2023 Measurement Period	
	Amount	**Percent of Gross Sales**
Gross Sales		
Total Gross Sales	$848,678	100.00%
Cost of Goods Sold		
Direct Labor	$322,528	38.0%
Food/Beverage Cost	$106,014	12.5%
Total Cost of Goods Sold	$428,542	50.5%
Gross Margin	$420,136	49.5%
Expenses		
Advertising and Promotion	$24,263	2.8%
Merchant Processing Fees	$19,756	2.3%
Rent	$11,810	1.4%

Professional Fees	$15,605	1.8%
Repairs and Maintenance	$3,212	0.4%
Telephone/Internet Expense	$7,114	0.8%
Office Supplies	$13,309	1.6%
Auto Expense	$3,126	0.4%
Insurance Expense	$8,019	0.9%
Licenses and Permits	$1,263	0.1%
Other	$15,825	1.9%
Total Expenses	$123,302	14.4%
Franchise Expenses Not Incurred by Affiliate		
Royalty Fee (6.0%)	$50,921	6.0%
Brand Fund (1.0%)	$8,487	1.0%
Technology Fee	$3,840	0.4%
Adjusted Gross Margin	**$233,586**	**27.5%**

Gross Sales,
Cost of Goods Sold, and Disclosed
Expenses

Company Owned Outlet for the 2022 Measurement Period

	2022 Measurement Period	
	Amount	**Percent of Gross Sales**
Gross Sales		
Total Gross Sales	$896,039	100.0%
Cost of Goods Sold		
Direct Labor	$323,637	36.1%
Food/Beverage Cost	$121,443	13.6%
Total Cost of Goods Sold	$445,080	49.7 %
Gross Margin	$450,959	50.3%
Expenses		
Advertising and Promotion	$14,100	1.6%
Merchant Processing Fees	$22,361	2.5%
Rent	$12,450	1.4%
Professional Fees	$14,507	1.6%
Repairs and Maintenance	$ 4,507	0.5%
Telephone/Internet Expense	$ 7,518	0.8%
Office Supplies	$15,109	1.7%
Auto Expense	$ 4,011	0.4%
Insurance Expense	$ 9,661	1.1%
Licenses and Permits	$ 2,657	0.3%
Other	$14,465	1.6%
Total Expenses	$121,386	13.6%
Franchise Expenses Not Incurred by Affiliate		

Royalty Fee (6.0%)	$ 53,762	6.0%
Brand Fund (1.0%)	$ 8,960	1.0%
Technology Fee	$ 3,840	0.4%
Adjusted Gross Margin	**$263,011**	**29.4%**

NOTES:

1. Direct Labor Cost includes amounts paid to service employees engaged in providing services to customers. Owner compensation is not included in Table 1.

2. Food/Beverage Cost represents the cost of ingredients and prepared foods.

3. Our Company Owned Outlet is located in Clark County WA. The minimum wage in Washington State was 14.49 in 2022 and $15.74 in 2023. Prevailing wages in your location may cause your Direct Labor Cost to differ.

Table 2

In Table 2 below we report Gross Sales data of our representative Company Owned Outlet by major product category for the 2023, 2022, and 2021Measurement Periods.

Gross Sales By Product Category Company Owned Outlet 2021 - 2023						
	2023	**Percent of Total Gross Sales**	**2022**	**Percent of Total Gross Sales**	**2021**	**Percent of Total Gross Sales**
Beverage Sales	$701,917	82.70%	$734,115	81.90%	$534,223	78.39%
Food/Treat Sales	$141,286	16.65%	$159,586	17.80%	$141,064	20.69%
Other Sales	$5,475	0.65%	$2,337	0.30%	$6,182	0.92%
Total Gross Sales	$848,678	100.00 %	$896,039	100.00%	$681,469	100.00%

Table 3

Our Company Owned Outlet sells its products utilizing a Mobile Café at events. A measure of productivity is the gross sales generated per Mobile Café. In Table 4 below we report average Gross Sales data per Mobile Café of our representative Company Owned Outlet for the 2023, 2022, and 2021 Measurement Periods.

Gross Sales Average per Mobile Cafe Company Owned Outlet

	2023	2022	2021
Total Gross Sales	$848,678	$896,039	$682,598
Available Full Time Mobile Cafes	7	7	6
Average Gross Sales per Mobile Cafe	$121,239	$128,006	$113,766

Pandemic Reporting and Comparative Gross Sales Percent Change

During the 2021 Reporting Period the global pandemic impacted the operations of our Company Owned Outlet. Our Company Owned Outlet was not required to close by government regulation but regulations prohibiting public gatherings as well as customer and public safety concerns impacted our business.

Disclaimer

Our single Company-owned Outlet has earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

Other than the preceding financial performance representations, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Natalie Fairchild, CEO, 9014 NE St. John's Rd, Suite 111 in Vancouver, Washington 98665 and (888) 795-7801, the Federal Trade Commission and the appropriate state regulatory agencies.

Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request.

ITEM 20-OUTLETS AND FRANCHISEE INFORMATION

~~On November 7, 2023, we signed a Franchise Agreement with **We Solutions, LLC**, an Arizona limited liability company, located at 1616 Alta Mesa Drive, Unit 20, Mesa, Arizona 85205, as franchisee for two Pacific Perks Franchise Exclusive Territories in Maricopa County, Arizona. Training for the franchisee was completed in January 2024. In March~~

~~2024, after the completion of training, the franchisee requested that the Franchise Agreement be terminated due to the Franchisee's difficulty in finding a suitable location. On March 11, 2024, we entered into a written Franchise Termination and Mutual Release Agreement with the franchisee. In connection with that Agreement, we reimbursed the franchisee for the initial fee paid, less our costs and agreed to repurchase certain supplies and other items from the franchisee. The Franchise Agreement was terminated immediately by mutual agreement with full mutual releases.~~

On November 7, 2023, we signed a Franchise Agreement with We Solutions, LLC, an Arizona limited liability company, located at 1616 Alta Mesa Drive, Unit 20, Mesa, Arizona 85205, as franchisee for two Pacific Perks Franchise Exclusive Territories in Maricopa County, Arizona. Training for the franchisee was completed in January 2024. In March 2024, after the completion of training, the franchisee requested that the Franchise Agreement be terminated due to the Franchisee's difficulty in finding a suitable location. On March 11, 2024, we entered into a written Franchise Termination and Mutual Release Agreement with the franchisee. In connection with that Agreement, we reimbursed the franchisee for the initial fee paid, less our costs and agreed to repurchase certain supplies and other items from the franchisee. The Franchise Agreement was terminated immediately by mutual agreement with full mutual releases.

The Item 20 tables below are for outlets that have been in operation for the last three fiscal years.

Table No. 1

Outlet Summary
For Years 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company-Owned	2021	1	1	0
	2022	1	1	0
	2023	1	1	0
Total Outlets	2021	1	1	0
	2022	1	1	0
	2023	1	1	0

Table No. 2

Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)

For Years 2021 to 2023

State	Year	Number of Transfers
All states	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

Table No. 3

Status of Franchised Outlets for Years 2021 to 2023

Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations/ Other Reasons	Outlets at End of the Year
2021	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0

Note: As described above, we sold a Franchise in 2023. That franchise was never opened and the Franchise Agreement was terminated on March 11, 2024 by mutual agreement between the Franchisor and Franchisee.

Table No. 4

Status of Company-Owned Outlets for Years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Washington	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Total	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1

Table No. 5

Projected Openings as of April 30, 2024

State	Franchised Agreements Signed But Not Opened	Projected New Franchised Outlets in the next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
California	0	1	0
Oregon	0	1	0
Texas	0	1	0
Arizona	0	0	0
Total	**0**	**3**	**0**

ITEM 21 - FINANCIAL STATEMENTS

Exhibit B to this Franchise Disclosure Document contains the following financial statements:

Independent Auditor's Report and Financial Statements for December 31, 2023 and December 31, 2022

The Federal Trade Commission and certain states require that a Guarantee of Performance be given by Pacific Perks Coffee, LLC. A copy of the guarantee is attached as Exhibit H. Pacific Perks Coffee, LLC absolutely and unconditionally guarantees Pacific Perks Franchising LLC's obligations under the Franchise Agreement. The State of California has imposed certain restrictions relating to our use of the initial franchise fee. See attached Exhibit D-"State Specific Addenda-California" for more information.

ITEM 22 - CONTRACTS

Exhibit C is a copy of the Franchise Agreement proposed for use in respect of a franchise with an Exclusive Territory. Attached to the Franchise Agreement as Attachments are Attachment A-Territory; Attachment B-Entity Information; Attachment C-Continuing Guaranty (a continuing Personal Guarantee to be signed by you); Attachment D-Authorization Agreement for Electronic Fund Transfers (EFT); and Attachment E-Confidentiality and Non- Compete Agreement. Exhibit F has certain other contracts that will be signed by you. These include the General Release.

Additionally, addenda and riders to the standard Franchise Agreement are added for certain registration states. See Exhibit D.

ITEM 23 - RECEIPT

You will find copies of a detachable receipt in Exhibit K as the last Exhibit of this Franchise Disclosure Document. Return the one copy of the receipt to Pacific Perks Franchising LLC, 9014 NE St. John's Road, Suite 111, Vancouver, Washington 98665. Retain a copy for your records.

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EXHIBIT A
LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

State Administrator and Agent for Service of Process:

Commissioner
Department of Financial Protection and Innovation
320 W. 4th Street, #750
Los Angeles, CA 90013
(213) 576-7500
(866) 275-2677

HAWAII

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

Agent for Service of Process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

ILLINOIS

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

INDIANA

Secretary of State
Securities Division
Room E-111
302 W. Washington Street
Indianapolis, IN 46204
(317) 232-6681

MARYLAND

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

Agent for Service of Process:

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020

MICHIGAN

Michigan Department of Attorney General
Consumer Protection Division
525 W. Ottawa Street
Lansing, MI 48913
(517) 373-7117

MINNESOTA

Department of Commerce
Commissioner of Commerce
85 Seventh Place East, Suite 280
St. Paul, MN 55101-3165
(651) 539-1600

NEW YORK

Administrator:

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

Agent for Service of Process:

Secretary of State
99 Washington Avenue
Albany, NY 12231

NORTH DAKOTA

North Dakota Securities Department
State Capitol, Fifth Floor, Dept. 414
600 E. Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-4712

RHODE ISLAND

Department of Business Regulation
1511 Pontiac Avenue, Bldg. 68-2
Cranston, RI 02920
(401) 462-9527

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Agent for Service of Process:

Clerk of the State Corporation Commission
1300 E. Main Street, 1st Floor
Richmond, VA 23219

WASHINGTON

State Administrator:

Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507
(360) 902-8760

Agent for Service for Process:

Director of Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501

WISCONSIN

Department of Financial Institutions
Division of Securities
4822 Madison Yards Way, North Tower
Madison, WI 53705
(608) 266-3364

EXHIBIT A
LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

Oregon

Department of Insurance and Finance Corporate Securities Section
Labor and Industries Building Salem, Oregon 97310
(401) 462-9588

Other States

Our Agent for Service of Process for all other states is as follows:

Natalie Fairchild, Chief Executive Officer
Pacific Perks Franchising LLC
9014 NE St. John's Road, Suite 111
Vancouver, WA 98665.

<u>EXHIBIT B</u>

FINANCIAL STATEMENTS

Pacific Perks Franchising, LLC

Independent Auditor’s Report
And
Financial Statements
December 31, 2023 and 2022

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Metwally CPA PLLC

CERTIFIED PUBLIC ACCOUNTANT

1312 Norwood Dr STE 100, Bedford, Texas 76022

Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

Independent Auditor's Report

To the Members of
Pacific Perks Franchising, LLC
Vancouver, Washington

Opinion

We have audited the accompanying financial statements of Pacific Perks Franchising, LLC (the "Company") which comprise the balance sheets as of December 31, 2023 and 2022 and the related statements of operations, members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pacific Perks Franchising, LLC as of December 31, 2023 and 2022 and the results of its operations and its cash flows 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. 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 Pacific Perks Franchising, LLC 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 generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about Pacific Perks Franchising, LLC'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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pacific Perks Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, which raise substantial doubt about Pacific Perks Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Metwally CPA PLLC

Metwally CPA PLLC
Bedford, Texas
March 29, 2024

Pacific Perks Franchising, LLC

Balance Sheets

December 31, 2023 and 2022

		2023		2022
ASSETS				
Current Assets				
Cash and cash equivalents	$	32,750	$	6,815
Total Current Assets		**32,750**		**6,815**
Total Assets	**$**	**32,750**	**$**	**6,815**
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)				
Current Liabilities				
Accounts payable and accrued liabilities	$	32,135	$	-
Due to related party		41,583		-
Total Current Liabilities		**73,718**		**-**
Total Liabilities		**73,718**		**-**
Members' Equity (Deficit)				
Members' equity (deficit)		(40,968)		6,815
Total Members' Equity (Deficit)		**(40,968)**		**6,815**
Total Liabilities and Members' Equity (Deficit)	**$**	**32,750**	**$**	**6,815**

The accompanying notes are an integral part of the financial statements.

Pacific Perks Franchising, LLC
Statements of Operations
Years Ended December 31, 2023 and 2022

	2023	2022
Revenues		
Other income	$ 11,865	$ -
Total Revenues	**11,865**	**-**
Operating Expenses		
Legal and professional	24,128	7,400
General and administrative	15,679	10,785
Advertising and marketing	3,486	-
Commission	7,540	-
Total Operating Expenses	**50,833**	**18,185**
Net Income / (Loss)	**$ (38,968)**	**$ (18,185)**

The accompanying notes are an integral part of the financial statements.

Pacific Perks Franchising, LLC
Statements of Members' Equity (Deficit)
Years Ended December 31, 2023 and 2022

Members' Equity At December 31, 2021	**$ 25,000**
Net income (loss)	(18,185)
Members' Equity At December 31, 2022	**$ 6,815**
Member's distributions	(8,815)
Net income (loss)	(38,968)
Members' Equity (Deficit) At December 31, 2023	**$ (40,968)**

The accompanying notes are an integral part of the financial statements.

Pacific Perks Franchising, LLC
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Net income / (loss)	$ (38,968)	$ (18,185)
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in assets and liabilities		
Accounts payable and accrued liabilities	32,135	-
Due to related party	41,583	-
Net Cash Provided By (Used In) Operating Activities	**34,750**	**(18,185)**
Cash Flows From Investing Activities		
Net Cash Flows Provided By (Used In) Investing Activities	**-**	**-**
Cash Flows From Financing Activities		
Members' distributions	(8,815)	-
Net Cash Flows Provided By (Used In) Financing Activities	**(8,815)**	**-**
Net Change In Cash And Cash Equivalent During The Year	**25,935**	**(18,185)**
Cash and cash equivalent - beginning of the year	6,815	25,000
Cash And Cash Equivalent - End of The Year	**$ 32,750**	**$ 6,815**

The accompanying notes are an integral part of the financial statements.

Pacific Perks Franchising, LLC
Notes To Financial Statements
December 31, 2023 and 2022

1. COMPANY AND NATURE OF OPERATIONS

Pacific Perks Franchising, LLC (the "Company") was formed under the laws of the State of Washington on June 1, 2021. The Company operates as a limited liability Company offering franchises for the operation of Pacific Perks personal cafés. The Company offers the qualified individual the rights to operate a flat-fee mobile café specializing in beverages and sweet treats, including espresso, ice cream sundae, smoothie, Italian soda, and hot cocoa bars under "Pacific Perks" mark. The Company's franchised restaurant operates using the franchisor's proprietary recipes, formulae, techniques, trade dress, trademarks, and logos. The Company is wholly owned by Pacific Perks, LLC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

A. Basis of Accounting

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

B. Cash and Cash Equivalents

For purposes of the Statement of cash flows, cash equivalents include bank accounts and cash in transit for bank deposits with maturities of three months or less to be cash equivalents.

C. Concentration of Credit Risk

The Company maintains cash and cash equivalents with major financial institutions. At various times during the period, the total amount on deposit didn't exceed the $250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

D. Federal Income Taxes

The Company is organized as a limited liability Company and is a disregarded entity for income tax purposes. The Company's accounts are included in the tax return of its members, and all taxes are assessed and paid at the individual member level. Therefore, no income tax liability for federal or state taxes has been recorded in the financial statement.

E. Use of Estimates

The preparation of our Company's financial statements 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 our financial statements and the reported amounts of revenues, costs, and expenses during the reporting period. Actual results could differ significantly from those estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

F. Advertising and Marketing

The Company expenses the costs of general advertising, promotion, and marketing programs at the time the costs are incurred.

G. Revenue Recognition

Revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Company adopted ASU 2021-02 Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) effective with the application of ASC Topic 606. The ASU provides a practical expedient to ASU2014-09 Revenue from contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

<u>Franchise Fees</u>
The franchise arrangement between the Company and each franchise owner is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company before opening are distinguished from the franchise license. Therefore, the Company recognizes franchise fees as two performance obligations. The nature of the Company’s promise in granting the franchise license is to provide the franchise owner with access to the brand’s intellectual property over the term of the franchise arrangement.
The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; (b) Marketing, brand development and royalties Fees and (c) IT Fees; (d) Annual Conference Fees. The Company utilize ASC 606 five-stops revenue recognition model as follows:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

The terms of the Company’s franchise agreement will be as follows:
- The Company will grant the right to use the Company name, trademark, and system in the franchisee’s franchise development business.
- The franchisee is obligated to pay a non-refundable initial franchise fee.
- The franchisee is obligated to pay weekly royalties, marketing, IT, and annual conference fees. Certain other fees are also outlined in the agreement.

Franchise revenues are recognized by the Company from the following different sources: The Company recognizes franchise fees as two (2) performance obligations. The first, pre-opening services, including access to manuals, assistance in site selection, and initial training, have been determined to be distinct services offered to franchisees. Pre-opening services are earned over a period using an input method of completion based on costs incurred for each franchisee at the end of each year.

The second, access to the franchise license, has been determined to be distinct. The amount allocated to the franchise license is earned over time as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Franchise and development fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 5 years while successive agreement terms are typically 5 years.

Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license.

Contracts Assets and Liabilities Balances

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized to expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

H. Recent Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments - Credit Losses In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurements of Credit Losses on Financial Instruments. ASU 2016-13, along with subsequent clarifications and improvements (collectively, ASC 326), replaces the incurred loss impairment methodology in prior U.S. GAAP with a methodology that instead reflects a current estimate of all expected credit losses on financial assets, including receivables. ASC 326 requires that the Company measure and recognize expected credit losses at the time the asset is recorded, while considering a broader range of information to estimate credit losses including country specific macroeconomic conditions that correlate with historical loss experience, delinquency trends and aging behavior of receivables, among others. ASC 326 is effective for the Company beginning May 1, 2023. There was no impact on the Company's financial statements as a result of the implementation of this standard.

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Company has evaluated the impact of this standard on its financial statements and determined that it doesn't have any lease that meet the requirement to recognize a right-of-use asset and liability because the Company doesn't have any long-term leases.

3. CASH AND CASH EQUIVALENT

The Company maintains cash and cash equivalents with major financial institutions. The account is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. On December 31, 2023 and 2022 the Company's cash balance doesn't exceed the FDIC insurance limits.

The Company considers all cash in the bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents. The Company has approximately $32,750 and $6,815 in cash at their operating bank account as of December 31, 2023 and 2022, respectively.

4. RELATED PARTY TRANSACTIONS

At December 31, 2023 and 2022, the Company had a payable to its parent, Pacific Perks, LLC, in the amount of $41,583 and $0, respectively, which represents a noninterest bearing loan from the parent.

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue

Information regarding revenues disaggregated by the timing of when goods and services are transferred consist of the following for the years ended December 31:

	2023	2022
Revenue recognized over time	$ -	$ -
Revenue recognized at a point in time	11,865	-
Total Revenue	**$ 11,865**	**$ -**

6. ADVERTISING AND MARKETING

Advertising and marketing costs for the years ended December 31, 2023 and 2022 were $3,486 and $0, respectively. These costs were expensed as incurred.

7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 29, 2024, which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

EXHIBIT C

FRANCHISE AGREEMENT

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

No statement, questionnaire, or 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. See NASAA STATEMENT OF POLICY REGARDING THE USE OF FRANCHISE QUESTIONNAIRES AND ACKNOWLEDGMENTS.

https://www.nasaa.org/wp-content/uploads/2022/11/sop-franchise-questionnaires.pdf.

PACIFIC PERKS FRANCHISING LLC
FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is made and entered into on ____________, 202_ ("Effective Date") by and between **PACIFIC PERKS FRANCHISING LLC**, a Washington limited liability company, with its principal place of business at 9014 NE St. John's Road, Suite 111, Vancouver, Washington 98665 ("Franchisor"), and **[NAME OF FRANCHISEE]** ("Franchisee") with reference to the following facts:

As the result of the expenditure of time, skill, effort, and money, Franchisor has developed a distinctive system relating to the establishment and operation of on-site mobile catering under the name and mark "Pacific Perks®" specializing in catering of business and commercial events utilizing specially developed methods and procedures and featuring freshly prepared coffee, other beverages and food items (the "Pacific Perks System"); and

The distinguishing characteristics of the Pacific Perks System include, but are not limited to, confidential and proprietary formulations, blends, recipes, distinctive products and services, uniform standards, specifications and procedures for mobile catering services, preparing food and beverage items and for operations; procedures for inventory, delivery and management control; initial and ongoing training and assistance and advertising and promotional programs services and assistance; all of which Franchisor may change, improve and further develop from time to time; and

Franchisor has determined to expand by granting franchises using certain trade names, service marks, trademarks, symbols, and logos, including to the marks "**Pacific Perks®**," "**Perkologist®** and such other trade names, service marks, trademarks, logos, emblems, domain names, and indicia of origin as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the Pacific Perks System now and in the future to identify for the public the source of services and products marketed under these marks and under the Pacific Perks System and representing the Pacific Perks System's high standards of quality, appearance and service (collectively, the "Proprietary Marks"); and

Franchisee understands and acknowledges the importance of high standards of quality, cleanliness, appearance and customer service, and the necessity of operating the business franchised under this Agreement in conformity with Franchisor's standards and specifications; and

Franchisee desires to use the Pacific Perks System in connection with the operation of a Franchised Business under the name "Pacific Perks®" in the Exclusive Territory specified under this Agreement as well as to receive the training and other assistance Franchisor provides; and

Franchisee desires to enter into the business of operating a Pacific Perks® mobile on-site catering franchise under the Pacific Perks System and using the Proprietary Marks, and wishes to enter into an agreement with Franchisor for that purpose, and to receive the training and other assistance provided by Franchisor in connection therewith; and

NOW, THEREFORE, in consideration of the premises, the mutual promises and agreement set forth herein and other good and valuable consideration, the parties agree to be bound as follows:

1. **GRANT OF FRANCHISE**

1.1 Franchisor grants to Franchisee the right and Franchisee undertakes the obligation, upon the terms and conditions set forth in this Agreement: (i) to establish and operate a franchise business in accordance with the Pacific Perks System and in association with the Proprietary Marks (hereinafter referred to as "Pacific Perks System franchise"), and (ii) to use the Pacific Perks System and the Proprietary Marks solely in connection therewith.

1.2 Franchisee shall maintain all documents, books, records and accounts, including, but not limited to, any manuals and proprietary computer software relating to the Pacific Perks System franchise, only at the approved location set forth in Attachment A attached to this Agreement and incorporated herein by reference (the "Approved Location"). Franchisee shall operate the Pacific Perks System franchise only within the exclusive territory which is set forth in Attachment A attached to this Agreement and incorporated herein by reference (the "Exclusive Territory"), and not otherwise, notwithstanding the location of the Approved Location.

1.3 If at the time this Agreement is executed, an Approved Location has not been obtained by Franchisee, Franchisee shall acquire through purchase or lease within sixty (60) days following the execution hereof, a location meeting Franchisor's then-current standards and specifications as determined by Franchisor in its sole subjective discretion exercised in good faith, located within the Exclusive Territory or such other area as Franchisor may approve in writing. Franchisor shall have the right, but not the obligation, to extend the sixty (60) day period described in this Section 1.3 if Franchisor determines, in its sole subjective discretion, that Franchisee's failure to locate an Approved Location within the prescribed time period did not result from Franchisee's failure to exercise due diligence or use its best efforts. Franchisee shall not enter into any such lease or purchase agreement unless Franchisee shall have first: (i) notified Franchisor in writing of the proposed location and provided Franchisor with all information which Franchisor may request concerning such proposed location, and (ii) received Franchisor's written approval of such location. Upon approval, such location shall be the "Approved Location" as defined in Section 1.2 above.

1.4 The Exclusive Territory is exclusive. Franchisee's Exclusive Territory will be as set forth in **Attachment A** of this Franchise Agreement. During the Initial Term of this Agreement and any Renewal Term, provided that the Franchisee is not in default of any provisions of this Agreement, Franchisor shall not establish or operate, nor license any other person or entity to establish or operate, a Pacific Perks System franchise using the Pacific Perks System and the Proprietary Marks at any location within the Exclusive Territory. Notwithstanding the foregoing, Franchisor may itself establish or operate, and may license any other person or entity to establish or operate a Pacific Perks System franchise using the Pacific Perks System and Proprietary Marks outside of the Exclusive Territory, including areas adjacent to or near the Exclusive Territory.

1.4.1 Franchisor will not establish or operate another franchised business or authorize any other person or entity to establish a franchised business within Franchisee's Exclusive Territory or modify the territory rights granted to Franchisee for the Exclusive Territory, unless otherwise mutually agreed in writing, as long as Franchisee are in good standing and not in any default.

1.4.2 Franchisee cannot conduct business in another franchisee's Exclusive Territory without Franchisor's consent (which may be withheld at Franchisor's discretion) and only if Franchisee pays that franchisee an infringement fee of Fifteen Percent (15%) of the Gross Sales for that customer. If the area outside Franchisee's Exclusive Territory is a Greenfield (an area in which no franchisee is currently located) Franchisee may service any customer Franchisee obtain but must either transfer the account or pay the invasion fee if the customer's area is later assigned to a franchisee.

1.4.3 As further described in Section 7.7, the continuation of territorial exclusivity depends on achieving certain minimum Gross Sales levels. Except as otherwise approved in writing, beginning in the second full Calendar Year of Franchisee's Franchise Agreement, Franchisee's Franchised Business must maintain minimum Gross Sales for the term of the Franchise Agreement. The minimum Gross Sales standards will be negotiated with Franchisee prior to signing this Franchise Agreement and will be based upon the demographic makeup of Franchisee's specific Exclusive Territory. Failure to attain these minimum Gross Sales levels will constitute a default and Franchisee will be required to pay the shortfall royalty of those Gross Sales levels upon written notice or face immediate termination under the Franchise Agreement. The original minimum Gross Revenues requirements apply only to the initial term of the Franchise Agreement. In renewal terms, and in the case of the transfer by Franchisee of an established territory, the sales volume requirements may be adjusted to reflect the potential of an established market. If Franchisee fails to generate Gross Revenues equal to or in excess of the minimum Gross Revenues requirements in the Franchise Agreement, Franchisor, at Franchisor's option, may operate or license other franchisees to operate Pacific Perks franchises inside of the Exclusive Territory.

1.4.4 Franchisee may not advertise outside Franchisee's Exclusive Territory. Franchisee may, however, advertise in media that includes Franchisee's Exclusive Territory but extends beyond Franchisee's Exclusive Territory. For example, advertising in social media, on websites or in print or electronic media that covers both Franchisee's Exclusive Territory and an area beyond Franchisee's Exclusive Territory is permitted. Franchisee may not service customers located in another franchisee's Exclusive Territory or Franchisee will be subject to assessment of an invasion penalty. You shall not solicit or accept orders from customers outside Franchisee's Exclusive Territory, including any use of other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, with intent to make sales outside Franchisee's Exclusive Territory.

1.4.5 Franchisor and Franchisor's affiliates have the right outside of the Exclusive Territory to grant other franchises or operate company or affiliate owned Pacific Perks® businesses or offer, sell or distribute any products or services associated with the System under the Proprietary Marks or any other trademarks or through any distribution channel or method, including the Internet, all without compensation to any franchisee. In addition, Franchisor and Franchisor's affiliates have the right to operate and franchise others to operate franchised businesses or any other businesses within and outside the Exclusive Territory under trademarks other than the Pacific Perks Proprietary Marks through any distribution channel or method, including the Internet without compensation to any franchisee. Franchisor currently sell certain Pacific Perks labeled merchandise and products such as coffee blends on the Internet and reserve the right to continue or expand such sales. Although Franchisor do not currently have plans to do so, Franchisor reserve the right in the future to own or operate "Pacific Perks Cafes™" that sell featured products and services under Franchisor's trademarks to the general public and such an operation may be within Franchisee's Exclusive Territory. Other than that exception, Franchisor's operation of, or association or affiliation with, restaurants (through franchising or otherwise) in the Exclusive Territory that compete with Pacific Perks businesses will only occur through some form of merger or acquisition with an existing restaurant chain. Other than Franchisor's internet sales, as of the date of this Franchise Agreement, neither Franchisor nor Franchisor's affiliates operate or have plans to operate or franchise businesses under a different trademark that will sell goods or services that are the same as or similar to those a franchisee will sell.

1.4.6 If Franchisor engages in electronic commerce through any internet, world wide web, social media or other computer network site or sell through any other alternative distribution channel, Franchisor will offer any order for services calling for performance in Franchisee's Exclusive Territory to Franchisee at the price Franchisor establishes. If Franchisee chooses not to fulfill the order at the price Franchisor establishes or is unable to do so, then Franchisor, one of Franchisor's affiliates or a third party Franchisor designates (including another Pacific Perks franchise) may fulfill the order, and Franchisee will be entitled to no compensation in connection with that order.

1.4.7 Franchisee may not intentionally solicit orders within another franchisee's territory.

1.5 Franchisor may, from time to time, add to, amend, modify, delete or enhance any portion of the Pacific Perks System (including the "Proprietary Marks") as may be necessary in Franchisor's sole subjective judgment, to change, maintain, modify, improve or enhance the Pacific Perks System, trade names or the reputation, efficiency, competitiveness and/or quality of the Pacific Perks System, or to adapt it to new conditions, materials or technology, or to better serve the public. Franchisee acknowledges that the Pacific Perks System may be supplemented, improved, and otherwise modified from time to time by Franchisor; and Franchisee agrees to comply with all requirements of Franchisor in that regard, including, but not limited to, offering and selling new or different products or services as specified by Franchisor.

2. **TERM AND RENEWAL**

2.1 This Agreement shall be in effect upon its execution by Franchisor and Franchisee and, except as otherwise provided herein, the term of this Agreement shall be five (5) years from the date first above written (the "Initial Term").

2.2 This Agreement may be renewed for consecutive renewal terms of five (5) years each ("Renewal Term"), provided the following conditions are met prior to the expiration of this Agreement or of the term being renewed:

2.2.1 Franchisee shall give Franchisor written notice of Franchisee's election to renew not more than one (1) year nor less than six (6) months prior to the end of the expiring term of this Agreement or applicable renewal agreement;

2.2.2 Franchisee shall be and have been throughout the expiring term in compliance with this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor or its affiliates;

2.2.3 Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliates, and shall have timely met those obligations throughout the expiring term of this Agreement or the applicable renewal agreement;

2.2.4 Franchisee shall present evidence satisfactory to Franchisor that Franchisee has the right to remain in possession of the Approved Location for the duration of the renewal term or shall obtain Franchisor's approval of a new location for the Pacific Perks System franchise for the duration of the Renewal Term;

2.2.5 Franchisee shall execute Franchisor's then-current form of franchise agreement, modified as set forth in this subparagraph 2.2.5, which shall supersede this Agreement in all respects (the "Renewal Franchise Agreement"), and which may contain terms substantially different than contained in this Agreement. Except for the modifications set forth herein, the rights and obligations of Franchisee upon renewal shall be identical to the rights and obligations of franchisees as set forth in Franchisor's then-current form of Franchise Agreement being offered to new franchisees at the time of the exercise of this option to renew, including, but not limited to, the then-current royalty fees, Brand Development Fund payments, Technology Fees and other fees ;

2.2.6 Franchisee shall execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its affiliates, and their respective officers, directors, agents, and employees;

2.2.7 Franchisee shall comply with Franchisor's then-current qualification and training requirements; and

2.2.8 Franchisee shall update, at Franchisee's expense, the décor, color schemes, signage, vehicle wraps and overall presentation of the Proprietary Marks to Franchisor's then-current image and, if necessary, in Franchisor's sole and absolute discretion, Franchisee shall update and replace the equipment used in operation of the Pacific Perks System franchise to meet Franchisor's then-current specifications.

2.3 Franchisee shall pay Franchisor a Renewal Fee equal to twenty percent (20%) of the then current Franchise Fee. The Renewal Fee must accompany Franchisee's written notice to renew as required under Section 2.2.1 of this Agreement.

2.4 The Franchisor, in its sole discretion, may waive any or all of the conditions in Sections 2.2.1 through 2.2.8 of this Agreement.

3. **DUTIES OF FRANCHISOR**

3.1 Franchisor shall provide training as set forth in Section 6 of this Agreement.

3.2 Franchisor shall make available to Franchisee advertising and promotional materials as provided in Section 12 of this Agreement.

3.3 Franchisor shall provide Franchisee with access to Franchisor's training, operation, and marketing manuals and materials (collectively the "Manual"), as more fully described in Section 9 of this Agreement.

3.4 Franchisor may, in its sole discretion, provide to Franchisee from time to time, access to certain proprietary computer software, which shall be used by Franchisee pursuant to an end user license, at Franchisee's expense, in the operation of the Pacific Perks System franchise.

3.5 Franchisor may, in its sole discretion, provide to Franchisee from time to time, advice and written materials concerning techniques of managing and operating the Pacific Perks System franchise, including, but not limited to, required and suggested inventory and sales methods, and new developments in products, services and marketing techniques.

3.6 Franchisor may, in its sole discretion, provide to Franchisee from time to time, advice and written materials which constitute technical support of Franchisee's operation of the Pacific Perks System franchise. Such support will be geared toward general conditions and standards; cannot address the specific codes, standards, or regulations with respect to an individual jurisdiction or municipality; and is not intended to substitute for Franchisee's obligation to seek additional training and support from professional associations or other sources of continuing education.

3.7 Franchisor may, in its sole discretion, provide to Franchisee from time to time, advice and written materials which constitute legal support of Franchisee's operation of the Pacific Perks System franchise. Such legal support will be geared toward matters of general application and not be intended to be specific to any individual operation. Franchisee remains responsible for obtaining legal advice from an attorney of Franchisee's choosing, which advice shall be specific to Franchisee's jurisdiction and individual circumstances, including advice as to the laws regulating food and beverage products and services and the operation of the Pacific Perks System franchise.

3.8 Franchisor, through its training and Manual, may provide general accounting advice to Franchisee with respect to the operation of the Pacific Perks System franchise. Such accounting assistance, to the extent offered, is geared toward matters of general application and is not intended to be specific to any individual operation. Franchisee remains responsible for obtaining accounting advice from a qualified accountant of Franchisee's choosing, with respect to all matters concerning the operation of the Pacific Perks System franchise.

3.9 Franchisor may, in its sole discretion, conduct inspections of Franchisee's operation of the Pacific Perks System franchise during normal business hours.

3.10 Franchisor may, in its sole discretion, make available to Franchisee from time to time, an @pacificperkscoffee.com email account or such other email accounts established by Franchisor from time to time, which shall be used exclusively by Franchisee in operation of the Pacific Perks System franchise.

4. **FEES**

4.1 In consideration of the on-site catering of food and beverage products and services franchise granted herein, Franchisee shall pay an initial franchise fee of Thirty-Five Thousand and no/100 Dollars ($35,000.00), plus any applicable taxes (the "Initial Fee"). The Initial Fee shall be payable concurrently with the execution of this Agreement, less any deposit previously paid. Except as herein expressly provided, the Initial Fee is not refundable in whole or in part and shall be deemed fully earned by Franchisor upon execution of this Agreement.

4.2 Franchisee shall pay to Franchisor a continuing weekly royalty fee equal to six percent (6%) of the Gross Revenues of the Pacific Perks System franchise, or a minimum weekly royalty fee of One Hundred Twenty-Five and no/100 Dollars ($125.00) per week, whichever is greater (the "Royalty Fee"), computed from the first (1st) day of the month following Franchisee's completion of the Initial Training Program (as defined in Section 6.1 hereof). The minimum weekly Royalty Fee will be waived for the first three (3) full months of operation of each newly created franchise provided that the Pacific Perks System franchise is timely opened for business in accordance with Section 5.2 of this Agreement. All fees due on a weekly basis shall be calculated as of the end of business on each Sunday and paid to Franchisor by EFT/ACH not later than the end of business on the following Tuesday. As used herein, "Gross Revenues" with respect to any period means all revenue received by Franchisee during such period from the sale of all services and products sold or rendered by the Pacific Perks System franchise, whether for cash, credit, check or barter and regardless of collection in the case of credit, and all other income of every kind and nature related to the Pacific Perks System franchise. The only sums to be excluded from the "Gross Revenues" calculations shall be those sales taxes or other taxes collected by Franchisee during such period from customers of the Pacific Perks System franchise for transmittal to the appropriate taxing authority and gratuities paid to service providers.

4.3 In the event Franchisee fails to generate the minimum Gross Revenues required for any particular twelve (12) month period of operation set forth in Section 7.7 of this Agreement, Franchisee shall pay to Franchisor a minimum yearly Royalty Fee equal to six percent (6%) of the minimum Gross Revenues required for that particular twelve (12) month period of operation set forth in Section 7.7 of this Agreement less the total amount of monthly Royalty Fees paid by Franchisee for that particular twelve (12) month period of operation.

4.4 Franchisee shall make weekly and, if applicable, yearly payments of Brand Development Fund (as defined in Section 12.1 hereof) for brand development. All fees due on a weekly basis shall be calculated as of the end of business on each Sunday and paid to Franchisor by EFT/ACH not later than the end of business on the following Tuesday.

4.5 Franchisee shall pay to Franchisor a continuing monthly technology fee of up to Five Hundred and no/100 Dollars ($500.00), which includes the license and subscription fees paid by Franchisor to third party vendors for access to the proprietary bundle of software and related data storage that Franchisee is required to use in the operation of the Pacific Perks System franchise (the “Technology Fee”). The Technology Fee is Three Hundred-Twenty and no/100 Dollars ($320.00) per month for up to two (2) users and an additional One Hundred Ten and no/100 Dollars ($110.00) for each additional user per month. The Technology Fee may be changed or increased by Franchisor from time to time upon ninety (90) days advance notice to Franchisee in the event the costs incurred by Franchisor in connection with providing such technology are changed or increased. Notwithstanding the foregoing, the Technology Fee will not be adjusted as provided above more than one (1) time in any calendar year and any such adjustment shall be equally applied to all users.

4.6 Franchisee shall pay to Franchisor a registration fee for one person to attend the annual Pacific Perks Brand Conference, which Franchisee may be required to attend. The initial registration fee will not exceed One Thousand Five Hundred and no/100 ($1,500.00). The annual registration fee will be established by Franchisor each year in January for the Brand Conference scheduled the following calendar year and may be changed or increased by Franchisor from time to time in the event the costs incurred by Franchisor are changed or increased. The registration fee is payable not later than sixty (60) days prior to the scheduled Brand Conference. The registration fee for one person to attend the Brand Conference in the first year of the Initial Term is included in the Initial Fee. If Franchisee fails to attend the Brand Conference, Franchisee shall pay to Franchisor the same amount as the Franchisee would have paid had the Franchisee attended the Brand Conference.

4.7 All monthly payments required by this Section 4 shall be paid by the tenth (10th) day of each month, for the preceding month, and shall be submitted to Franchisor together with any reports or statements required under Section 11.3.1 of this Agreement. The minimum yearly Royalty Fee, if owed in accordance with Section 4.3 of this Agreement, and the minimum yearly Brand Development Fund payment, if owed in accordance with Section 12.2 of this Agreement, shall be paid by the twentieth (20th) day of the first month following the end of each twelve (12) month period of operation. Any payment or report not actually received by Franchisor on or before such date shall be deemed overdue. If any payment is overdue, Franchisee shall pay Franchisor immediately upon demand, in addition to the overdue amount, as liquidated damages, interest on such amount from the date it was due until paid, at the rate of eighteen (18%) percent per annum calculated daily, or the maximum rate permitted by law, whichever is less. Entitlement to such interest shall be in addition to any other remedies Franchisor may have under this Agreement and applicable law. Franchisee shall not be entitled to set-off any payments required to be made under this Section 4 against any monetary claim it may have against Franchisor.

4.8 Franchisee shall make all payments owed to Franchisor under this Agreement or any other agreements by electronic funds transfer (“EFT/ACH”) authorized in advance for automatic debit or such other electronic payment mechanism established by Franchisor from time to time. Acceptance of payment by EFT/ACH or other means of payment shall not be deemed a waiver of any rights of Franchisor. Upon execution of this Agreement, Franchisee must complete, sign and deliver to Franchisor all documentation and bank account information necessary to authorize and effect the EFT/ACH payments required herein. Franchisee must complete, sign and deliver to Franchisor such documentation, information and authorization as may from time to time be required to maintain EFT/ACH or other payment mechanism capability. Franchisee agrees (i) to give Franchisor at least fourteen (14) days prior written notice (except in the case of emergency) before making any change to Franchisee's EFT/ACH bank account, providing all documentation, information and authorization required to change EFT/ACH to the new account; (ii) to pay Franchisor its then-current late fee, plus interest, collection costs and reasonable attorneys' fees, if Franchisee's bank rejects Franchisor's EFT/ACH request because of insufficient funds; and (iii) upon demand, to replace any payment by EFT/ACH rejected by Franchisee's bank with a bank certified or cashier's check in the aggregate amount owed, plus interest, late fees, costs of collection and reasonable attorneys' fees.

5. **OPENING OF THE PACIFIC PERKS FRANCHISE**

5.1 Franchisee shall be responsible, at Franchisee's expense, for obtaining all zoning classifications, licenses, permits, and clearances, including, but not limited to, professional licenses, health permits, food handler's permits, business licenses and certificates of occupancy, which may be required by federal, state, municipal or local laws, ordinances, or regulations, or which may be necessary or advisable in connection with any restrictive covenants relating to the Approved Location or Territory for the Pacific Perks System franchise.

5.2 Franchisee shall obtain Franchisor's written approval prior to opening the Pacific Perks System franchise, which approval shall not be unreasonably withheld, and shall open the Pacific Perks System franchise for business not later than one hundred twenty (120) days after completion of the Initial Training Program (as defined in Section 6.1 below). The parties agree that time is of the essence in the opening of the Pacific Perks System franchise.

5.3 Not less than thirty (30) days prior to the opening date of the Pacific Perks System franchise, Franchisee shall order from Franchisor or its designated suppliers such initial inventory of the Proprietary Products (as defined in Section 7.4 hereof), equipment, uniforms, marketing materials and initial supplies as prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall provide to Franchisor reasonable and timely proof of such orders.

6. **TRAINING**

6.1 Prior to the opening of the Pacific Perks System franchise, Franchisee (or, if Franchisee is a corporation or limited liability company, the shareholder or member designated by Franchisee as manager acceptable to Franchisor and satisfying the provisions of Section 17.1 of this Agreement, or if Franchisee is a Partnership, the partner or partners designated by Franchisee as manager acceptable to Franchisor and satisfying the provisions of Section 17.1 of this Agreement), shall attend and complete to Franchisor's satisfaction the initial training program for franchisees and managers offered by Franchisor (the "Initial Training Program"). The fee for Franchisee or its designated manager to attend the Initial Training Program is included in the Initial Fee.

6.2 All Pacific Perks sponsored training programs shall be at such times and places as may be designated by Franchisor, and attendance at the Initial Training Program, the annual Brand Conference and one (1) regional meeting (once implemented by Franchisor), annually, is mandatory. All Pacific Perks sponsored training programs may be held in-person, virtually, or both in-person and virtually at Franchisor's discretion. For Franchisee or its designated manager attending the Initial Training Program, Franchisor shall provide the training facility, instructors and training materials. Franchisee shall be responsible for all other expenses incurred to attend, including the costs of lodging and meals for any in-person portion of the program and transportation to and from the training site for any in-person portion of the program. For employees, business partners, and others attending the required Initial Training Program, Franchisor shall provide instructors and training materials and Franchisee or its employees shall be responsible for any registration/training fee and all other expenses incurred to attend the Initial Training Program, including any costs of transportation to and from the training site, lodging, meals, and wages. For such additional required training courses, seminars, and programs as Franchisor may in its sole discretion provide, including regional meetings and the annual convention, Franchisor shall provide instructors and training materials and Franchisee or its employees shall be responsible for all other expenses incurred to attend, including any registration/training fee and any costs of transportation to and from the training site, lodging, meals, and wages. For the annual Brand Conference, Franchisee may be required to pay an annual registration fee as may be established by the Franchisor, which is payable in accordance with Section 4.6 of this Agreement.

6.3 Franchisor has established minimum continuing education requirements, which are more fully described in the Manual and which may be revised from time to time. Franchisee or Franchisee's manager and other employees are required to meet or exceed these requirements either through attendance at such additional courses, seminars, and other training programs as Franchisor may in its sole discretion provide or reasonably require from time to time, or through training programs sponsored by professional associations for food handlers or restaurant employees.

6.4 All persons working as food and beverage handlers for Franchisee shall be properly licensed in accordance with all federal, state and local laws required in their geographical location and appropriate to the Pacific Perks System franchise. Franchisee shall provide Franchisor with evidence of required licensing and shall keep Franchisor advised as to licensing status of all of Franchisee's food handlers.

7. **DUTIES OF FRANCHISEE**

7.1 Franchisee understands and acknowledges that every detail of the Pacific Perks System franchise is important to Franchisee, Franchisor, and other franchisees in order to develop and maintain high operating standards, to increase the demand for the services and products sold by all Pacific Perks System franchises operating under the Pacific Perks System, and to protect Franchisor's reputation and goodwill. Franchisee shall maintain Franchisor's high standards with respect to licensing, facilities, vehicles, services, products, and operations. Franchisee shall operate the Pacific Perks System franchise in compliance with the Pacific Perks System standards and all applicable federal, state and local laws.

7.2 Franchisee shall keep the Pacific Perks System franchise open and in normal operation for such minimum hours and days as Franchisor may specify; shall refrain from using or permitting the use of the Approved Location for any other business purpose or activity at any time without first obtaining the written consent of Franchisor; and shall operate the Pacific Perks System franchise in strict conformity with Franchisor’s mandatory policies, practices, procedures, regulations and standards, whether set forth in the Manual or in other materials supplied to Franchisee by Franchisor, all of which may be changed or modified by Franchisor from time to time. Franchisee shall refrain from deviating from such policies, practices, procedures, regulations and standards without Franchisor's prior written consent.

7.3 Franchisee shall sell through the Pacific Perks System franchise only such products and services as have been expressly approved in writing by Franchisor. Franchisee shall offer Franchisor’s approved product and service offerings or packages or such other packages of goods and services as established by Franchisor from time to time in accordance with the mandatory policies, practices, procedures, regulations and standards established by Franchisor from time to time. Franchisee shall refrain from selling any other kind of product or service without Franchisor's prior written consent and shall discontinue selling or offering for sale any products or services which Franchisor, in its sole discretion, disapproves in writing at any time. Franchisee shall have sole discretion as to the prices of all goods and services, including packages of goods and services, to be offered and sold by it to its customers.

7.4 Franchisee shall comply with all laws, rules and regulations governing operation of the Pacific Perks System franchise, including all licensing and other requirements that limit the goods and services that may be offered or performed by a food and beverage handler or from a food facility meeting federal, state and local health requirements and applicable law.

7.5 Franchisee shall avoid conflicts of interest by neither accepting or offering commissions or allowances, directly or indirectly, nor recommending or referring any form of foods or beverages not approved by Pacific Perks to its franchisees, any of its affiliates or any other person or entity.

7.6 Franchisee acknowledges that (i) the services and products offered and sold under the Pacific Perks System are prepared and offered from proprietary methods and procedures exclusively developed and owned by Franchisor (“Proprietary Services”), (ii) any specialized products or equipment for the Pacific Perks System franchise offered and sold under the Pacific Perks System, including, but not limited to, the Pacific Perks food and beverage products and services report form, are produced or manufactured using the Proprietary Marks and designs exclusively developed and owned by Franchisor (“Proprietary Products”), and (iii) Franchisee has entered into this Agreement in order to obtain the right to use, offer and sell the Proprietary Services and Proprietary Products or Pacific Perks approved products. In order to protect Franchisor's interest in the Proprietary Services and Proprietary Products and to ensure the quality, uniformity, and distinctiveness of the Proprietary Services and Proprietary Products, Franchisee agrees:

> 7.6.1 To provide services and products to customers using only the Proprietary Services and Proprietary Products, Franchisor's approved business practices and such other equipment, services and products which may from time to time be expressly approved in writing by Franchisor for use and/or sale by Pacific Perks System franchisees;

7.6.2 To purchase solely from Franchisor or vendors, sources or suppliers approved or designated by Franchisor, Proprietary Products and other services, products, materials, or supplies as may be specified by Franchisor in writing from time to time; and

7.6.3 To create a uniform customer experience by offering the Proprietary Services and Proprietary Products, including any approved additional products and services, in strict conformity with the mandatory policies, practices, procedures, regulations and standards whether set forth in the Manual or in other materials supplied to Franchisee by Franchisor from time to time, including, but not limited to, implementing all mandatory brand standards and operating basics as prescribed by Franchisor from time to time, implementing all mandatory marketing programs as prescribed by Franchisor from time to time, packaging or labeling the Proprietary Services and Proprietary Products in the manner prescribed by Franchisor from time to time, and delivering the Proprietary Services and Proprietary Products to the customer in the manner and by the means prescribed by Franchisor from time to time.

7.7 Franchisee acknowledges that a material provision of this Agreement is the establishment of minimum requirements for growth of Gross Revenues. The continuation of territorial exclusivity depends on achieving certain minimum Gross Sales levels. Except as otherwise approved in writing, beginning in the second full Calendar Year of this Franchise Agreement, Franchisee's franchised business must maintain minimum Gross Sales for the term of the Franchise Agreement. The minimum Gross Sales standards will be negotiated with Franchisee prior to signing this Franchise Agreement and will be based upon the demographic makeup of Franchisee's specific Exclusive Territory. The minimum Gross Sales requirements will be attached to this Franchise Agreement as part of **Attachment A**. Failure to attain these minimum Gross Sales levels will constitute a default and Franchisee will be required to pay the shortfall royalty of those Gross Sales levels upon written notice or face immediate termination under the Franchise Agreement. The original minimum Gross Revenues requirements apply only to the initial term of the Franchise Agreement. In renewal terms, and in the case of the transfer by Franchisee of an established territory, the sales volume requirements may be adjusted to reflect the potential of an established market. If Franchisee fail to generate Gross Revenues equal to or in excess of the minimum Gross Revenues requirements in the Franchise Agreement, Franchisor, at Franchisor's option, may operate or license other franchisees to operate Pacific Perks franchises inside of the Exclusive Territory. Notwithstanding the foregoing, Franchisor and Franchisee agree that if Franchisee's business has been materially affected by a personal, family, regional or national hardship (similar in scope to the Covid-19 pandemic or a significant natural disaster) disclosed and, if appropriate, documented to Franchisor prior to the end of the contract year, the minimum Gross Revenues requirements provided herein, the minimum yearly Royalty Fee provided in Section 4.3 of this Agreement, the minimum Yearly Brand Development Fund payment provided in Section 12.2 of this Agreement, and the remedy provided in Section 15.3 of this Agreement shall not apply during that particular contract year. In such event, Franchisor and Franchisee shall meet within thirty (30) days of the end of the calendar year to develop a plan to address, among other things, the minimum revenue requirements for subsequent contract years and agree that in no event shall such minimums be less than the minimum Gross Revenues necessary to achieve annual five percent (5%) growth in Gross Revenues based on actual Gross Revenues for the most-recently completed contract year. The minimum Gross Revenues requirements for renewal terms (or for Franchisees who acquired their Franchised Business through transfer from a Franchisee, rather than from Franchisor) shall be modified to reflect the potential of an established marketplace, and such requirements shall be set forth in an Addendum to the renewal Franchise Agreement.

7.8 Franchisor shall not be liable to Franchisee or be deemed to be in default of this Agreement, for any delay or failure of delivery of any services or products supplied by Franchisor to Franchisee resulting from any cause beyond Franchisor's reasonable control, including, but not limited to, weather conditions, endemic or pandemic, acts of God, laws, regulations, government orders, labor disputes, supply chain disruptions, shortages of materials, war, acts of terrorism, riot or civil unrest.

7.8.1 All services and products sold or offered for sale by the Pacific Perks System franchise shall meet Franchisor's then-current standards and specifications, as established in the Manual or otherwise in writing by Franchisor from time to time. Franchisee shall purchase all services and products not covered in Section 7.6 solely from suppliers who demonstrate to Franchisor's continuing reasonable satisfaction the ability to meet Franchisor's standards and specifications, who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably, and who have been approved by Franchisor in the Manual or otherwise in writing. If Franchisee desires to purchase services or products from other than approved suppliers, Franchisee shall submit to Franchisor a written request to approve the proposed supplier, together with such information as Franchisor may reasonably require. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to Franchisor or to an independent testing facility designated by Franchisor. A charge not to exceed the reasonable cost of the evaluation and testing shall be paid by Franchisee. Franchisor shall, within ninety (90) days after its receipt of such completed request and completion of such evaluation and testing (if required by Franchisor), notify Franchisee in writing of its approval or disapproval of the proposed supplier. Approval shall not be unreasonably withheld. Franchisee shall not sell or offer for sale any services or products of the proposed supplier until Franchisor's written approval of the proposed supplier is received. Franchisor may, from time to time, revoke its approval of particular suppliers or products when Franchisor determines in its sole discretion, that such suppliers or products no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee shall cease to purchase from the disapproved supplier.

7.9 At the time the Pacific Perks System franchise opens, Franchisee shall stock and display the initial inventory of approved products prescribed by Franchisor in the Manual or otherwise in writing. Thereafter, Franchisee shall stock and maintain all types of approved products in quantities sufficient to meet reasonably anticipated customer demand.

7.9.1 Franchisee shall purchase and install, at Franchisee's expense, all fixtures, furnishings, equipment (including, but not limited to, a telephone, office computer, tablet, cell phones, vehicles, mobile printer with minimum specifications established by

Franchisor from time to time, high -speed internet access, and the Software (as defined in Section 9.3)), decor, signs and vehicle wraps on or about the Approved Location or on any vehicle used in operation of the Pacific Perks System franchise as Franchisor may reasonably direct from time to time. Franchisee shall refrain from installing or permitting to be installed on or about the Approved Location or on any such vehicle, without Franchisor's prior written consent, any fixtures, furnishings, equipment, decor, signs, vehicle wraps or other items not previously approved as meeting Franchisor's standards and specifications.

7.10 Franchisee shall permit Franchisor and its agents to enter upon the Approved Location or any vehicles used in operation of the Pacific Perks System franchise at any time during normal business hours for the purpose of conducting inspections; shall cooperate with representatives of Franchisor in such inspections by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents, and without limiting Franchisor's other rights under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by Franchisor, Franchisor shall have the right, but not the obligation, to correct any deficiencies which may be susceptible to correction by Franchisor and to charge Franchisee a reasonable fee for Franchisor's expenses in so acting, payable by Franchisee upon demand. The foregoing shall be in addition to such other remedies Franchisor may have under this Agreement and applicable law. Franchisee shall ensure that all advertising and promotional materials, signs, decorations, and other items specified by Franchisor bear the Proprietary Marks in the form, color, location, and manner prescribed by Franchisor in this Agreement, in the Manual or otherwise in writing.

7.11 Franchisee shall maintain the Approved Location and any vehicle used in the operation of the Pacific Perks System franchise in a clean, orderly condition and in excellent repair; and, in connection therewith, Franchisee shall, at its expense, make such additions, alterations, repairs, and replacements thereto (but no others without Franchisor's prior written consent) as may be required by Franchisor for that purpose, including, but not limited to, such periodic refurbishment or replacement of obsolete signs, vehicle wraps, furnishings, equipment, and decor as Franchisor may reasonably direct.

7.12 Franchisee shall use computers, printers, cell phones and other related equipment with minimum specifications established by Franchisor from time to time and software, including the Software (as defined in Section 9.3 herein), required by Franchisor from time to time. Franchisee acknowledges that in the future, and from time to time, Franchisee may be required to purchase or lease new computers, printers, cell phones and other equipment, upgrades to the Software (as defined in Section 9.3) and/or new software at Franchisee’s expense, including an increase in the Technology Fee provided in Section 4.4 of this Agreement.

7.13 Franchisee shall only use the @pacificperkscoffee.com email account or such other email account provided by Franchisor in the operation of the Pacific Perks System franchise. Franchisee shall not use any other email account for any purpose related to the Pacific Perks System franchise, including in connection with any brochure, letterhead, business card or other marketing material.

7.14 Franchisee shall maintain a competent, conscientious, trained staff, including a fully trained, full-time manager, which may be Franchisee. Franchisee shall take such steps as are necessary to ensure that its employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as Franchisor may establish from time to time in the Manual or otherwise in writing. Franchisee and its employees shall handle all customer complaints, refunds, returns, and other adjustments in a manner that will not detract from the name and goodwill of Franchisor. Franchisee is required to satisfactorily train, to the standards as may be established by Franchisor from time to time in its sole discretion, those persons who do not attend the Initial Training Program. Notwithstanding the foregoing or any other provision of this Agreement. Franchisee (and not Franchisor) shall at all times be responsible for all employment decisions related to the Pacific Perks System franchise, including, but not limited to, hiring, firing, training, promotion, remuneration, compliance with laws (including without limitation wage and hour requirements and human rights legislation), recordkeeping, supervision and discipline. Franchisee expressly agrees that Franchisor does not have the power to hire, fire, or control in any manner whatsoever the employees of the Pacific Perks System franchise.

7.15 Franchisee shall not unilaterally implement any change, amendment, or improvement to the Pacific Perks System without the prior written consent of Franchisor. Franchisee, at its sole expense, shall implement any change, amendment, or improvement to the Pacific Perks System as may be required by Franchisor from time to time. Franchisee shall comply with all terms of its lease or sublease, and all other agreements affecting the operation of the Pacific Perks System franchise; shall undertake best efforts to maintain a good and positive working relationship with its landlord and other vendors and shall refrain from any activity which may jeopardize Franchisee's right to remain in possession of the Approved Location. Franchisee shall be responsible for obtaining legal advice from an attorney of Franchisee’s choosing, which advice shall be specific to Franchisee’s jurisdiction and individual circumstances, including advice as to the laws, rules and regulations regulating health, food preparation facilities, food and beverage handling, products and services and the operation of Pacific Perks System franchise. Franchisee shall be responsible for obtaining accounting advice from an accountant of Franchisee’s choosing, which advice shall be specific to Franchisee’s jurisdiction and individual circumstances.

8. **MARKS**

8.1 Franchisor represents to Franchisee with respect to the Proprietary Marks that:

8.1.1 Franchisor’s parent, Pacific Perks Coffee LLC, a Washington limited liability company, is the owner of the Proprietary Marks;

8.1.2 Franchisor has the exclusive right to use, and to license others to use, the Proprietary Marks in the United States;

8.1.3 Franchisor has taken and will take all steps reasonably necessary to preserve and protect the validity of the Proprietary Marks and Franchisor's right to use, and to license others to use, the Proprietary Marks;

8.1.4 Except for rights expressly granted to Franchisee under the Franchise Agreement, Franchisor retain all of Franchisor's rights and discretion with respect to the Proprietary Marks, the Pacific Perks system, and Pacific Perks franchises wherever located, including the right to (a) operate, and grant others the right to operate, Pacific Perks franchises at locations and on terms and conditions Franchisor deem appropriate; (b) sell any products or services under the Proprietary Marks or under any other trademarks, service marks or trade dress, through other channels of distribution; and (c) operate, and grant to others the right to operate, businesses identified by trademarks, service marks or trade dress, other than the Proprietary Marks, under terms and conditions Franchisor deem appropriate.

8.1.5 Franchisor's parent reserves the right to assign any or all of the Proprietary Marks to an intellectual property holding company, subject to the license and other rights set forth in this Franchise Agreement.

8.2 Franchisor and its affiliates may sell branded products under the Proprietary Marks through any method of distribution other than a dedicated Pacific Perks franchise, including sales through such channels of distribution as the internet, catalog sales, telemarketing, or other direct marketing sales (together, "alternative distribution channels") and grocery stores, restaurants and other traditional food distribution channels. Franchisee may not use alternative distribution channels to make sales except as specifically described in this Franchise Agreement and Franchisee will receive no compensation for Franchisor's sales through alternative distribution channels.

8.3 Franchisor and its affiliates can use alternative channels of distribution to make sales of products or services under trademarks different from the Proprietary Marks Franchisee will use under this Franchise Agreement.

8.4 With respect to Franchisee's use of the Proprietary Marks pursuant to this Agreement, Franchisee agrees that:

8.4.1 Franchisee shall use only the Proprietary Marks designated by Franchisor, and shall use them only in the manner authorized and permitted by Franchisor;

8.4.2 Franchisee shall use the Proprietary Marks only for the operation of the Pacific Perks System franchise and only at the Approved Location, on vehicles and on-site facilities, or in advertising for the Pacific Perks System franchise;

8.4.3 Franchisee shall use the Proprietary Marks only in accordance with the Pacific Perks System and the standards and specifications attendant thereto which underlie the goodwill associated with and symbolized by the Proprietary Marks;

8.4.3 Unless otherwise authorized or required by Franchisor, Franchisee shall operate and advertise the Pacific Perks System franchise only under the name "Pacific Perks" and shall use all Proprietary Marks without prefix or suffix or any variation of any kind. Franchisee shall not use the Proprietary Marks, or any marks names or indicia which are or may be confusingly similar, as part of its corporate or other business or legal name, except as authorized in this Agreement;

8.4.4 Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of the rights of Franchisor;

8.4.5 Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on behalf of Franchisor;

8.4.6 Franchisee shall not use the words “Pacific Perks” in its corporate, limited liability company or other entity name registered with any state or foreign jurisdiction but shall comply with Franchisor's instructions in filing and maintaining any requisite trade name, assumed business name or fictitious name registrations, and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability; and

8.4.7 Franchisee shall promptly notify Franchisor of any unauthorized use of the Proprietary Marks, any challenge to the validity or enforceability of the Proprietary Marks, or any challenge to Franchisor’s ownership of, or Franchisor's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks. Franchisee acknowledges that Franchisor has the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. Franchisor shall defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Marks. If Franchisor, in its sole discretion, determines that Franchisee has used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisor up to the amount of the Initial Fee. If Franchisor, in its sole discretion, determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisee. In the event of any administrative proceeding or litigation relating to Franchisee's use of the Proprietary Marks, Franchisee shall execute any and all documents and do such acts as may, in the opinion of Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a party to any legal action. Except to the extent that such administrative proceeding or litigation is the result of Franchisee's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for its out-of-pocket costs in doing such acts, up to the amount of the Initial Fee.

8.5 Franchisee expressly understands and acknowledges that:

8.5.1 Franchisor’s affiliate is the owner of all right, title, and interest in and to the Proprietary Marks, Franchisor and its affiliate are the owners of the goodwill associated with and symbolized by them, and Franchisor has the exclusive right to use, and license others to use, the Proprietary Marks in the United States;

8.5.2 The Proprietary Marks are valid and serve to identify the Pacific Perks System and those who are authorized to operate under the Pacific Perks System;

8.5.3 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the ownership, enforceability, or validity of, nor take any other action which tends to jeopardize the ownership of, or Franchisor's right to use and to license others to use, the Proprietary Marks;

8.5.4 Franchisee's use of the Proprietary Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks;

8.5.5 Any and all goodwill arising from Franchisee's use of the Proprietary Marks under the Pacific Perks System shall inure solely and exclusively to the benefit of Franchisor, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Pacific Perks System or the Proprietary Marks;

8.5.6 Except as specified in Section 1.4 hereof with respect to an Exclusive Territory, the right and license of the Proprietary Marks granted hereunder to Franchisee is non-exclusive, and Franchisor thus has and retains the rights, among others: (i) to use the Proprietary Marks itself in connection with selling products and services, including, but not limited to, the same or similar products to be sold by the Pacific Perks System franchise; (ii) to grant other licenses for the Proprietary Marks; and (iii) to develop and establish other systems using the Proprietary Marks, similar Proprietary Marks, or any other Proprietary Marks, and to grant licenses thereto without providing any rights therein to Franchisee; and

8.5.7 Franchisor reserves the right to substitute different Proprietary Marks for use in identifying the Pacific Perks System and the businesses operating thereunder if Franchisor, in its sole discretion, determines that substitution of different marks as Proprietary Marks will be beneficial to the Pacific Perks System. Franchisee shall implement promptly any such substitution of new Proprietary Marks. Franchisor shall bear the costs of modifying Franchisee's signs and advertising materials to conform to Franchisor's new Proprietary Marks but shall otherwise have no obligation or liability to Franchisee as a result of such substitution.

9. **OPERATIONS MANUAL/COMPUTER SOFTWARE**

9.1 To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the Pacific Perks System, Franchisee shall operate the Pacific Perks System franchise in accordance with the mandatory policies, practices, procedures, regulations and standards specified in the Manual, a copy of which Franchisee shall be provided access to at the Initial Training Program. Franchisor may from time to time revise the contents of the Manual, and Franchisee expressly agrees to comply with each new or changed version or standard. The Manual, including all additions and modifications made thereto, shall remain the exclusive property of Franchisor, shall only be used in connection with the operation of the Pacific Perks System franchise, and shall not be copied or distributed by Franchisee without the prior written consent of Franchisor. Upon expiration or termination of this Agreement, Franchisee must discontinue use of the Manual and all other materials provided by Franchisor for any purpose and return all copies of the Manual and such materials to Franchisor.

9.2 Franchisee shall treat the Manual, any other manuals created for or approved for use in the operation of the Pacific Perks System franchise, and the information contained therein, as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person or entity. Franchisee shall take all necessary and prudent steps to protect the Manual and prevent its loss or copying. A replacement copy of the Manual is available only from Franchisor for an advance payment of Five Hundred and no/100 Dollars ($500.00). The Franchisee shall furnish Franchisor with an affidavit explaining the status of the replaced Manual and its disposition.

9.3 Franchisee shall use any proprietary computer software and systems (including "PerkWerks™" software) ("Software") provided by Franchisor or provided by suppliers designated by Franchisor. Franchisee acknowledges and agrees that in the future, and from time to time, Franchisee may be required to obtain the Software, upgrade the Software or license, purchase or lease new software at Franchisee's expense, including an increase in the Technology Fee provided in Section 4.4 of this Agreement. Franchisee shall not copy, duplicate, record or otherwise reproduce the Software or any upgrades thereto, in whole or in part, or otherwise make the same available to any unauthorized person or entity.

9.4 The right to access the Software and the information and data generated with and stored by the Software, shall remain the sole property of Franchisor. Provided that Franchisee is not in default under this Agreement, Franchisee shall have access to the Software and the information and data generated with and stored by the Software, during the term of this Agreement and any renewal term.

9.5 Franchisee must implement all administrative, physical and technical safeguards that Franchisor requires or that are required under applicable law 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, and government-issued identification numbers ("Personal Information"). No assistance, guidance, standards or requirements that Franchisor provides Franchisee constitute a representation or warranty of any kind, express or implied, that Franchisee is compliant with federal, state, or local privacy and data laws, codes, or regulations, or acceptable industry standards. It is Franchisee's responsibility to confirm that the safeguards Franchisee uses to protect Personal Information comply with all laws and industry best practices related to the collection, access, use, storage, disposal and disclosure of Personal Information. If Franchisee becomes aware of a suspected or actual breach of security or unauthorized access involving Personal Information, Franchisee shall notify Franchisor immediately and specify the extent to which Personal Information was compromised or disclosed. Franchisor reserves the right to conduct a data security and privacy audit of the Pacific Perks System franchise and Franchisee's computer system at any time, from time to time, to ensure that Franchisee is complying with Franchisor's requirements for handling Personal Information. Franchisee agrees to cooperate with Franchisor fully during the course of any audit.

10. **CONFIDENTIAL INFORMATION**

10.1 Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation or limited liability company any Confidential Information, knowledge, or know-how concerning the methods of operation of the business franchised hereunder which may be communicated to Franchisee, which may become known to Franchisee, or of which Franchisee may be apprised by virtue of Franchisee's operation under the terms of this Agreement, or after the termination or expiration of this Agreement or any renewal hereof, use any such Confidential Information knowledge or know-how for itself or its business. Franchisee shall divulge such Confidential Information only to such of its employees or contract employees, or if Franchisee is a corporation or limited liability company, then to such officers, directors, shareholders and members as must have access to it in order to operate the Pacific Perks System franchise. Any and all information, knowledge, know-how, techniques, and other data that Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement.

10.2 At Franchisor's request, Franchisee shall require its manager (if Franchisee is a corporation, limited liability company, or partnership) and any personnel having access to any Confidential Information of Franchisor to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee. Such covenants shall be in a form satisfactory to Franchisor including, but not limited to, specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them.

10.3 Notwithstanding any provisions in this Agreement or any company policy of Franchisor or Franchisee applicable to the unauthorized use or disclosure of Trade Secrets, the parties are hereby notified that, pursuant to § 7 of the Defend Trade Secrets Act of 2016 (Public law 114-153 May 11, 2016), an individual (including, but not limited to, an employee, consultant or independent contractor) shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a Trade Secret that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law. An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a Trade Secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the Trade Secret to the attorney of the individual and use the Trade Secret information in the court proceeding, if the individual files any document containing the Trade Secret under seal; and does not disclose the Trade Secret, except pursuant to court order. Except as required by Applicable Law, including the required disclosure in Franchisor’s franchise disclosure document, any arbitration proceedings pursuant to Section 25 of this Agreement and related documents are confidential.

10.4 For purposes of this Franchise Agreement, “Confidential Information” includes, without limitation, the following: Trade Secrets; all software, source code, data, materials, products, customer or client information, menus, recipes, manuals, business plans, compilations, evaluations, summaries, evaluation materials, memoranda, disclosure documents, lists, appraisals, analyses, financial information, forecasts, identities of individuals and entities, medical, health or healthcare information, ideas, business strategies, business structures, agreements, designs, or other information developed or prepared by the Franchisor that is confidential, proprietary, or trade secret to the Franchisor. The term "Confidential Information" does not include any information which (i) at the time of disclosure, or thereafter, is generally available to or known by the public (other than as a result of a disclosure made directly or indirectly by the Franchisee or its representatives), (ii) was available to the Franchisee or its representatives on a non-confidential basis from a source other than the Franchisor (provided that such source is not or was not bound by a confidentiality agreement with the Franchisor or had any other duty of confidentiality to the franchisor known to the franchisee), or (iii) information which is already known to the Franchisee or has been independently acquired or developed by the Franchisee without violating any of the Franchisee's obligations under this Agreement.

10.5 For purposes of this Franchise Agreement, the term "Trade Secret" means all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing if (a) the owner thereof has taken reasonable measures to keep such information secret; and (b) the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the information.

11. ACCOUNTING AND RECORDS

11.1 Franchisee shall prepare and shall preserve for at least seven (7) years from the dates of their preparation, complete and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manual or otherwise in writing.

11.2 All Gross Revenues, state, county or municipal sales tax, and charges collected on behalf of third parties shall be recorded by Franchisee in accordance with applicable law and as required in the Manual or otherwise directed by Franchisor from time to time.

11.3 Franchisee shall, at Franchisee's expense, submit to Franchisor in the form and manner prescribed by Franchisor, the following reports, financial statements, and other data:

11.3.1 No later than the fifth (5th) day of each month, reports accurately reflecting and/or confirming all Gross Revenues and all food and beverage products and services performed during the preceding calendar month must be submitted electronically to Franchisor in the manner proscribed by Franchisor from time to time;

11.3.2 Within ninety (90) days after the end of each fiscal year of the Pacific Perks System franchise, financial statements prepared on a review basis by an independent certified public accountant approved by Franchisor, showing the results of operations of the Pacific Perks System franchise during said fiscal year, including, but not limited to, a Profit and Loss Statement, a Balance Sheet, and an Income Statement; and

11.3.3 Such other forms, reports, records, information, and management data as Franchisor may reasonably designate.

11.4 Franchisor and its designated agents shall have the right at all reasonable times during normal business hours to examine and copy, at Franchisor's expense, the books, records, computer systems, computer records, accounts, and tax returns (the "Books") of the Pacific Perks System franchise. Franchisor shall also have the right, at any time, to have an independent audit made of the Books of the Pacific Perks System franchise. If an inspection should reveal that any payments have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, plus interest thereon from the date such amount was due until paid, at the rate of eighteen (18%) percent per annum calculated daily or the maximum rate permitted by law, whichever is less. If an inspection discloses an understatement in any report of two (2%) percent or more, Franchisee shall, in addition to repayment of monies owed with interest, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, but not limited to, travel, lodging, wage expenses, and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

12. **ADVERTISING AND PROMOTION**

Recognizing the value of promotion, and the importance of the standardization of promotion programs to the furtherance of the goodwill and public image of the Pacific Perks System, the parties agree as follows:

12.1 Franchisee shall pay to the Pacific Perks promotion and advertising fund (the "Brand Development Fund") a continuing monthly Brand Development Fund payments equal to up to three percent (3%), or such lesser percentage as Franchisor may from time to time implement, of the Gross Revenues of the Pacific Perks System franchise, or a minimum monthly Brand Development Fund payment of One Hundred Twenty-Five and no/100 Dollars ($125.00) per week, whichever is greater (the "Brand Development Fund payment"), computed from the first (1st) day of the month following Franchisee's completion of the Initial Training Program. The monthly Brand Development Fund payment will not exceed one percent (1%) for the first year of operation of each newly created franchise provided that the Pacific Perks System franchise is timely opened for business in accordance with Section 5.2 of this Agreement. The minimum monthly Brand Development Fund payment will be waived for the first three (3) full months of operation of each newly created franchise provided that the Pacific Perks System franchise is timely opened for business in accordance with Section 5.2 of this Agreement.

12.2 In the event Franchisee fails to generate the minimum Gross Revenues required for any particular twelve (12) month period of operation as set forth in Section 7.7 of this Agreement, Franchisee shall pay to the Brand Development Fund a minimum yearly Brand Development Fund payment equal to up to three percent (3%), or such lesser percentage as the Franchisor may from time to time implement, of the minimum Gross Revenues required for that particular twelve (12) month period of operation less the total amount of Brand Development Fund payments paid by Franchisee for that particular twelve (12) month period of operation.

12.3 The Brand Development Fund shall be maintained and administered by Franchisor as follows:

12.3.1 Franchisor shall direct all advertising and promotional programs, with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Brand Development Fund is intended to maximize general public recognition, acceptance, and use of the Pacific Perks System; and that Franchisor is not obligated, in administering the Brand Development Fund, to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Brand Development Fund;

12.3.2 The Brand Development Fund, all contributions thereto, and any earnings thereon, shall be used exclusively to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which Franchisor believes will enhance the image of the Pacific Perks System, including, among other things, the costs of preparing and conducting media advertising campaigns; direct-mail advertising; marketing surveys; employing advertising and/or public relations agencies to assist therein; purchasing promotional items; and providing promotional and other marketing materials and services to the businesses operating under the Pacific Perks System; and

12.3.3 Franchisee shall contribute to the Brand Development Fund by separate payments made directly to the Brand Development Fund. All sums paid by Franchisee to the Brand Development Fund shall be maintained in an account separate from the other monies of Franchisor and shall not be used to defray any of Franchisor's expenses, except for such reasonable costs and overhead, if any, as Franchisor may incur in activities reasonably related to the direction and implementation of the Brand Development Fund and advertising programs for franchisees and the Pacific Perks System, including, among other things, costs of personnel for creating and implementing advertising, promotional, and marketing programs. The Brand Development Fund and any earnings thereon shall not otherwise inure to the benefit of Franchisor. Franchisor shall maintain separate bookkeeping accounts for the Brand Development Fund.

12.4 All advertising and promotion by Franchisee shall be in such media and of such type and format as Franchisor may approve, shall be conducted in a dignified manner, and shall conform to the mandatory policies, practices, procedures, regulations and standards established by Franchisor from time to time. Franchisee shall not use any advertising or promotional plans or materials unless and until Franchisee has received written approval from Franchisor, pursuant to the procedures and terms set forth in Section 12.5 of this Agreement.

12.5 Franchisor may, in its sole discretion, make available to Franchisee from time to time, advertising plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, and similar advertising and promotional materials.

12.6 Franchisee shall submit samples of all advertising and promotional plans and materials to Franchisor, for its approval at least thirty (30) days prior to its proposed use (except with respect to prices to be charged by Franchisee), if such plans and materials have not been prepared or previously approved by Franchisor. If written notice of disapproval is not received by Franchisee from Franchisor within thirty (30) days of the date of receipt by Franchisor of such samples or materials, Franchisor shall be deemed to have approved them.

12.7 Franchisee shall not maintain a separate website for its franchise business unless Franchisor has expressly authorized the website and the Franchisor retains full veto power over the website contents. Franchisee may not maintain an internet website, internet-based applications, social media presence or otherwise maintain a presence or advertise on the internet or any other public computer network in connection with the Pacific Perks System franchise without Franchisor's prior written approval, which Franchisor may withhold for any reason or no reason.

12.7.1 Franchisee agrees to submit to Franchisor for approval before use true and correct electronic copies or proofs of all website pages, software applications or social media presence Franchisee proposes to use in connection with the Pacific Perks System franchise. Franchisee understands and agrees that Franchisor's right of approval of all such materials is necessitated by the fact that such materials will include and be inextricably linked with the Proprietary Marks. Franchisee may only use material that Franchisor has approved.

12.7.2 All materials furnished by Franchisee relating to website page, application or social media presence must conform to all of the mandatory policies, practices, procedures, regulations and standards established by Franchisor from time to time, whether set forth in the Manual or otherwise. Franchisee agrees to provide all hyperlinks or other links that Franchisor requires.

12.7.3 If Franchisor grants approval for applications or social media presence, Franchisee may not use any of the Proprietary Marks without Franchisor's prior written permission. Franchisee may not post any of Franchisor's proprietary, confidential or copyrighted material or information on any application or through social media without Franchisor's prior written approval. If Franchisee wishes to modify its approved application or social media presence, all proposed modifications must also receive Franchisor's prior written approval.

12.7.4 Franchisee explicitly understands that it may not post on its application or through social media any material which any third party has any direct or indirect ownership interest in (including, without limitation, video clips, photographs, sound bites, copyrighted text, trademarks, service marks, or any other text or image which any third party may claim intellectual property ownership interests in).

12.7.5 Franchisee agrees to list all information Franchisor requires in the manner Franchisor dictates on its application or social media presence any website maintained by Franchisor, and any other advertising media.

12.7.6 Franchisee agrees to obtain Franchisor's prior written approval for any internet domain name, home page address, software application or other internet or social media identification address.

The requirement of Franchisor's prior approval set forth in this Section 12.7 will apply to all activities by Franchisee on the internet, any software application, any social media platform or any other communication networks, including, but not limited to, Franchisor’s website, any application, any social media presence, or any email account other than the email account provided in accordance with Section 3.7 of this Agreement.

13. **INSURANCE**

13.1 Franchisee shall procure, prior to the commencement of any operations under this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement, at Franchisee's expense, an insurance policy or policies protecting Franchisee, Franchisor, and their respective officers, directors, partners, employees and independent contractors against any demand or claim with respect to personal injury, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the Pacific Perks System franchise, including, but not limited to, product liability (including food borne illness and other appropriate coverage for food facilities and food handlers) insurance, general liability insurance, commercial auto insurance, business personal property insurance, workers' compensation insurance, employer's liability insurance, and such other insurance as may be required by applicable law or by the Franchisor in its discretion. Such policy or policies shall be written by a responsible carrier or carriers acceptable to Franchisor, shall name Franchisor as an additional insured as specified by Franchisor, and shall provide at least the types and minimum amounts of coverage specified in this Section or in the Manual from time to time, and in any event with minimum limits of liability in respect to product liability, general liability, commercial auto and business personal property of Two Million Dollars ($2,000,000) per occurrence and Four Million Dollars ($4,000,000) in aggregate.

13.2 Franchisee's obligation to obtain and maintain the insurance policy or policies in the amounts specified herein or in the Manual shall not be limited in any way by reason of any insurance that may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 20.3 of this Agreement.

13.3 All product liability, public liability and property damage insurance policies shall contain a provision that Franchisor, although named as an insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor or its officers, directors, servants, agents, or employees by reason of the negligence or intentional act or omission of Franchisee or its officers, directors, servants, agents, or employees.

13.4 Prior to the commencement of any operations under this Agreement, and thereafter at least fifteen (15) days prior to the expiration of any insurance policy, Franchisee shall deliver to Franchisor Certificates of Insurance evidencing the proper types and minimum amounts of coverage. All Certificates of Insurance shall expressly provide that no less than fifteen (15) days prior written notice shall be given to Franchisor in the event of material alteration to or cancellation of the coverage evidenced by such Certificates of Insurance.

14. **TRANSFER OF INTEREST**

14.1 This Agreement and all rights and duties hereunder may be freely assigned or transferred by Franchisor in its sole discretion to any person or legal entity which agrees to assume Franchisor's obligations hereunder, including a competitor of Franchisor, and shall be binding upon and inure to the benefit of Franchisor's successors and assigns including, but not limited to, any entity which acquires all or a portion of the stock of Franchisor or any entity resulting from or participating in a merger, consolidation or reorganization in which Franchisor is involved, and to which Franchisor's rights and duties hereunder are assigned or transferred.

14.2 Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this franchise in reliance on many factors, including, but not limited to, Franchisee's (or, if Franchisee is a corporation, limited liability company, or partnership, its principal's or principals') business skill, financial capacity, and personal character. Accordingly, neither Franchisee nor any immediate or remote successor, heir, executor, administrator, or assignee to any part of Franchisee's interest in this Agreement or the Pacific Perks System franchise, nor any individual, partnership, corporation, limited liability company, or other legal entity which directly or indirectly owns any direct or indirect interest in Franchisee or the Pacific Perks System franchise shall directly or indirectly sell, assign, transfer, convey, pledge, mortgage, give away, or otherwise encumber any direct or indirect interest in this Agreement or any portion thereof, in Franchisee, in the Pacific Perks System franchise, in any equity or voting interest in Franchisee, or in all or substantially all of the assets of the Pacific Perks System franchise, nor permit the Pacific Perks System franchise to be operated, managed, directed or controlled, directly or indirectly, by any person or entity other than Franchisee (any such act or event is referred to as a "Transfer") without the prior written consent of Franchisor, which written consent shall not be unreasonably withheld. Any purported Transfer occurring by operation of law or otherwise, including any Transfer by a trustee in bankruptcy, without the prior written consent of Franchisor required by this Section 14.2 shall be null and void, shall constitute a material breach of this Agreement, and shall subject this Agreement to immediate termination without opportunity to cure in accordance with Section 15.2.8 of this Agreement. In the event the Franchisee is a corporation or limited liability company, the stock or membership units of such corporation or limited liability company shall not be publicly sold or traded on any securities exchange or in the over-the-counter market without the prior written consent of Franchisor.

14.3 Franchisee understands and acknowledges the vital importance of the performance of Franchisee to the market position and overall image of Franchisor. Franchisee also recognizes that there are many subjective factors that comprise the process by which Franchisor selects a suitable franchise owner. Therefore, Franchisee shall notify Franchisor in writing of any proposed Transfer of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Pacific Perks System franchise at least thirty (30) days before such Transfer is proposed to take place. Franchisor shall not unreasonably withhold its consent to any Transfer, but if a Transfer, alone or together with other previous, simultaneous, or proposed Transfers, would have the effect of changing control of Franchisee, this Agreement, or all or substantially all of the assets of the Pacific Perks System franchise, Franchisor may, in its sole subjective discretion, require any or all of the following as conditions of its approval:

14.3.1 That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) demonstrate to Franchisor's satisfaction that it meets Franchisor's educational, managerial, and business standards; possesses good moral character, business reputation, and credit rating; has the aptitude and ability to operate the Pacific Perks System franchise (as may be evidenced by prior related business experience or otherwise), and has adequate financial resources and capital to operate the Pacific Perks System franchise;

14.3.2 That all of Franchisee's accrued monetary obligations and all other outstanding obligations to Franchisor and its affiliates have been satisfied;

14.3.3 That Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor or its affiliates;

14.3.4 That Franchisee pay a transfer fee in an amount equal to Fifty Percent (50%) of the then applicable initial Franchise Fee to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the application to transfer and examination of the proposed transferee, including, but not limited to, legal and accounting fees;

14.3.5 That Franchisee shall have procured, at Franchisee's expense, an extended coverage insurance policy protecting Franchisee, Franchisor, and their respective officers, directors, partners, and employees against any demand or claim with respect to any loss or expense arising from operation of the Pacific Perks System franchise prior to date of transfer. Such policy may be referred to as a "tail" coverage policy. Such policy shall be written by a responsible carrier acceptable to Franchisor, shall name Franchisor as additional insured, and shall provide at least the types and minimum amounts of coverage specified in this Agreement or in the Manual from time to time. The term of the extended coverage period shall not be less than two (2) years;

14.3.6 That the transferor shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and their officers, directors, shareholders, and employees;

14.3.7 That Franchisee remain liable for all of the obligations to Franchisor in connection with the Pacific Perks System franchise which arose prior to the effective date of the transfer, including, but not limited to, any claim or obligation under Section 20.3 of this Agreement, and execute any and all instruments reasonably requested by Franchisor to evidence such liability;

14.3.8 That the transferee (or, if the transferee is a corporation, limited liability company, or partnership, the manager designated by transferee acceptable to Franchisor, which manager must be a shareholder, member, or partner with a beneficial interest of fifty (50%) percent or more of the transferee) at the transferee's expense, take and complete, to Franchisor's sole subjective satisfaction, the Initial Training Program then in effect for franchisees and managers upon such terms and conditions as Franchisor may reasonably require;

14.3.9 That the transferee execute, for a term ending on the expiration date of this Agreement and with such renewal terms as may be provided by this Agreement, the then-current form of franchise agreement and other ancillary agreements as Franchisor may require for the Pacific Perks System franchise, which agreements shall supersede this Agreement in all respects, or upon the agreement of the parties a new then current form of Franchise Agreement and other ancillary agreements which may be for the full term of this Agreement with the full terms of renewal as may be provided by this Agreement;

14.3.10 That the transferee (and, if the transferee is other than an individual, such owners of any beneficial interest in the transferee as Franchisor may request) enter into a written assignment, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement; and, if the obligations of Franchisee were guaranteed by the transferor or its owners, that the transferee and its owners guarantee the performance of all such obligations in writing in a form satisfactory to Franchisor; and

14.3.11 If the transferor or its owners executed a guarantee, indemnification, and acknowledgement of Franchisee's obligations under this Agreement, that the transferee and its owners execute a guarantee, indemnification, and acknowledgement of all such obligations. Franchisee acknowledges and agrees that each condition that must be met by the transferee and its owners is necessary to assure such transferee's full performance of the obligations hereunder.

14.4 Franchisee shall not grant a security interest in the Franchise Agreement, the Pacific Perks System franchise or in any of the assets of the Pacific Perks System franchise unless the secured party agrees that in the event of any default by Franchisee under any documents related to the security interest, Franchisor shall have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee, and any acceleration of indebtedness due to Franchisee's default shall be void.

14.5 If any party holding any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Pacific Perks System franchise desires to accept any bona fide offer from a third party to purchase such interest, Franchisee shall notify Franchisor in writing. Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party. If Franchisor elects to purchase the seller's interest, closing on such purchase shall occur within sixty (60) days from the date of notice to the seller of the election to purchase by Franchisor. If Franchisor elects not to purchase the seller's interest, any material change thereafter in the terms of the offer from a third party shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of the third party's initial offer. Failure of Franchisor to exercise the option afforded by this Section 14.5 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 14 with respect to a proposed transfer. In the event the consideration, terms, and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms, and/or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the cash consideration, an independent appraiser shall be designated by Franchisor at Franchisor's expense, to determine the cash consideration and the appraiser's determination shall be binding.

14.6 In the event of the death or incapacity of Franchisee (or, if Franchisee is a corporation, limited liability company, or partnership, any person with an interest in Franchisee or in all or substantially all of the assets of the Pacific Perks System franchise), the heirs, beneficiaries, devisees, executors, administrators or other legal representatives of Franchisee shall, within one hundred twenty (120) days of such event:

> 14.6.1 Apply to Franchisor for the right to continue to operate the Pacific Perks System franchise for the duration of the term of this Agreement and any renewals hereof, which right shall be granted provided the surviving spouse, heirs or estate shall satisfy all of the then-current qualifications for a purchaser of a Franchise; or
>
> 14.6.2 Sell, assign, transfer, or convey Franchisee's interest in compliance with the provisions of Sections 14.3 and 14.5 of this Agreement; provided, however, that in the event a proper and timely application for the right to continue to operate the Pacific Perks System franchise has been made by Franchisee and rejected by Franchisor, the one hundred twenty (120) days to sell, assign, transfer, or convey the Pacific Perks System franchise shall be computed from the date of said rejection.

14.7 Franchisor will have the right (but not the obligation) to take over operation of the Pacific Perks System franchise until either Section 14.6.1 or Section 14.6.2 is complied with and to charge a reasonable management fee for such services. For purposes of this Section, “incapacity” means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (i) for a period of thirty (30) or more consecutive days or (ii) for sixty (60) or more total days during a calendar year.

14.8 If the provisions of Section 14.6 have not been fulfilled within the time provided, all rights granted to Franchisee under this Agreement shall, at the option of Franchisor, terminate immediately and automatically revert to Franchisor.

14.9 Notwithstanding the foregoing, it is understood that Franchisee (if an individual, natural person) may assign this Agreement on one occasion to a corporation or limited liability company organized by Franchisee for that purpose only, provided that at least a majority of all the issued and outstanding shares of voting stock, membership units, and equity interests are owned and voted continuously by Franchisee, and further provided that Franchisor shall have approved in advance all other shareholders of such corporation or members of such limited liability company holding equity or voting interests, which approval shall not be unreasonably withheld. Franchisor shall be given written notice of such assignments and delegation, and thereupon such corporation or limited liability company shall have all such rights and obligations, and the terms “Franchisee” and “Pacific Perks System franchise” as listed herein shall refer to such corporation or limited liability company; provided, however, that such assignment shall in no way affect the obligations hereunder of the individual above designated “Franchisee,” who shall execute Franchisor’s standard form personal guaranty and remain fully bound by and responsible for the performance of all such obligations, jointly and severally with such corporation or limited liability company. Such corporation or limited liability company shall at no time engage in any business or activities other than the exercise of the rights herein granted to Franchisee and the performance of its obligations as Franchisee hereunder. Unless the assignment provided in this Section 14.8 occurs within six (6) months of the execution of this Agreement, Franchisee shall pay a fee of Two Thousand Dollars ($2,000.00) to Franchisor to cover the reasonable costs and expenses associated with document preparation and review for such assignment.

14.10 Franchisor's consent to a Transfer of any interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Pacific Perks System franchise shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand strict compliance with any of the terms of this Agreement by the transferor or transferee.

15. **DEFAULT AND TERMINATION**

15.1 Franchisee shall be deemed to be in default under this Agreement, and all rights granted to Franchisee herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; if Franchisee is adjudicated a bankrupt or insolvent; if a receiver of Franchisee for Franchisee's business or assets is appointed; if a receiver of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if a final judgment remains unsatisfied or of record for thirty (30) days or longer; if Franchisee is dissolved; if suit to foreclose any lien or mortgage against the Approved Location or equipment is instituted against Franchisee and not dismissed within sixty (60) days; if the real or personal property of the Pacific Perks System franchise shall be seized and sold; or if execution is levied against Franchisee’s business or property.

15.2 Upon the occurrence of any of the following events of default, Franchisor may, at its option, terminate all rights granted to Franchisee hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice by Franchisee:

15.2.1 If Franchisee, in Franchisor's sole subjective discretion, fails to satisfactorily complete the Initial Training Program or any other required training;

15.2.2 If Franchisee, in Franchisor’s sole discretion, fails to satisfactorily complete the start-up business operations, inspections and marketing program;

15.2.3 If Franchisee fails to obtain an Approved Location for the Pacific Perks System franchise within the time limits provided in Section 1.3 of this Agreement;

15.2.4 If Franchisee fails to open the Pacific Perks System franchise for business within the time limits provided in Section 5.2 of this Agreement;

15.2.5 If Franchisee at any time ceases to operate or otherwise abandons the Pacific Perks System franchise or loses the right to possession of the Approved Location, or otherwise forfeits the right to do or transact business in the jurisdiction where the Pacific Perks System franchise is located. However, if, through no fault of Franchisee, the Approved Location is damaged or destroyed by an event such that repairs or reconstruction cannot be completed within ninety (90) days thereafter, then Franchisee shall have sixty (60) days after such event in which to apply for Franchisor's approval to relocate the Approved Location, which approval shall not be unreasonably withheld.

15.2.6 If Franchisee is convicted of or pleads guilty (including an “Alford Plea”) or “*nolo contendere*” to a felony, a crime involving moral turpitude or any other crime that Franchisor believes is injurious to the Pacific Perks System, the Proprietary Marks, the goodwill associated therewith, or Franchisor's interest therein, or if Franchisor has proof that Franchisee has committed such a felony, crime or offense;

15.2.7 If a threat or danger to public health or safety results from the operation of the Pacific Perks System franchise;

15.2.8 If any purported assignment or transfer of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Pacific Perks System franchise is made to any third party without Franchisor's prior written consent, contrary to the terms of Section 14 of this Agreement;

15.2.9 If Franchisee fails to comply with the covenants in Sections 7.6.1 and 7.6.2 of this Agreement;

15.2.10 If an approved transfer is not effectuated within the time provided following death or mental incapacity, as required by Section 14.6 of this Agreement;

15.2.11 If Franchisee fails to comply with the covenants in Section 17.2 of this Agreement or fails to obtain execution of the covenants required under Sections 10 or 17.7 of this Agreement;

15.2.12 If, contrary to the terms of Sections 9 or 10 of this Agreement, Franchisee discloses or divulges the contents of the Manual, the Software or other Confidential Information provided to Franchisee by Franchisor;

15.2.13 If Franchisee knowingly maintains false books or records, or submits any false reports to Franchisor;

15.2.14 If Franchisee misuses or makes any unauthorized use of the Proprietary Marks or any other identifying characteristics of the Pacific Perks System, or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein;

15.2.15 If Franchisee refuses to permit Franchisor to inspect the Approved Location, any vehicles used in operation of the Pacific Perks System franchise, or the books, records, or accounts of Franchisee upon demand;

15.2.16 If Franchisee fails to comply with the provisions of Section 13.1 of this Agreement with respect to maintaining insurance coverage for the Pacific Perks System franchise and for the Franchisor. In the event that Franchisee fails to maintain the required insurance coverage by failing to remit a renewal premium on a timely basis, Franchisor shall have the option of paying the past due premium on Franchisee's behalf or terminating this Agreement. If Franchisor elects to pay the premium on Franchisee's behalf, Franchisee shall be required to reimburse Franchisor for that amount;

15.2.17 If Franchisee receives from Franchisor three (3) or more notices to cure a default or violation of this Agreement during any twelve (12) month period, whether or not the default or violation is cured after notice;

15.2.18 If Franchisee fails to comply with the provisions of Section 9 of this Agreement with respect to implementing each new or changed Software requirement; or

15.2.19 If Franchisee fails to comply with the provisions of Section 6 of this Agreement regarding attendance at all required conferences, meetings, training courses, seminars, and programs, including required regional training programs and the annual convention, unless excused in advance and in writing by Franchisor.

15.3 Franchisor, at its option, may operate or license other franchisees to operate Pacific Perks System franchises inside of the Exclusive Territory if Franchisee fails to satisfy the minimum requirements related to Gross Revenues set forth in Section 7.7 of this Agreement without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice by Franchisor.

15.4 If Franchisee fails, refuses, or neglects promptly to pay any monies owing to Franchisor or its affiliates when due or to submit the financial or other information required by Franchisor under this Agreement, Franchisee shall have ten (10) days after its receipt from Franchisor of a written notice of default within which to cure the default. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee, effective immediately upon the expiration of the period.

15.5 Except as otherwise provided in Sections 15.1, 15.2, 15.3 and 15.4 of this Agreement, Franchisee shall have thirty (30) days after its receipt from Franchisor of a written notice of default within which to remedy any other default under this Agreement and to provide evidence thereof to Franchisor. Franchisee may avoid termination by immediately initiating a remedy to cure such default and curing it to Franchisor's satisfaction within the thirty (30) day period (or within such longer time period as Franchisor may reasonably specify), and by promptly providing proof thereof to Franchisor. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee, effective immediately upon the expiration of the period. Franchisee shall be in default pursuant to this Section 15.5 for failure substantially to comply with any of the requirements imposed by this Agreement, as it may from time to time be reasonably supplemented by the Manual, or failure to carry out the terms of this Agreement in good faith. Such defaults include, but are not limited to, the following:

15.5.1 If Franchisee fails to operate the Pacific Perks System franchise in strict compliance with the mandatory policies, procedures, regulations and standards prescribed by

Franchisor in this Agreement, the Manual, or otherwise in writing;

15.5.2 If Franchisee fails to offer Franchisor's packages of goods and services as established by Franchisor from time to time as required by Section 7;

15.5.3 If Franchisee fails to promptly pay all Franchisee's expenses incurred in the operation of the Pacific Perks System franchise;

15.5.4 Except as provided in Section 15.2.8 hereof, if Franchisee fails, refuses, or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement;

15.5.5 If Franchisee acts, or fails to act, in any manner which is inconsistent with or contrary to its lease or sublease for the Approved Location, or in any way jeopardizes its right to renewal of such lease or sublease; or

15.5.6 If Franchisee engages in any business or markets any service or product under a name or mark which, in Franchisor's opinion, is confusingly similar to the Proprietary Marks.

16. **OBLIGATIONS UPON TERMINATION OR EXPIRATION**

16.1 Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall forthwith terminate, and:

16.1.1 Franchisee shall immediately cease to operate the Pacific Perks System franchise, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

16.1.2 Franchisee shall immediately cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the Pacific Perks System; the Proprietary Marks and all other distinctive forms, slogans, signs, domain names, symbols, and devices associated with the Pacific Perks System. Without limiting the foregoing, Franchisee shall immediately cease to use all signs, advertising materials, vehicle wraps, displays, stationery, forms, brochures, business cards, products, domain names and any other articles that display the Proprietary Marks.

16.1.3 Franchisee shall immediately cancel any trade or fictitious name registration or similar registrations obtained by Franchisee which contain or reference any of the Proprietary Marks. Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within ten (10) days after termination or expiration of this Agreement.

16.1.4 Franchisee shall immediately transfer or assign to Franchisor or to its designee all telephone numbers (including cell phone numbers) and email addresses used in operation of the Pacific Perks System franchise. Franchisee shall cancel and cause to be removed from further publication or display, whether print or electronic, all telephone advertisements and listings, websites, domain names, internet or social media addresses or contacts, and all other sources of advertisement and promotion used in operation of the Pacific Perks System franchise. Franchisee appoints Franchisor its true and lawful agent and attorney-in-fact to take such action, and to execute all such documents in its name and on its behalf as may be necessary, to complete these assignments and cancellations on behalf of Franchisee. Franchisee shall not use the telephone numbers, advertisements, listings, websites, domain names, email addresses, internet or social media addresses or contacts, or any other sources of advertisement and promotion used in operation of the Pacific Perks System franchise in connection with any other business owned, operated by or affiliated with Franchisee or its owners, or for any other purpose whatsoever.

16.1.5 Franchisee shall immediately make such modifications or alterations to the Approved Location and any vehicles used in operation of the Pacific Perks System franchise as may be necessary to distinguish the appearance of the Approved Location and such vehicles from those used by other Pacific Perks System franchises under the Pacific Perks System and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose.

16.1.6 Franchisee shall immediately cease using or operating any Online Presence related to the Pacific Perks System franchise or the Proprietary Marks and take any action as may be required to disable such Online Presence. At Franchisor's election, Franchisee shall transfer exclusive control and access of such Online Presence to Franchisor. For purposes of this Section 16.1.6, "Online Presence" shall mean any website, domain name, email address, social media account, username, other online presence, or presence on any electronic medium of any kind.

16.1.7 In the event Franchisee continues to operate or subsequently begins to operate any other business, Franchisee shall not use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which, in Franchisor's opinion, is likely to cause confusion, mistake, or deception, or which, in Franchisor's opinion, is likely to dilute Franchisor's rights in and to the Proprietary Marks. Franchisee shall not use any designation of origin or description or representation, which, in Franchisor's opinion, falsely suggests or represents an association or connection with Franchisor.

16.1.8 Franchisee shall immediately pay all sums owing to Franchisor and its affiliates. In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including attorneys' fees and disbursements, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid-in-full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee and used in the operation of the Pacific Perks System franchise at the time of default.

16.1.9 Franchisee shall immediately pay to Franchisor all damages, costs, and expenses, including attorneys' fees and disbursements, incurred by Franchisor subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Article 16.

16.1.10 Franchisee shall immediately deliver to Franchisor the Manual and all other records, correspondence, and instructions containing Confidential Information relating to the operation of the Pacific Perks System franchise, all of which are acknowledged to be the property of Franchisor and shall retain no copy or record of any of the foregoing.

16.1.11 Franchisee shall immediately discontinue any use of the Software and any information or data generated with and stored by the Software, all of which are acknowledged to be property of Franchisor. Notwithstanding the foregoing, upon request made within ninety (90) days after termination or expiration of this Agreement, Franchisor shall make available to Franchisee a complete and secure download file in .pdf format of each food and beverage products and services report generated with and stored by the Software. In the event Franchisee fails to timely request such data as provided herein, Franchisee shall relinquish all right and interest in such data, and Franchisor shall have no further obligation to maintain or store such data.

16.1.12 Franchisee shall immediately procure, at Franchisee's expense, an extended coverage insurance policy protecting Franchisee, Franchisor, and their respective officers, directors, partners, and employees against any demand or claim with respect to any loss or expense arising from operation of the Pacific Perks System franchise. Such policy shall be written by a responsible carrier acceptable to Franchisor, shall name Franchisor as an additional insured, and shall provide at least the types and minimum amounts of coverage specified in the Manual as of the date of termination or expiration. The term of the extended coverage period shall not be less than two (2) years.

16.1.13 Franchisor shall have the option, to be exercised within thirty (30) days after termination, to purchase from Franchisee any or all of the furnishings, equipment, signs, and fixtures related to the operation of the Pacific Perks System franchise at Franchisee's depreciated book value, to purchase any or all supplies and inventory of the Pacific Perks System franchise at Franchisee's cost or depreciated book value, whichever is less, and to purchase any and all merchantable inventory of the Pacific Perks System franchise bearing any of the Proprietary Marks at Franchisee's cost minus twenty (20%) percent. If the parties cannot agree on the price of any such items within a reasonable time, an independent appraisal shall be conducted and the appraiser's determination shall be binding. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee, and the cost of the appraisal, if any, against any payment therefore.

16.1.14 Franchisee shall comply with the covenants contained in Section 17.3 of this Agreement.

16.2 The provisions of Sections 10, 16.1 through 16.1.14, 17.1 through 17.7, 20.3, 22, 24.1 through 24.6, and 25.1 through 25.11 of this Agreement shall survive expiration or termination of this Agreement.

17. **ADDITIONAL COVENANTS**

17.1 Franchisee covenants that during the term of this Agreement or any renewals thereof, except as otherwise approved in writing by Franchisor, Franchisee shall devote its full time and best efforts to the management and operation of the Pacific Perks System franchise, and in recommending, promoting and encouraging patronage of all Pacific Perks System franchises. If Franchisee is a corporation, limited liability company, or partnership, such Franchisee must select a shareholder with a beneficial interest of at least fifty percent (50%) of the voting shares of Franchisee, a member with a beneficial interest of at least fifty percent (50%) of the voting membership units of Franchisee, or a general partner or partners with a beneficial interest of at least fifty percent (50%) of Franchisee, acceptable to Franchisor in Franchisor's sole discretion, to devote his, her or their full time and best efforts to the Pacific Perks food and beverage products and services franchise. Such selection shall not be changed by Franchisee without the written consent of Franchisor.

17.2 Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable, specialized training, Trade Secrets and Confidential Information, including, but not limited to, information regarding the operation, sales, promotion, and marketing methods and techniques of Franchisor and the Pacific Perks System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee, or if Franchisee is a corporation or limited liability company, then its officers, directors, shareholders, and members shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity:

17.2.1 Divert or attempt to divert any present or prospective business or customer of any Pacific Perks System franchise to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the Pacific Perks System; or

17.2.2 Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any interest in (as owner or otherwise) any business that offers products or services which are the same as or similar to the products and services being offered by the Pacific Perks System franchise under the Pacific Perks System.

17.3 Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee, or if the Franchisee is a corporation or limited liability company, then its officers, directors, shareholders, and members shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement (regardless of the cause for termination) and continuing for two (2) years thereafter (and in the case of any violation of this covenant, for two (2) years after the violation ceases), either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any business that offers products or services which are the same as or similar to the products or services offered by the Pacific Perks System franchise under the Pacific Perks System within the Exclusive Territory.

17.4 Sections 17.2.2 and 17.3 of this Agreement shall not apply to ownership by Franchisee of a less than five (5%) percent beneficial interest in the outstanding equity securities of any publicly-traded corporation which has securities registered under Section 12 (b) or Section 12 (g) of the Securities and Exchange Act of 1934, as amended ("Publicly-Traded Company").

17.5 Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 17.2 or 17.3 of this Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 23 hereof.

17.6 The covenants of this Section 17 shall be construed as agreements independent of any other provision in this Agreement or any other agreement by, between, among, or affecting Franchisor and Franchisee, and the existence of any claim or cause of action of Franchisee against Franchisor, whether based on this Agreement or otherwise, shall not constitute a defense to the enforcement of this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 17.

17.7 At Franchisor's request, Franchisee shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Section 17 (including covenants applicable upon the termination of a person's relationship with Franchisee) from any or all of the following persons: (i) all managers of Franchisee and any other personnel employed by Franchisee who have received or will receive training from Franchisor; (ii) all officers, directors, and holders of a beneficial interest of five (5%) percent or more of the securities of Franchisee, and of any corporation or limited liability company directly or indirectly controlling, controlled by, or under common control with, Franchisee, if Franchisee is a corporation or limited liability company; and (iii) the general partners and any limited partners (including any corporation or limited liability company, and the officers, directors, and holders of a beneficial interest of five percent (5%) or more of the shares or membership units of any corporation or limited liability company which controls, directly or indirectly, any general or limited partner), if Franchisee is a partnership. Every covenant required by this Section 17.7 shall be in a form approved by Franchisor, including, but not limited to, specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them.

18. **CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP FRANCHISEE**

18.1 If Franchisee is a corporation, Franchisee shall comply with the following requirements:

18.1.1 Franchisee shall be newly organized and its charter shall at all times provide that its activities are confined exclusively to operating the Pacific Perks System franchise;

18.1.2 Copies of Franchisee's Articles of Incorporation, Bylaws, unanimous shareholder agreements, and other governing documents, and any amendments thereto, including the resolution of the Board of Directors authorizing entry into this Agreement, shall be promptly furnished to Franchisor;

18.1.3 Franchisee shall maintain stop-transfer instructions on its records against the transfer of any voting securities; and each stock certificate of Franchisee shall have conspicuously endorsed upon its face a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section 18.1.3 shall not apply to a Publicly-Traded Company; and

18.1.4 Franchisee shall maintain a current list of all owners of record and all beneficial owners of any class of voting securities of Franchisee and shall furnish the list to Franchisor upon request.

18.2 If Franchisee is a limited liability company, Franchisee shall comply with the following requirements:

18.2.1 Franchisee shall be newly organized and its Articles of Organization shall at all times provide that its activities are confined exclusively to operating the Pacific Perks System franchise;

18.2.2 Copies of Franchisee's Articles of Organization, Operating Agreement, and other governing documents, and any amendments thereto, including the resolution of the members authorizing entry into this Agreement, shall be promptly furnished to Franchisor;

18.2.3 Franchisee shall maintain stop-transfer instructions on its records against the transfer of any voting membership units; and

18.2.4 Franchisee shall maintain a current list of all owners of record and all beneficial owners of any class of membership units of Franchisee and shall furnish the list to Franchisor upon request.

18.3 If Franchisee is a partnership, Franchisee shall comply with the following requirements:

18.3.1 Franchisee shall furnish Franchisor with a copy of its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto; and

18.3.2 Franchisee shall prepare and furnish to Franchisor, upon request, at any time, a list of all general and limited partners in Franchisee.

19. TAXES, PERMITS, AND INDEBTEDNESS

19.1 Franchisee shall promptly pay when due all taxes levied or assessed, including, but not limited to, unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the operation of the Pacific Perks System franchise. Franchisee shall pay to Franchisor an amount equal to any sales tax, gross receipts tax, use tax, or similar tax (other than income tax) imposed on Franchisor with respect to any payments to Franchisor required under this Agreement.

19.2 In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law, but in no event shall Franchisee permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the Approved Location, any improvements thereon, or any assets of Franchisee.

19.3 Franchisee shall comply with all federal, state, municipal and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Pacific Perks System franchise, including, but not limited to, professional licenses, licenses to do business, trade or fictitious name registrations, and sales tax permits.

19.4 Franchisee shall immediately notify Franchisor in writing of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Pacific Perks System franchise.

20. **INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

20.1 It is understood and agreed by the parties that this Agreement does not create a fiduciary relationship between them, that Franchisee shall be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever.

20.2 During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor operating the Pacific Perks System franchise pursuant to a franchise agreement from Franchisor. Franchisee agrees to take such action as may be necessary to do so, including, but not limited to, exhibiting a notice of that fact in a conspicuous place at the Approved Location or in materials used by Franchisee, the content of which Franchisor reserves the right to specify.

20.3 Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Franchisee in its operation of the business franchised hereunder or for any claim or judgment arising therefrom against Franchisee or Franchisor. Franchisee shall indemnify and hold Franchisor, and Franchisor's officers, directors, and employees harmless against any and all claims, losses, costs, expenses, liabilities, and damages arising directly or indirectly from, as a result of, or in connection with Franchisee's operation of the Pacific Perks System franchise, as well as the costs, including attorneys' fees, of defending against them.

21. **APPROVALS AND WAIVERS**

21.1 Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefore, and, unless specifically provided otherwise herein, such approval or consent by Franchisor must be obtained in writing.

21.2 Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefore.

21.3 No failure of Franchisor to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand strict compliance with any of the terms hereof. Waiver by Franchisor of any particular default of Franchisee shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar, or different nature; nor shall any delay, forbearance, or omission of Franchisor to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by Franchisor of any payments due to it hereunder, in whole or in part, shall not be deemed to be a waiver by Franchisor of a preceding breach by Franchisee of any terms, covenants, or conditions of this Agreement. Franchisor may, in its sole discretion, waive or modify any obligation of other franchisees under agreements similar to this Agreement, and no such waiver or modification shall obligate Franchisor to grant a similar waiver or modification to Franchisee.

22. **NOTICES**

22.1 Any and all notices required or permitted under this Agreement (except for notices by Franchisor to Franchisee that apply to the entire System) shall be in writing and shall be personally delivered, sent by registered mail, sent by overnight delivery or sent by other means which affords the sender evidence of delivery or attempted delivery to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:

Natalie Fairchild, CEO
PACIFIC PERKS FRANCHISING LLC
9014 NE St. John’s Road, Suite 111
Vancouver, Washington 98665

Notices to Franchisee:

22.2 Any notice by a means which affords the sender evidence of delivery or attempted delivery shall be deemed to have been given and received at the date and time of receipt or attempted delivery, provided, however, if delivery or attempted delivery is on a holiday or weekend, delivery shall be deemed to have been given and received on the next business day.

22.3 Franchisor may provide notices to Franchisee under this Agreement using any communication means regularly used by Franchisor for systemwide communications if the subject of the notice equally applies to all Pacific Perks franchisees in the System.

23. **ENTIRE AGREEMENT**

This Agreement, the preambles and Attachments to this Agreement, if any, and the documents referred to herein constitute the entire Agreement between Franchisor and Franchisee concerning the subject matter hereof and supersede any prior written or oral agreements or representations. Nothing in this or in any related agreement is intended to disclaim the representations made in the franchise disclosure document that was furnished by Franchisor to Franchisee. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

24. **SEVERABILITY AND CONSTRUCTION**

24.1 If, for any reason, any section, part, term, provision, and/or covenant herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such determination shall not impair the operation of, or have any other effect upon, any other portions, sections, parts, terms, provisions, and/or covenants of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, provisions, and/or covenants shall be deemed not to be a part of this Agreement.

24.2 Any provision or covenant of this Agreement, which expressly or by its nature imposes obligations beyond the expiration, or termination of this Agreement survive such expiration or termination.

24.3 Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, their respective officers, directors, and employees, and any of Franchisor's successors and assigns as may be contemplated by Section 14 of this Agreement, any rights or remedies under or by reason of this Agreement.

24.4 Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, or that may result from striking from any of the provisions hereof any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order.

24.5 This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute one and the same instrument.

24.6 The headings and captions contained herein are for the purpose of convenience and reference only and are not to be construed as a part of this Agreement. All terms and words used herein shall be construed to include the number and gender as the context of this Agreement may require. Unless specifically referenced otherwise, the parties agree that each section of this Agreement shall be construed independently of any other section or provision of this Agreement.

25. **DISPUTE RESOLUTION AND APPLICABLE LAW**

25.1 Except as otherwise provided in this Agreement, the parties hereby pledge and agree that prior to filing any arbitration or lawsuit (other than suits to seek provisional remedies, including injunctions and as otherwise described below) relating to any controversies, claims or disputes between Franchisor and Franchisee of whatever kind or nature, whether arising out of or relating to the negotiation, performance or breach of this or any other agreement or otherwise (each, a "Dispute"), they shall first attempt to resolve any Dispute pursuant to mediation conducted in accordance with the Rules of Practice and Procedure of **Judicial Arbitration & Mediation Services, Inc.** ("JAMS") unless the parties agree on alternative rules and a mediator within fifteen (15) days after either party first gives notice of mediation. Mediation shall be conducted in Vancouver, Washington and shall be conducted and completed within forty-five (45) days following the date either party first gives notice of mediation. The fees and expenses of the mediator shall be shared equally by the parties. The mediator shall be disqualified as a witness, expert or counsel for any party with respect to any suit and any related matter. Mediation is a compromise negotiation and shall constitute privileged communications under Applicable Laws. The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation. If the parties fail to fully resolve such dispute through mediation within such forty-five (45)-day period, either party may initiate arbitration in accordance with Section 25.2 of this Agreement.

25.2 If the parties cannot fully resolve and settle any Dispute through mediation as set forth in Section 25.1, any controversy or claim between Franchisor and Franchisee arising out of or relating to this Agreement or any alleged breach hereof, and any issues pertaining to the arbitrability of such controversy or claim and any claim that this Agreement or any part hereof is invalid, illegal, or otherwise voidable or void, shall be submitted to binding arbitration. Said arbitration shall be conducted before and will be heard by a single arbitrator in accordance with the then-current Rules of Practice and Procedure of JAMS, except the parties shall be entitled to limited discovery, including depositions. If JAMS or any successor thereto, is no longer in existence at the time arbitration is commenced, Franchisor and Franchisee will agree on another arbitration organization to conduct the arbitration proceeding. Judgment upon any award rendered may be entered in any Court having jurisdiction thereof. The arbitration proceedings, including without limitation all conferences, preliminary hearings and dispositive hearings, shall be held in Vancouver, Washington. All arbitration proceedings and claims shall be filed and prosecuted separately and individually in the name of Franchisee and Franchisor, and not in any class action or representative capacity, and shall not be joined with or consolidated with claims asserted by or against any other franchisee. The arbitrator shall have no power or authority to grant punitive or exemplary damages as part of its award. In no event may the material provisions of this Agreement including, but not limited to the method of operation, authorized product line sold or monetary obligations specified in this Agreement, amendments to this Agreement be modified or changed by the arbitrator at any arbitration hearing. The parties acknowledge that the arbitrators' subpoena power is not subject to geographical limitations. Nothing herein shall limit Franchisor's rights or remedies in connection with any action in any court of competent jurisdiction for injunctive or other provisional relief that Franchisor deems necessary or appropriate to compel Franchisee to comply with Franchisee's obligations under this Agreement to protect the Proprietary Marks, enforcement of liens, security agreements, or attachment, as Franchisor deems to be necessary or appropriate to compel Franchisee to comply with the restrictive covenants in this Agreement; any claim or dispute involving or contesting the validity of any of the Marks or Patent; any action to protect Franchisor's rights in the Marks, the System, or in any of Franchisor's specialized training, Trade Secrets, Confidential Materials and Practices, or other confidential or proprietary information; or any action seeking compliance with post-termination obligations, brought at any time, including prior to or during the pendency of any mediation or arbitration proceedings under Sections 25.1 or 25.2, provided that, Franchisee agrees that Franchisor may have temporary or preliminary injunctive relief without bond, but upon due notice, and Franchisee's sole remedy in the event of the entry of such injunctive relief will be the dissolution of the injunctive relief, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any the injunction being expressly waived). The award and decision of the arbitrator shall be conclusive and binding on all parties. Judgment upon the arbitration award, including, without limitation, any interim award for interim relief, may be entered in any court with jurisdiction thereof. The arbitration and the parties' agreement therefor shall be deemed to be self- executing, and if either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party despite said failure to appear. All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained herein shall be governed by the Federal Arbitration Act (9 U.S.C. § 1 et seq.), notwithstanding any provision of this Agreement specifying the state law under which this Agreement shall be governed and construed. Except as provided in the preceding sentence respecting arbitration law, the resolution of all disputes between the parties hereunder, whether in tort and regardless of the place of injury or the place of the alleged wrongdoing or whether arising out of or related to the parties' contractual relationship, shall be governed by the laws of the State of Washington, without regard to choice of law principles. Each party waives any right to contest the validity or enforceability of such award. The parties shall be bound by the provisions of any limitation on the period of time by which claims must be brought. The parties agree that, in connection with any such arbitration proceeding, each will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceedings as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be barred.

25.3 FRANCHISOR AND FRANCHISEE KNOWINGLY, VOLUNTARILY AND INTENTIONALLY AGREE TO WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING. Any and all claims and actions arising out of or relating to this Agreement, the relationship of Franchisee and Franchisor, or Franchisee's operation of the Pacific Perks System franchise, brought by any party hereto against the other, except for claims for payment of financial obligations of Franchisee, shall be commenced within one (1) year from the discovery of the facts giving rise to such claim or action, or such claim or action shall be barred.

25.4 FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR PUNITIVE, MULTIPLE, EXEMPLARY AND/OR CONSEQUENTIAL DAMAGES, EXCEPT THAT FRANCHISOR SHALL BE FREE AT ANY TIME HEREUNDER TO BRING AN ACTION FOR WILLFUL TRADEMARK INFRINGEMENT AND, IF SUCCESSFUL, TO RECEIVE AN AWARD OF MULTIPLE DAMAGES AS PROVIDED BY LAW.

25.5 FRANCHISOR AND FRANCHISEE EXPRESSLY AGREE THAT NO PARTY BOUND BY THIS AGREEMENT MAY RECOVER DAMAGES FOR ECONOMIC LOSS ATTRIBUTABLE TO NEGLIGENT ACTS OR OMISSIONS EXCEPT FOR CONDUCT WHICH IS DETERMINED TO CONSTITUTE GROSS NEGLIGENCE OR ANY INTENTIONAL WRONG.

25.6 FRANCHISOR AND FRANCHISEE EXPRESSLY AGREE THAT IN THE EVENT OF ANY FINAL ADJUDICATION OR APPLICABLE ENACTMENT OF LAW THAT PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES MAY NOT BE WAIVED, ANY RECOVERY BY ANY PARTY IN ANY FORUM SHALL NEVER EXCEED TWO (2) TIMES ACTUAL DAMAGES, except for an award of multiple damages to Franchisor for willful trademark infringement, as provided by law.

25.7 Nothing herein contained shall bar Franchisor's right to obtain injunctive relief a court of competent jurisdiction against threatened conduct that shall cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions; and Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining such relief.

25.8 This Agreement shall be deemed to have been made in, and shall be interpreted, construed and governed by the laws of, the State of Washington. Franchisee acknowledges that this Agreement is to be performed in part through services rendered to Franchisee in Washington.

25.9 NO PARTY SHALL INITIATE OR PARTICIPATE IN ANY CLASS ACTION

LITIGATION CLAIM AGAINST ANY OTHER PARTY BOUND HEREBY.

25.10 The provisions of this Section 25 shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement, however effected.

26. **FORCE MAJEURE**

Franchisor shall not be liable to Franchisee or be deemed to be in default of this Agreement, for any delay or failure of delivery of any products or services supplied by Franchisor to Franchisee resulting from any cause beyond Franchisor's reasonable control, including, but not limited to, weather conditions, endemic or pandemic, acts of God, laws, regulations, or government orders, labor disputes, supply chain disruptions, shortages of materials, or war, acts of terrorism, riot or civil unrest.

27. **ACKNOWLEDGEMENTS**

27.1 Franchisee acknowledges that it has conducted an independent investigation of the business franchised hereunder and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Franchisee (or, if Franchisee is a corporation, limited liability company, or partnership, the ability of its principals) as an independent businessperson. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

27.2 Franchisee acknowledges that Franchisor or its agent has provided Franchisee with a Franchise Disclosure Document fourteen (14) calendar days before the execution of this Agreement, or fourteen (14) calendar days before any payment of any consideration. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its content.

27.3 Franchisee acknowledges that it received a complete copy of this Agreement, the Attachments hereto, and agreements relating thereto, if any, prior to the date on which this Agreement was executed.

27.4 Franchisee acknowledges that it has read and understands this Agreement, the Attachments hereto, and agreements relating thereto, if any, and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.

27.5 No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

28. **ATTACHMENTS**

The following Attachments are hereby made a part of this Agreement:

Attachment A-Territory
Attachment B-Entity Information
Attachment C-Continuing Guaranty
Attachment D-Authorization for Electronic Fund Transfer (EFT/ACH)
Attachment E-Confidentiality and Non-Compete Agreement

IN WITNESS WHEREOF, the parties hereto, intending to be bound, have duly executed this Agreement on the Effective Date.

FRANCHISOR:

PACIFIC PERKS FRANCHISING LLC

By:
Name and Title:

FRANCHISEE:

[NAME OF FRANCHISEE]

By:
Name and Title:

ATTACHMENT B

ENTITY INFORMATION

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

(1) Franchisee is a (check as applicable):
[ ] corporation
[ ] limited liability company [ ]
general partnership
[ ] limited partnership
[ ] Other (specify): ____

(2) Franchisee shall provide to Franchisor concurrently with the execution hereof true and accurate copies of its charter documents including Articles of Incorporation, Bylaws, Articles of Organization, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing (“**Entity Documents**”).

(3) Franchisee promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee.

(4) The name and address of each of Franchisee’s Owners, partners, members, manager or general partner:

Name	Address	Number of Shares / % Interest

(5) There is set forth below the names, and addresses and titles of Franchisee’s principal officers or partners who will be devoting their full time to the Business:

Name	Title	Address

(6) The address where Franchisee’s Financial Records, and Entity records (e.g., Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc.) are maintained is:

ATTACHMENT C

CONTINUING GUARANTY

FOR VALUE RECEIVED, and in consideration of **Pacific Perks Franchising LLC**, a Washington limited liability company ("**Franchisor**"), **[granting a franchise]** to ___________________, a ______________________("**Franchisee**"), the undersigned, __________________________________ and ___________________________(**[jointly and severally,]** "**Guarantor**"), agree as follows effective as of _____________________, 202_ ("**Effective Date**"):

1. Guaranty of Obligations.

1.1 Guarantor unconditionally, absolutely and irrevocably guarantees the full and prompt payment and performance when due, of all obligations of Franchisee to Franchisor and its affiliates, however created, arising or evidenced, whether direct or indirect, absolute or contingent, or now or in the future existing or due or to become due, including, without limitation, under or in connection with that certain Franchise Agreement dated ________________, 202_ (the "**Franchise Agreement**") and each of the documents, instruments and agreements executed and delivered in connection with the Franchise Agreement or this continuing guaranty, as each may be modified, amended, supplemented or replaced from time to time (all such obligations are referred to collectively as the "**Obligations**"), and all documents evidencing or securing any of the Obligations. This continuing guaranty (this "**Continuing Guaranty**") is a guaranty of payment and performance when due and not of collection.

1.2 In the event of any default by Franchisee in making payment of, or default by Franchisee in performance of, any of the Obligations, Guarantor agrees on demand by Franchisor to pay and perform all of the Obligations as are then or thereafter become due and owing or are to be performed under the terms of the Obligations. Guarantor further agrees to pay all expenses (including reasonable attorneys' fees and expenses) paid or incurred by Franchisor in endeavoring to collect the Obligations, or any part thereof, and in enforcing this Continuing Guaranty.

2. Continuing Nature of Guaranty and Obligations. This Continuing Guaranty shall be continuing and shall not be discharged, impaired or affected by: (1) the insolvency of Franchisee or the payment in full of all of the Obligations at any time or from time to time; (2) the power or authority or lack thereof of Franchisee to incur the Obligations; (3) the validity or invalidity of any of the Obligations; (4) the existence or non-existence of Franchisee as a legal entity; (5) any statute of limitations affecting the liability of Guarantor or the ability of Franchisor to enforce this Continuing Guaranty, the Obligations or any provision of the Obligations; or (6) any right of offset, counterclaim or defense of Guarantor, including, without limitation, those which have been waived by Guarantor pursuant to Paragraph 4 of this Continuing Guaranty.

3. Permitted Actions of Franchisor. Franchisor may from time to time, in its sole discretion and without notice to Guarantor, take any or all of the following actions: (1) retain or obtain the primary or secondary obligation of any obligor or obligors, in addition to Guarantor, with respect to any of the Obligations; (2) extend or renew for one or more periods (whether or not longer than the original period), alter, amend or exchange any of the Obligations; (3) waive, ignore or forbear from taking action or otherwise exercising any of its default rights or remedies with respect to any default by Franchisee under the Obligations; (4) release, waive or compromise any obligation of Guarantor under this Continuing Guaranty or any obligation of any nature of any other obligor primarily or secondarily obligated with respect to any of the Obligations; (5) demand payment or performance of any of the Obligations from Guarantor at any time or from time to time, whether or not Franchisor shall have exercised any of its rights or remedies with respect to any property securing

any of the Obligations or any obligation under this Continuing Guaranty; or (6) proceed against any other obligor primarily or secondarily liable for payment or performance of any of the Obligations.

4. Specific Waivers.

4.1 Without limiting the generality of any other provision of this Continuing Guaranty, Guarantor expressly waives: (i) notice of the acceptance by Franchisor of this Continuing Guaranty; (ii) notice of the existence, creation, payment, nonpayment, performance or non-performance of all or any of the Obligations; (iii) presentment, demand, notice of dishonor, protest, notice of protest and all other notices whatsoever with respect to the payment or performance of the Obligations or the amount thereof or any payment or performance by Guarantor under this Agreement; (iv) all diligence in collection or protection of or realization upon the Obligations or any thereof, any obligation under this Agreement or any security for or guaranty of any of the foregoing; (v) any right to direct or affect the manner or timing of Franchisor's enforcement of its rights or remedies; (vi) any and all defenses which would otherwise arise upon the occurrence of any event or contingency described in Paragraph 1 hereof or upon the taking of any action by Franchisor permitted under this Agreement; (vii) any defense, right of set-off, claim or counterclaim whatsoever and any and all other rights, benefits, protections and other defenses available to Guarantor now or at any time hereafter, including, without limitation, under any suretyship statute of the State of Washington; and (viii) all other principles or provisions of law, if any, that conflict with the terms of this Continuing Guaranty, including, without limitation, the effect of any circumstances that may or might constitute a legal or equitable discharge of a guarantor or surety.

4.2 Guarantor waives all rights and defenses arising out of an election of remedies by Franchisor.

4.3 Guarantor further waives all rights to revoke this Continuing Guaranty at any time, and all rights to revoke any agreement executed by Guarantor at any time to secure the payment and performance of Guarantor's obligations under this Continuing Guaranty.

5. Subordination; Subrogation. Guarantor subordinates any and all indebtedness of Franchisee to Guarantor to the full and prompt payment and performance of all of the Obligations. Franchisor shall be entitled to receive payment of all Obligations prior to Guarantor's receipt of payment of any amount of any indebtedness of Franchisee to Guarantor. Guarantor will not exercise any rights which it may acquire by way of subrogation under this Continuing Guaranty, by any payment hereunder or otherwise, until all of the Obligations have been paid in full, in cash, and Franchisor shall have no further obligations to Franchisee under the Obligations or otherwise.

6. Confidentiality, Non-Competition; etc. Section 10 (Confidential Information) of the Franchise Agreement and the Non-Competition provisions of Attachment E of the Franchise Agreement, are incorporated into this Guaranty of Agreements by reference, and Guarantor agrees to comply with and perform each of such covenants as though fully set forth in this Guaranty of Agreements as a direct and primary obligation of Guarantor.

7. Assignment of Franchisor's Rights. Franchisor may, from time to time, without notice to Guarantor, assign or transfer any or all of the Obligations or any interest therein and, notwithstanding any assignment(s) or transfer(s), the Obligations shall be and remain Obligations for the purpose of this Continuing Guaranty. Each and every immediate and successive assignee or transferee of any of the Obligations or of any interest therein shall, to the extent of such party's interest in the Obligations, be entitled to the benefits of this Continuing Guaranty to the same extent as if such assignee or transferee were Franchisor.

8. Indulgences Not Waivers. No delay in the exercise of any right or remedy shall operate as a waiver of the such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude

other or further exercise of such right or remedy or the exercise of any other right or remedy; nor shall any modification or waiver of any of the provisions of this Continuing Guaranty be binding upon Franchisor, except as expressly set forth in a writing signed by Franchisor. No action of Franchisor permitted under this Continuing Guaranty shall in any way affect or impair the rights of Franchisor or the obligations of Guarantor under this Continuing Guaranty.

9. Financial Condition of Franchisee. Guarantor represents and warrants that it is fully aware of the financial condition of Franchisee, and Guarantor delivers this Continuing Guaranty based solely upon its own independent investigation of Franchisee's financial condition. Guarantor waives any duty on the part of Franchisor to disclose to Guarantor any facts it may now or hereafter know about Franchisee, regardless of whether Franchisor has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume or has reason to believe that such facts are unknown to Guarantor. Guarantor knowingly accepts the full range of risk encompassed within a contract of "Continuing Guaranty" which includes, without limitation, the possibility that Franchisee will contract for additional obligations and indebtedness for which Guarantor may be liable hereunder.

10. Representation and Warranty. Guarantor represents and warrants to Franchisor that this Continuing Guaranty has been duly executed and delivered by Guarantor and constitutes a legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms.

11. Binding Upon Successors; Death of Guarantor; Joint and Several.

11.1 This Continuing Guaranty shall inure to the benefit of Franchisor and its successors and assigns.

11.2 All references herein to Franchisee shall be deemed to include its successors and permitted assigns, and all references herein to Guarantor shall be deemed to include Guarantor and Guarantor's successors and permitted assigns and, upon the death of a Guarantor, the duly appointed representative, executor or administrator of the Guarantor's estate. This Continuing Guaranty shall not terminate or be revoked upon the death of a Guarantor, notwithstanding any knowledge by Franchisor of a Guarantor's death.

11.3 If there shall be more than one Guarantor (or more than one person or entity comprises Guarantor) under this Agreement, all of the Guarantor's obligations and the other obligations, representations, warranties, covenants and other agreements of any Guarantor under this Agreement shall be joint and several obligations and liabilities of each Guarantor.

11.4 In addition and notwithstanding anything to the contrary contained in this Continuing Guaranty or in any other document, instrument or agreement between or among any of Franchisor, Franchisee, Guarantor or any third party, the obligations of Guarantor with respect to the Obligations shall be joint and several with each and every other person or entity that now or hereafter executes a guaranty of any of the Obligations separate from this Continuing Guaranty.

12. Governing Law. This Continuing Guaranty shall be governed by and construed in accordance with the laws of the State of Washington. Wherever possible each provision of this Continuing Guaranty shall be interpreted as to be effective and valid under applicable law, but if any provision of this Continuing Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Continuing Guaranty.

13. ADVICE OF COUNSEL. GUARANTOR ACKNOWLEDGES THAT GUARANTOR HAS EITHER OBTAINED THE ADVICE OF COUNSEL OR HAS HAD THE OPPORTUNITY TO OBTAIN SUCH ADVICE IN CONNECTION WITH THE TERMS AND PROVISIONS OF THIS CONTINUING GUARANTY.

14. Entire Agreement. This Continuing Guaranty contains the complete understanding of the parties hereto with respect to the subject matter herein. Guarantor acknowledges that Guarantor is not relying upon any statements or representations of Franchisor not contained in this Continuing Guaranty and that such statements or representations, if any, are of no force or effect and are fully superseded by this Continuing Guaranty. This Continuing Guaranty may only be modified by a writing executed by Guarantor and Franchisor.

IN WITNESS WHEREOF, Guarantor has executed this Continuing Guaranty as of the Effective Date.

"GUARANTOR"

____

____

PAGE-4-EXHIBIT C-CONTINUING GUARANTY

PAGE-7-EXHIBIT C-ATTACHMENT C-CONTINUING GUARANTY

ATTACHMENT D

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM
NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

Franchisee Information:

____

Franchisee Name Business No.

____

Franchisee Mailing Address (street) Franchisee Phone No.

____

Franchisee Mailing Address (city, state, zip)

____

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

____

Franchisee Fax No. Franchisee Email Address

Bank Account Information:

____

Bank Name

____

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

☐ Checking ☐Savings

____

Bank Account No. (check one) Bank Routing No. (9 digits)

____

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

Authorization:

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

Signature: ______________________________ Its: ______________________________ Date:

Name: ______________________________ ______________________________

Federal Tax ID Number: _______________________

EXHIBIT C-ATTACHMENT D-ACH PAYMENT AUTHORIZATION FORM

ATTACHMENT E
CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

THIS AGREEMENT is made and entered into on the date set forth below for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, by and between **(Name of Franchisee)** (hereinafter the "Pacific Perks Franchisee") and ____

______________________________ of ____(hereinafter "Recipient"). The parties hereby agree as follows:

Recipient acknowledges and agrees that Recipient is receiving good and valuable consideration in exchange for entering into this Agreement in the form of his/her employment or association with the Pacific Perks Franchisee or his/her continued employment and/or association with the Pacific Perks Franchisee. Recipient also acknowledges and agrees that the Pacific Perks Franchisee is an independently owned and operated franchise business within the Pacific Perks franchise system. Recipient also acknowledges and agrees that as part of Recipient's employment or association with the Pacific Perks Franchisee, Pacific Perks Franchising LLC and the Pacific Perks Franchisee will disclose certain of their confidential and proprietary information ("Confidential Information"), and Recipient acknowledges that Recipient will receive valuable Confidential Information, including without limitation, Trade Secrets, information regarding the operation, sales, promotional, and marketing methods of Pacific Perks Franchising LLC, the Pacific Perks Franchisee, and the Pacific Perks franchise system. Finally, Recipient and the Pacific Perks Franchisee acknowledge and agree that Pacific Perks Franchising LLC is an intended, third-party beneficiary of this Agreement and, therefore, may take independent action to enforce the provisions contained herein.

For purposes of this Agreement, "Confidential Information" includes, without limitation, the following: Trade Secrets; all software, source code, data, materials, products, customer or client information, menus, recipes, manuals, business plans, compilations, evaluations, summaries, evaluation materials, memoranda, disclosure documents, lists, appraisals, analyses, financial information, forecasts, identities of individuals and entities, medical, health or healthcare information, ideas, business strategies, business structures, agreements, designs, or other information developed or prepared by the Franchisor that is confidential, proprietary, or Trade Secret to the Franchisor. The term "Confidential Information" does not include any information which (i) at the time of disclosure, or thereafter, is generally available to or known by the public (other than as a result of a disclosure made directly or indirectly by the Recipient or its representatives), (ii) was available to the Recipient or its representatives on a non-confidential basis from a source other than the Franchisor (provided that such source is not or was not bound by a confidentiality agreement with the Franchisor or had any other duty of confidentiality to the Franchisor known to the Recipient), or (iii) information which is already known to the Recipient or has been independently acquired or developed by the Recipient without violating any of the Recipient's obligations under this Agreement.

For purposes of this Agreement, the term "Trade Secret" means all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing if (a) the owner thereof has taken reasonable measures to keep such information secret; and (b) the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the information.

Based on the foregoing, Recipient agrees that for a continuous uninterrupted period commencing upon the expiration or termination of Recipient's association (whether as officer, director, shareholder, partner, part-owner, manager, employee, independent contractor, agent, or other relationship) with the Pacific Perks Franchisee and continuing for _ _ _ (_) years thereafter, Recipient shall not, within the assigned Exclusive Territory of the Pacific Perks Franchisee identified in Exhibit "A" attached to the Franchise Agreement and incorporated herein by reference (the "Territory") and within a __(_) mile radius of the Territory:

a. either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any business that offers products or services which are the same or similar to the products and services offered by the Pacific Perks Franchisee,

b. contact or attempt to contact, any present or prospective business, referral source, or customer of the Pacific Perks Franchisee; or divert, or attempt to divert, such present or prospective business, referral source, or customer of the Pacific Perks Franchisee to any competitor, by direct or indirect inducement or otherwise; or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Pacific Perks Franchisee, Pacific Perks Franchising LLC or the Pacific Perks franchise system, or

solicit, or attempt to solicit, or hire, or attempt to hire, any employee, independent contractor, or agent of the Pacific Perks Franchisee or otherwise encourage any employee, independent contractor, or agent of the Pacific Perks Franchisee to leave its employ.

Recipient also agrees that it shall keep all Confidential Information and Trade Secrets of Pacific Perks Franchising LLC and the Pacific Perks Franchisee secret and confidential. Recipient shall not disclose any Trade Secret for so long as the Trade Secret meets the definition set forth in this Agreement.

Recipient further agrees that, during the time period in which he/she is employed or associated with the Pacific Perks Franchisee and thereafter, Recipient shall not:

a. copy, duplicate, record, or otherwise reproduce the Confidential Information of the Pacific Perks Franchisee or Pacific Perks Franchising LLC, in whole or in part, or otherwise make the same available to any unauthorized person, or

b. communicate, divulge, or use for the benefit of any other person, partnership, association, or corporation any confidential or proprietary documents, information, knowledge, or know-how concerning the methods of operation of Pacific Perks Franchising LLC or the Pacific Perks Franchisee.

This Agreement shall be governed and construed in accordance with the laws of **(Franchisee's State)** and the Defend Trade Secrets Act of 2016 and Recipient consents to the exclusive jurisdiction of the courts located in Franchisee's State for any dispute arising out of this Agreement. Recipient agrees that in the event of any breach or threatened breach by Recipient, the Pacific Perks Franchisee and/or Pacific Perks Franchising LLC may obtain, in addition to any other legal remedies which may be available, such equitable relief as may be necessary to protect the Pacific Perks Franchisee and/or Pacific Perks Franchising LLC against any such breach or threatened breach.

Having read and understood this Agreement, it is the parties' desire and intent that the provisions hereof be enforced to the fullest extent permissible. Accordingly, if any part of this Agreement is adjudicated to be invalid or unenforceable, then such part shall be deemed amended to delete that portion thus adjudicated to be invalid or unenforceable, such deletion to apply only with respect to the operation of such paragraph. Further, to the extent any provision of such paragraph is deemed to be unenforceable by virtue of its scope, but may be made enforceable by limitation, the parties agree that the same shall, nevertheless, be enforceable to the fullest extent permissible.

INTENDING TO BE LEGALLY BOUND, each of the undersigned has signed this Agreement on the date set forth below:

Date: ____

Pacific Perks Franchisee

__________________________________ __________________________________

Signature of Recipient Signature of Franchise Owner

____

Typed or Printed Name of Recipient

EXHIBIT D

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR PACIFIC PERKS FRANCHISING LLC

The following modifications are made to the Pacific Perks Franchising LLC, a Washington limited liability company ("**Franchisor**," "**us**," "**we**," or "**our**") Franchise Disclosure Document ("**FDD**") given to franchisee ("**Franchisee**," "**you**," or "**your**") and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated August~~August~~ _, 2024 ("**Franchise Agreement**"). When the term "**Franchisor's Choice of Law State**" is used, it means the laws of the state where the Franchisee's business is located. When the term "Supplemental Agreements" is used, it means the Area Development Agreement.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State-Specific Addendum ("**State Addendum**") will modify these agreements to comply with the state's laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

CALIFORNIA

REGISTRATION OF THIS FRANCHISE DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION.

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD.

California Corporations Code Section 31125 requires us to give to you a FDD approved by the Department of Financial Protection and Innovation (DFPI) before we ask you to consider a material modification of your Franchise Agreement.

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

You are advised that California Code of Regulations, Title 10, Chapter 3, Subchapter 2.6. Franchises. §310.114.1 requires as follows:

"(a) General. Each offering circular shall contain the information required by the Uniform Franchise Registration Application, as defined in Section 310.111(b), and as modified by this section.

(b) Manner of Presenting Information. Present the information in the offering circular in a clear, concise fashion that is readily understandable by a person unfamiliar with the franchise business. Define the franchisee as "you" in Item 1 and use this description throughout the offering circular. In Item 1 use the word "we," initials or one or two words to refer to the franchisor. Use different initials or a different one or two words to refer to other persons contracting with the franchisee under the franchise agreement. Except in the 23 Item titles, use these initials or word(s) to describe these persons or entities throughout the offering circular.

(c) California Instructions for the UFOC.

(1) A preface, exhibit or appendix to the UFOC must state: "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 OFFERING CIRCULAR".

(2) "Salesman Disclosure Form" and Item 3.A of the Body of the UFOC: In an initial application to register the offer and sale of a franchise, do not disclose a pending action involving an arrest that did not result in conviction or plea of nolo contendere.

(3) Item 3.C: In addition to the information required by Item 3.C, state whether the franchisor, any person or franchise broker in Item 2 of the UFOC is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange. The information required by this provision may be included in Item 3 or in a preface, exhibit or appendix, which is part of the offering circular. If the information is in a preface, exhibit or appendix, a reference to the preface, exhibit or appendix shall be prominently set forth in Item 3.

(4) Item 5: If the initial fee can vary, include a mathematical formula which enables the franchisee to calculate the specific dollar amount of the franchise fee.

(5) Item 17: Additional Paragraph(s) Required. The paragraph(s) required by this provision may be included in Item 17 or in a preface, exhibit or appendix, which is part of the offering circular. If the paragraph(s) are in a preface, exhibit or appendix, a reference to the preface, exhibit or appendix shall be prominently set forth in Item 17.

(A) In addition to the information required by Item 17, all offering circulars shall contain the following paragraph:

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

(B) If the franchise agreement contains one or more of the provisions referred to in the following paragraph(s), the appropriate paragraph(s) shall be included:

i. 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.).

ii. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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

iv. The franchise agreement requires binding arbitration. The arbitration will occur at (indicate sites) with the costs being borne by (explanation). Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

v. The franchise agreement requires application of the laws of Washington. This provision may not be enforceable under California law.

(6) Item 19: If any earnings claim is made, and the earnings claim figure(s) does (do) not include either costs of sales or operating expenses, then, in addition to the information required by Item 19, all offering circulars shall contain the following statement prominently set forth in Item 19 or set forth in a preface, exhibit or appendix, which is part of the offering circular. If the statement is set forth in a preface, exhibit or appendix, a reference to the preface, exhibit or appendix shall be prominently set forth in Item 19: "The earnings claims figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your (franchised business). Franchisees or former franchisees, listed in the offering circular, may be one source of this information."

FEE DEFERRAL CONDITION REQUIRED BY DFPI: The California DFPI is requiring a fee deferral. The DFPI has determined that we, the franchisor, have not demonstrated that we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you, the franchisee, are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

The Franchise Agreement and the FDD are supplemented by the addition of the following:

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.

The franchisor, any person or franchise broker set forth in Item 2 of the FDD is not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

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

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

The Franchise Agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement requires application of the laws of the State of Washington. This provision may not be enforceable under California law.

Section 31125 of the California Corporations Code requires us to give you a Disclosure Document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

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

Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043.

Item 6 “Other Fees,” is supplemented by the addition of the following statement: “The highest interest rate allowed by law in the State of California is 10%.”

The following URL address is for the franchisor’s website: www.pacificperkscoffee.com.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

~~You are advised that California Code of Regulations, Title 10, Chapter 3, Subchapter 2.6. Franchises. §310.114.1 requires as follows:~~

~~“(a) General. Each offering circular shall contain the information required by the Uniform Franchise Registration Application, as defined in Section 310.111(b), and as modified by this section.~~

~~(b) Manner of Presenting Information. Present the information in the offering circular in a clear, concise fashion that is readily understandable by a person unfamiliar with the franchise business. Define the franchisee as "you" in Item 1 and use this description throughout the offering circular. In Item 1 use the word "we," initials or one or two words to refer to the franchisor. Use different initials or a different one or two words to refer to other persons contracting with the franchisee under the franchise agreement. Except in the 23 Item titles, use these initials or word(s) to describe these persons or entities throughout the offering circular.~~

~~(c) California Instructions for the UFOC.~~

~~(1) A preface, exhibit or appendix to the UFOC must state: "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 OFFERING CIRCULAR".~~

~~(2) "Salesman Disclosure Form" and Item 3.A of the Body of the UFOC: In an initial application to register the offer and sale of a franchise, do not disclose a pending action involving an arrest that did not result in conviction or plea of nolo contendere.~~

~~(3) Item 3.C: In addition to the information required by Item 3.C, state whether the franchisor, any person or franchise broker in Item 2 of the UFOC is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange. The information required by this provision may be included in Item 3 or in a preface, exhibit or appendix, which is part of the offering circular. If the information is in a preface, exhibit or appendix, a reference to the preface, exhibit or appendix shall be prominently set forth in Item 3.~~

~~(4) Item 5: If the initial fee can vary, include a mathematical formula which enables the franchisee to calculate the specific dollar amount of the franchise fee.~~

~~(5) Item 17: Additional Paragraph(s) Required. The paragraph(s) required by this provision may be included in Item 17 or in a preface, exhibit or appendix, which is part of the offering circular. If the paragraph(s) are in a preface, exhibit or appendix, a reference to the preface, exhibit or appendix shall be prominently set forth in Item 17.~~

~~(A) In addition to the information required by Item 17, all offering circulars shall contain the following paragraph:~~

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

~~(B) If the franchise agreement contains one or more of the provisions referred to in the following paragraph(s), the appropriate paragraph(s) shall be included:~~

~~i. 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.).~~

~~ii. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.~~

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

~~iv. The franchise agreement requires binding arbitration. The arbitration will occur at (indicate sites) with the costs being borne by (explanation). Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to~~

~~a forum outside the State of California.~~

~~v. The franchise agreement requires application of the laws of Washington. This provision may not be enforceable under California law.~~

~~(6) Item 19: If any earnings claim is made, and the earnings claim figure(s) does (do) not include either costs of sales or operating expenses, then, in addition to the information required by Item 19, all offering circulars shall contain the following statement prominently set forth in Item 19 or set forth in a preface, exhibit or appendix, which is part of the offering circular. If the statement is set forth in a preface, exhibit or appendix, a reference to the preface, exhibit or appendix shall be prominently set forth in Item 19: "The earnings claims figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your (franchised business). Franchisees or former franchisees, listed in the offering circular, may be one source of this information."~~

~~**FEE DEFERRAL CONDITION REQUIRED BY DFPI:** The California DFPI is requiring a fee deferral. The DFPI has determined that we, the franchisor, have not demonstrated that we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you, the franchisee, are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.~~

~~The Franchise Agreement and the FDD are supplemented by the addition of the following:~~

~~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.~~

~~The franchisor, any person or franchise broker set forth in Item 2 of the FDD is not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.~~

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

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

~~The Franchise Agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.~~

~~The Franchise Agreement requires application of the laws of the State of Washington. This provision may not be enforceable under California law.~~

~~Section 31125 of the California Corporations Code requires us to give you a Disclosure Document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.~~

~~You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516).~~

~~Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043.~~

~~Item 6 "Other Fees," is supplemented by the addition of the following statement: "The highest interest rate allowed by law in the State of California is 10%."~~

~~The following URL address is for the franchisor's website: www.pacificperkscoffee.com.~~

~~OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.~~

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Franchisor's Choice of Law State. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement or Supplemental Agreements restricting venue to a forum outside the State of California. The Franchise Agreement may contain a mediation provision. If so, the parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

Effective January 1, 2024, California Business & Professions Code §16600.1, makes it unlawful to impose non-compete clauses on employees. Such contractual restrictions were previously void under California Business & Professions Code §16600. A violation of the prohibition on noncompete agreements in employment also constitutes unfair competition under California's Unfair Competition Law, Business & Professions Code § 17200, *et seq*. New § 16600.1 of the California Business & Professions Code states, in full:

"§16600.1. (a) It shall be unlawful to include a noncompete clause in an employment contract, or to require an employee to enter a noncompete agreement, that does not satisfy an exception in this chapter.

(b) (1) For current employees, and for former employees who were employed after January 1, 2022, whose contracts include a noncompete clause, or who were required to enter a noncompete agreement, that does not satisfy an exception to this chapter, the employer shall, by February 14, 2024, notify the employee that the noncompete clause or noncompete agreement is void.

(2) Notice made under this subdivision shall be in the form of a written individualized communication to the employee or former employee. employee, and shall be delivered to the last known address and the email address of the employee or former employee.

(c) A violation of this section constitutes an act of unfair competition within the meaning of Chapter 5 (commencing with Section 17200)."

Employers must notify current employees and former employees (employed after January 1, 2022), that any noncompete agreement or noncompete clause contained within an agreement the current or former employee signed is void unless the agreement or clause falls within one of the statutory exceptions set forth in Business and Professions Code section 16600, *et seq*. Such notices must be provided by February 14, 2024 in an individualized communication to the employee or former employee, delivered to the last known address and email address the employee provided to the employer.

Attachment E-Confidentiality and Non-Compete Agreement as attached to Exhibit C-Franchise Agreement of the Franchise Disclosure Document is hereby amended the extent necessary to comply with California Law prohibiting any requirement that any employee of a franchisee must execute a non-compete agreement or be bound by a non-compete agreement.

Franchisees must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will make your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

~~Franchisees must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will make your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.~~

HAWAII

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division

335 Merchant Street, Room 203

Honolulu, Hawaii 96813

The status of the Franchisor’s franchise registrations in the states which require registration is as

follows:

1. States in which this proposed registration is effective are listed on the third page of the FDD on the page entitled, “State Effective Dates”.

2. States which have refused, by order or otherwise, to register these Franchises are: None

3. States which have revoked or suspended the right to offer the Franchises are: None

4. States in which the proposed registration of these Franchises has been withdrawn are: None

The following risk factor is added to the Special Risks to Consider About *This* Franchise page:

<u>Investment Exceeds Equity</u>. You will be required to make an initial investment that exceeds our members' equity of ($____) as of _, 202_.

<u>Fee Deferral</u>

The FDD and the Franchise Agreement are amended to state: Based upon the franchisor's financial condition, the Hawaii Department of Commerce and Consumer Affairs has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by area developers shall be deferred. As each franchise is opened for business, the franchisor may collect the Initial Franchise Fee for that facility opened. The franchisor shall not collect the Initial Franchise Fee for any franchise in Hawaii that has not opened for business.

<u>ILLINOIS</u>

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17. Choice of Forum, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act."

Item 17. Choice of Law, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act".

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three years after the act or transaction constituting the violation upon which it is based, the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

Franchise Fee Deferral:

The Illinois Attorney General's Office has imposed the Franchise Fee deferral requirement due to our financial condition. Items 5 and 7 of the FDD are amended to state that payment of the Initial Franchise Fee, shall be deferred until after all of Franchisor's initial obligations are complete and the Franchise is open for business.

MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT.

The following is added to the Special Risk to Consider About This Franchise page of the Disclosure Document as a new Risk Factor:

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.

Item 17 of the FDD and the Franchise Agreement are amended to state: "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

Item 17 of the FDD and sections of the Franchise Agreement are amended to state: “A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the Franchise.”

The Franchise Agreement and Franchisee Disclosure Questionnaire are amended to state: “All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

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.).

Fee Deferral:

Items 5 and 7 of the FDD and the Franchise Agreement are amended to state: Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

MICHIGAN

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

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

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

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

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

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

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

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

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

(i) the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

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

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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

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

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

Any questions regarding this notice should be directed to: State of Michigan

Department of Attorney General Consumer Protection Division Attn: Franchise

670 Law Building 525 W. Ottawa Street

Lansing, Michigan 48913

Telephone Number: (517) 373-7117

MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.

2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.

3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the

Franchise Agreement relating to arbitration.

4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.

5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.

6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement to the extent required by Minnesota law.

7. The following language will appear as a new paragraph of the Franchise Agreement:

<u>No Abrogation</u>. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

9. Item 6 of the FDD and the Franchise Agreement are hereby amended to limit the Insufficient Funds Charge to $30 per occurrence pursuant to Minnesota Statute 604.113.

<u>NEW YORK</u>

The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE

DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NY 10005, 212-416-8285. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

The following is added at the end of Item 3 of the FDD:

Except as provided above, with regard to Franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the Franchise System or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge, or within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunction or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including without limitation, actions affecting a license as a real estate broker or sales agent.

The following is added to the end of Item 4 of the FDD:

Neither the Franchisor, its affiliate, its predecessor, officers or general partner during the 10- year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the

U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

The following is added to the end of Item 5 of the FDD:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

The following is added to the end of the "Summary" sections of Item 17, titled "Requirements for Franchisee to renew or extend," and Item 17, entitled "Conditions for Franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

The following language replaces the "Summary" section of Item 17, titled "Termination by Franchisee": You may terminate the agreement on any grounds available by law.

The following is added to the end of the "Summary" section of Item 17, titled "Assignment of contract by Franchisor":

However, no assignment will be made except to an assignee who in good faith and judgment of the Franchisor, is willing and financially able to assume the Franchisor's obligations under the Franchise Agreement.

The following is added to the end of the "Summary" sections of Item 17, titled "Choice of Forum," and Item 17, titled "Choice of Law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the Franchisor or upon the Franchisee by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51- 19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19- 09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Item 17 of the FDD and the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statue, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice of law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

VIRGINIA

Item 17 of the FDD. The following is added to Item 17 of the FDD:

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable.”

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for Pacific Perks Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 8 and Item 17:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Fee Deferral:

The FDD and the Franchise Agreement are amended to include the following language:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the Initial Franchise Fee and other initial payments owed by Franchisees to the Franchisor until the Franchisor has completed its pre-opening obligations under the Franchise Agreement.

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the Development Fee owed by Franchisees to the Franchisor until the Franchisor has completed its pre-opening obligations under the Area Development Agreement.

WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

~~RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.~~

~~In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.~~

~~A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.~~

~~Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.~~

~~Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.~~

~~RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.~~

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

Dated: 202

FRANCHISOR:

PACIFIC PERKS FRANCHISING LLC

By: ________________________________

Title: ________________________________

FRANCHISEE:

____

____

By: ________________________________

Title:

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states ("**Addenda**") is checked as an "Applicable Addenda" below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

- ☐ California
- ☐ Hawaii
- ☐ Illinois
- ☐ Iowa
- ☐ Indiana
- ☐ Maryland

EXHIBIT D

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR PACIFIC PERKS FRANCHISING LLC

The following modifications are made to the Pacific Perks Franchising LLC, a Washington limited liability company ("**Franchisor**," "**us**," "**we**," or "**our**") Franchise Disclosure Document ("**FDD**") given to franchisee ("**Franchisee**," "**you**," or "**your**") and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated August _, 2024 ("**Franchise Agreement**"). When the term "**Franchisor's Choice of Law State**" is used, it means the laws of the state where the Franchisee's business is located. When the term "Supplemental Agreements" is used, it means the Area Development Agreement.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State-Specific Addendum ("**State Addendum**") will modify these agreements to comply with the state's laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

<u>CALIFORNIA</u>

REGISTRATION OF THIS FRANCHISE DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION.

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD.

California Corporations Code Section 31125 requires us to give to you a FDD approved by the Department of Financial Protection and Innovation (DFPI) before we ask you to consider a material modification of your Franchise Agreement.

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

You are advised that California Code of Regulations, Title 10, Chapter 3, Subchapter 2.6. Franchises. §310.114.1 requires as follows:

"(a) General. Each offering circular shall contain the information required by the Uniform Franchise Registration Application, as defined in Section 310.111(b), and as modified by this section.

(b) Manner of Presenting Information. Present the information in the offering circular in a clear, concise fashion that is readily understandable by a person unfamiliar with the franchise business. Define the franchisee as "you" in Item 1 and use this description throughout the offering circular. In Item 1 use the word "we," initials or one or two words to refer to the franchisor. Use different initials or a different one or two words to refer to other persons contracting with the franchisee under the franchise agreement. Except in the 23 Item titles, use these initials or word(s) to describe these persons or entities throughout the offering circular.

(c) California Instructions for the UFOC.

(1) A preface, exhibit or appendix to the UFOC must state: "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 OFFERING CIRCULAR".

(2) "Salesman Disclosure Form" and Item 3.A of the Body of the UFOC: In an initial application to register the offer and sale of a franchise, do not disclose a pending action involving an arrest that did not result in conviction or plea of nolo contendere.

(3) Item 3.C: In addition to the information required by Item 3.C, state whether the franchisor, any person or franchise broker in Item 2 of the UFOC is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange. The information required by this provision may be included in Item 3 or in a preface, exhibit or appendix, which is part of the offering circular. If the information is in a preface, exhibit or appendix, a reference to the preface, exhibit or appendix shall be prominently set forth in Item 3.

(4) Item 5: If the initial fee can vary, include a mathematical formula which enables the franchisee to calculate the specific dollar amount of the franchise fee.

(5) Item 17: Additional Paragraph(s) Required. The paragraph(s) required by this provision may be included in Item 17 or in a preface, exhibit or appendix, which is part of the offering circular. If the paragraph(s) are in a preface, exhibit or appendix, a reference to the preface, exhibit or appendix shall be prominently set forth in Item 17.

(A) In addition to the information required by Item 17, all offering circulars shall contain the following paragraph:

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

(B) If the franchise agreement contains one or more of the provisions referred to in the following paragraph(s), the appropriate paragraph(s) shall be included:

i. 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.).

ii. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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

iv. The franchise agreement requires binding arbitration. The arbitration will occur at (indicate sites) with the costs being borne by (explanation). Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

v. The franchise agreement requires application of the laws of Washington. This provision may not be enforceable under California law.

(6) Item 19: If any earnings claim is made, and the earnings claim figure(s) does (do) not include either costs of sales or operating expenses, then, in addition to the information required by Item 19, all offering circulars shall contain the following statement prominently set forth in Item 19 or set forth in a preface, exhibit or appendix, which is part of the offering circular. If the statement is set forth in a preface, exhibit or appendix, a reference to the preface, exhibit or appendix shall be prominently set forth in Item 19: "The earnings claims figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your (franchised business). Franchisees or former franchisees, listed in the offering circular, may be one source of this information."

FEE DEFERRAL CONDITION REQUIRED BY DFPI: The California DFPI is requiring a fee deferral. The DFPI has determined that we, the franchisor, have not demonstrated that we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you, the franchisee, are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

<u>The Franchise Agreement and the FDD are</u> supplemented by the addition of the following:

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.

The franchisor, any person or franchise broker set forth in Item 2 of the FDD is not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

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

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

The Franchise Agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement requires application of the laws of the State of Washington. This provision may not be enforceable under California law.

Section 31125 of the California Corporations Code requires us to give you a Disclosure Document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

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

Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043.

Item 6 "Other Fees," is supplemented by the addition of the following statement: "The highest interest rate allowed by law in the State of California is 10%."

The following URL address is for the franchisor's website: www.pacificperkscoffee.com.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Franchisor's Choice of Law State. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement or

Supplemental Agreements restricting venue to a forum outside the State of California. The Franchise Agreement may contain a mediation provision. If so, the parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

Effective January 1, 2024, California Business & Professions Code §16600.1, makes it unlawful to impose non-compete clauses on employees. Such contractual restrictions were previously void under California Business & Professions Code §16600. A violation of the prohibition on noncompete agreements in employment also constitutes unfair competition under California's Unfair Competition Law, Business & Professions Code § 17200, *et seq*. New § 16600.1 of the California Business & Professions Code states, in full:

"§16600.1. (a) It shall be unlawful to include a noncompete clause in an employment contract, or to require an employee to enter a noncompete agreement, that does not satisfy an exception in this chapter.

(b) (1) For current employees, and for former employees who were employed after January 1, 2022, whose contracts include a noncompete clause, or who were required to enter a noncompete agreement, that does not satisfy an exception to this chapter, the employer shall, by February 14, 2024, notify the employee that the noncompete clause or noncompete agreement is void.

(2) Notice made under this subdivision shall be in the form of a written individualized communication to the employee or former employee. employee, and shall be delivered to the last known address and the email address of the employee or former employee.

(c) A violation of this section constitutes an act of unfair competition within the meaning of Chapter 5 (commencing with Section 17200)."

Employers must notify current employees and former employees (employed after January 1, 2022), that any noncompete agreement or noncompete clause contained within an agreement the current or former employee signed is void unless the agreement or clause falls within one of the statutory exceptions set forth in Business and Professions Code section 16600, *et seq*. Such notices must be provided by February 14, 2024 in an individualized communication to the employee or former employee, delivered to the last known address and email address the employee provided to the employer.

Attachment E-Confidentiality and Non-Compete Agreement as attached to Exhibit C-Franchise Agreement of the Franchise Disclosure Document is hereby amended the extent necessary to comply with California Law prohibiting any requirement that any employee of a franchisee must execute a non-compete agreement or be bound by a non-compete agreement.

Franchisees must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will make your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

HAWAII

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division

335 Merchant Street, Room 203

Honolulu, Hawaii 96813

The status of the Franchisor's franchise registrations in the states which require registration is as

follows:

5. States in which this proposed registration is effective are listed on the third page of the FDD on

the page entitled, “State Effective Dates”.

6. States which have refused, by order or otherwise, to register these Franchises are: None

7. States which have revoked or suspended the right to offer the Franchises are: None

8. States in which the proposed registration of these Franchises has been withdrawn are: None

The following risk factor is added to the Special Risks to Consider About *This* Franchise page:

<u>Investment Exceeds Equity</u>. You will be required to make an initial investment that exceeds our members’ equity of ($____) as of _, 202_.

<u>Fee Deferral</u>

The FDD and the Franchise Agreement are amended to state: Based upon the franchisor’s financial condition, the Hawaii Department of Commerce and Consumer Affairs has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by area developers shall be deferred. As each franchise is opened for business, the franchisor may collect the Initial Franchise Fee for that facility opened. The franchisor shall not collect the Initial Franchise Fee for any franchise in Hawaii that has not opened for business.

<u>ILLINOIS</u>

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void.” The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17. Choice of Forum, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act."

Item 17. Choice of Law, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act".

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three years after the act or transaction constituting the violation upon which it is based, the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

<u>Franchise Fee Deferral</u>:

The Illinois Attorney General's Office has imposed the Franchise Fee deferral requirement due to our financial condition. Items 5 and 7 of the FDD are amended to state that payment of the Initial Franchise Fee, shall be deferred until after all of Franchisor's initial obligations are complete and the Franchise is open for business.

<u>MARYLAND</u>

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT.

The following is added to the Special Risk to Consider About This Franchise page of the Disclosure Document as a new Risk Factor:

<u>Spousal Liability</u>. 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.

Item 17 of the FDD and the Franchise Agreement are amended to state: "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

Item 17 of the FDD and sections of the Franchise Agreement are amended to state: "A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the Franchise."

The Franchise Agreement and Franchisee Disclosure Questionnaire are amended to state: "All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

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.).

Fee Deferral:

Items 5 and 7 of the FDD and the Franchise Agreement are amended to state: Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

MICHIGAN

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

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

(j) A prohibition on your right to join an association of franchisees.

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

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

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

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

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

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

(i) the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

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

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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

(r) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

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

Any questions regarding this notice should be directed to: State of Michigan

Department of Attorney General Consumer Protection Division Attn: Franchise

670 Law Building 525 W. Ottawa Street

Lansing, Michigan 48913

Telephone Number: (517) 373-7117

MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

10. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.

11. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.

12. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his

rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.

13. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.

14. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.

15. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement to the extent required by Minnesota law.

16. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

17. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

18. Item 6 of the FDD and the Franchise Agreement are hereby amended to limit the Insufficient Funds Charge to $30 per occurrence pursuant to Minnesota Statute 604.113.

NEW YORK

The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NY 10005, 212-416-8285. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

The following is added at the end of Item 3 of the FDD:

Except as provided above, with regard to Franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the Franchise System or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge, or within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunction or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including without limitation, actions affecting a license as a real estate broker or sales agent.

The following is added to the end of Item 4 of the FDD:

Neither the Franchisor, its affiliate, its predecessor, officers or general partner during the 10- year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the

U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

The following is added to the end of Item 5 of the FDD:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

The following is added to the end of the "Summary" sections of Item 17, titled "Requirements for Franchisee to renew or extend," and Item 17, entitled "Conditions for Franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

The following language replaces the "Summary" section of Item 17, titled "Termination by Franchisee": You may terminate the agreement on any grounds available by law.

The following is added to the end of the "Summary" section of Item 17, titled "Assignment of contract by Franchisor":

However, no assignment will be made except to an assignee who in good faith and judgment of the Franchisor, is willing and financially able to assume the Franchisor's obligations under the Franchise Agreement.

The following is added to the end of the "Summary" sections of Item 17, titled "Choice of Forum," and Item 17, titled "Choice of Law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the Franchisor or upon the Franchisee by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51- 19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19- 09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Item 17 of the FDD and the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statue, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice of law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

VIRGINIA

Item 17 of the FDD. The following is added to Item 17 of the FDD:

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable.”

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for Pacific Perks Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 8 and Item 17:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Fee Deferral:

The FDD and the Franchise Agreement are amended to include the following language:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the Initial Franchise Fee and other initial payments owed by Franchisees to the Franchisor until the Franchisor has completed its pre-opening obligations under the Franchise Agreement.

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the Development Fee owed by Franchisees to the Franchisor until the Franchisor has completed its pre-opening obligations under the Area Development Agreement.

WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

Dated: _, 202_

FRANCHISOR:

PACIFIC PERKS FRANCHISING LLC

By: ______________________________

Title: ______________________________

FRANCHISEE:

By:

Title:

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states ("**Addenda**") is checked as an "Applicable Addenda" below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

☐ California

☐ Hawaii

☐ Illinois

☐ Iowa

☐ Indiana

☐ Maryland

EXHIBIT E

TABLE OF CONTENTS OF PACIFIC PERKS OPERATIONS MANUAL

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5.2 Hours of Operations

EXHIBITS

EXHIBIT F

CONTRACTS FOR USE WITH THE PACIFIC PERKS FRANCHISE

The following contracts contained in Exhibit F are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the Pacific Perks Business. The following are the forms of contracts that Pacific Perks Franchising LLC uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked “Sample,” they are subject to change at any time.

EXHIBIT F-1

PACIFIC PERKS FRANCHISE

SAMPLE GENERAL RELEASE AGREEMENT

THIS GENERAL RELEASE ("**Release Agreement**") is effective as of the _____ day of ___________, 202_ ("**Effective Date**") by and among **PACIFIC PERKS FRANCHISING LLC** a Washington limited liability company ("**Franchisor**"), __ ("**Franchisee**"), ____________________________________("**Affiliate[s]**") and ____________________________ ("**Owner" and together with Franchisee and Affiliate[s], jointly and severally, "Releasor**").

RECITALS

A. Franchisor and Franchisee are parties to [**that**][**those**] certain Franchise Agreement[s], dated ____________________________(the "**Transaction Document[s]**"); and

B. Franchisee desires to **[assign the Transaction Document[s]] [enter into a Franchise agreement with Franchisor]**; and

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

AGREEMENT

NOW, THEREFORE, in consideration of the premises set forth above, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, Releasor and Franchisor hereby agree as follows:

1. Definitions. As used in this Release Agreement, the following capitalized terms have the meanings ascribed to them.

1.1 "**Claims**" means all actual and alleged claims, demands, Losses, charges, covenants, responsibilities, warranties, obligations, oral and written agreements, debts, violations, suits, counterclaims, cross claims, third party claims, accounts, liabilities, costs, expenses (including attorneys' fees and court costs), rights to terminate and rescind, rights of action and causes of action of any kind or nature, which in any way relate to or arise from or in connection with the Transaction Documents.

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

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

1.4 "**Excluded Matters**" means [**(i)**] Franchisor's continuing contractual obligations which arise or continue under and pursuant to the Transaction Document[**s**] on and after the date of this Release Agreement**[; and (ii) if this Release Agreement is entered into in connection with the grant of a franchise or license, this Release Agreement is not intended to release or waive the provisions of any applicable franchise registration or disclosure law in connection with the grant of that franchise or license.]**

1.5 "**Losses**" means all damages, liabilities, accounts, suits, awards, judgments, payments, diminutions in value and other losses, costs and expenses, however suffered or characterized, including interest, costs and expenses of investigating and prosecuting any Claim, reference proceeding, lawsuit, arbitration or any appeal; all associated actual attorneys' fees, whether or not the Claim, reference proceeding, lawsuit or arbitration is ultimately defeated and, all amounts paid to compromise or settle of any Claim, reference proceeding, lawsuit or arbitration.

2. General Release. Releasor for itself and its Constituents, hereby releases and forever discharges the Franchisor Released Parties from any and all Claims, whether known or unknown, based upon anything that has occurred or existed, or failed to occur or exist, from the beginning of time to the Effective Date, except for the Excluded Matters and the obligations under this Release Agreement.

3. Waiver of California Civil Code Section 1542.

3.1 Releasor, for itself and its Constituents, acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

3.2 With respect to those Claims being released pursuant to Section 2, Releasor, for itself and its Constituents, acknowledges that it is releasing unknown claims and waives all rights it has or may have under California Civil Code Section 1542 or any similar state or local statute or ordinance under applicable law or other common law principle of similar effect. For purposes of this Section 3, Releasor shall be considered to be a creditor of the Franchisor Released Parties, and each of them.

3.3 Releasor acknowledges that this general release extends to claims which Releasor does not know or suspect to exist in favor of Releasor at the time of executing this Release Agreement, which if known by Releasor may have materially affected its decision to enter into this Release Agreement. It is understood by Releasor that the facts in respect of which this Release Agreement is given may hereafter turn out to be other than or different from the facts in that connection known or believed to be true. Releasor therefore, expressly assumes the risk of the facts turning out to be so different and agrees that this Release

Agreement shall be in all respects effective and not subject to termination or rescission by any such difference in facts.

4. Representations and Warranties. Releasor represents and warrants to Franchisor that, in entering into this Release Agreement, it (i) is doing so freely and voluntarily upon the advice of counsel and business advisor of its own choosing (or declined to do so, free from coercion, duress or fraud); (ii) has read and fully understands the terms and scope of this Release Agreement; (iii) realizes that it is final and conclusive, and intends to be final and conclusive, as to the matters set forth in this Release Agreement; and (iv) has not assigned, transferred, or conveyed to any third party all or any part of or partial or contingent interest in any of the Claims which are called for to be released by this Release Agreement, that it is aware of no third party who contends or claims otherwise, and that it shall not purport to assign, transfer, or convey any such claim in the future.

5. Covenants Not to Sue. Releasor irrevocably covenants to refrain and cause each of its Constituents to refrain from asserting any Claim, or commencing, initiating or causing to be commenced, any proceeding of any kind against any Franchisor Released Party, based upon any matter purported to be released pursuant to this Release Agreement.

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

7. Miscellaneous.

7.1 This Release Agreement cannot be modified, altered or otherwise amended except by an agreement in writing signed by all of the parties hereto.

7.2 This Release Agreement, together with the agreements referenced in this Release Agreement, constitute the entire understanding between and among the parties with respect to the subject matter of this Release Agreement. This Release Agreement supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter. No representations, warranties, agreements or covenants have been made with respect to this Release Agreement, and in executing this Release Agreement, none of the parties is relying upon any representation, warranty, agreement or covenant not set forth in this Release Agreement.

7.3 This Release Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

7.4 This Release Agreement shall be binding upon and inure to the benefit of the parties to this

Release Agreement and their respective successors and permitted assigns.

7.5 All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Release Agreement may require. Neither this Release Agreement nor any uncertainty or ambiguity in this Release Agreement shall be construed or resolved against the drafter, whether under any rule of construction or otherwise. On the contrary, this Release Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the parties. If any provision of this Release Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

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

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

7.8 This Release Agreement shall be governed by and construed in accordance with the laws of the State of Washington.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, the parties hereto have executed this Release Agreement as of the date set forth above.

"**Franchisor**":

PACIFIC PERKS FRANCHISING LLC

By:____
Name:______________________________________
Title:_______________________________________

"**Releasor**":

"Franchisee"

____

By:____
Name:______________________________________
Title:_______________________________________

"**Affiliate**"

____

By:____
Name:______________________________________
Title:_______________________________________

"**Owner**":

____

____________________________, an individual

[Others:]

____

___________________________, an individual

EXHIBIT F-2

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

____

Franchisee Name   Business No.

____

Franchisee Mailing Address (street)   Franchisee Phone No.

____

Franchisee Mailing Address (city, state, zip)

____

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

____

Franchisee Fax No.   Franchisee Email Address

Bank Account Information:

____

Bank Name

____

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

□ Checking · Savings

____

Bank Account No.   (check one)   Bank Routing No. (9 digits)

____

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

Authorization:

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

Signature: ______________________________________ Date: _____________________________________
Name: ____
Its: ____

Federal Tax ID Number: ________________________

Rev. 032916

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

<u>**EXHIBIT F-3**</u>

<u>**PACIFIC PERKS FRANCHISE**</u>

<u>**SAMPLE APPROVAL OF REQUESTED ASSIGNMENT**</u>

This Approval of Requested Assignment ("**Agreement**") is entered into this _____day of ___________________________, 20____, between Pacific Perks Franchising LLC ("**Franchisor**"), a Washington Limited Liability Company, ____("**Former Franchisee**"), the undersigned owners of Former Franchisee ("**Owners**") and ____________, a [State] [corporation/limited liability company] ("**New Franchisee**").

RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated ___________________________, 20________ ("**Former Franchise Agreement**"), in which Franchisor granted Former Franchisee the right to operate a Pacific Perks franchise located at _____________________________________("**Franchised Business**"); and

WHEREAS, Former Franchisee desires to assign ("**Requested Assignment**") the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement, including that New Franchisee sign Franchisor's current form of franchise agreement together with all exhibits and attachments thereto ("**New Franchise Agreement**"), contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. <u>Payment of Fees</u>. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement ("**Franchisor's Assignment Fee**").

2. <u>Assignment and Assumption</u>. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee's signing the New Franchise Agreement pursuant to Section 5 of this Agreement.

3. <u>Consent to Requested Assignment of Franchised Business</u>. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor's Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement and waives any obligation for Former Franchisee to enter into a subordination agreement pursuant to the Former Franchise Agreement.

4. <u>Termination of Rights to the Franchised Business</u>. The parties acknowledge and agree that

effective upon the date of this Agreement, the Former Franchise Agreement shall terminate and all of Former Franchisee's rights to operate the Franchised Business are terminated and that from the date of this Agreement only New Franchisee shall have the sole right to operate the Franchised Business under the New Franchise Agreement. Former Franchisee and the undersigned Owners agree to comply with all of the covenants in the Former Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Former Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute the New Franchise Agreement for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of a Pacific Perks franchise as stated in Franchisor's Franchise Disclosure Document.

6. Former Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three-year period following the execution of this Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("**Transaction**") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Former Franchisee and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or Franchised Business. New Franchisee hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Former Franchise Agreement.

11. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933, as amended.

12. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Washington.

IN WITNESS WHEREOF, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

FRANCHISOR:

PACIFIC PERKS FRANCHISING LLC

By: ______________________________________

Printed Name: _____________________________

Title: _____________________________________

FORMER FRANCHISEE:

____

By: ______________________________________

Printed Name: _____________________________

Title: _____________________________________

NEW FRANCHISEE:

____

By: ______________________________________

Printed Name: _____________________________

Title: _____________________________________

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EXHIBIT F-4

PACIFIC PERKS FRANCHISE

SBA ADDENDUM RELATING TO PACIFIC PERKS FRANCHISING LLC FRANCHISE AGREEMENT

THIS ADDENDUM (Addendum) is made and entered into on __________________, 20_, by PACIFIC PERKS FRANCHISING LLC (Franchisor), and, ___________________________(Franchisee).

Recitals. Franchisor and Franchisee entered into a Franchise Agreement on _______________, 20_(Franchise Agreement). The Franchisee agreed among other things to operate and maintain a franchise located at ___________________________designated by Franchisor as Unit # ________ (Unit). Franchisee has obtained from a lender a loan (Loan) in which funding is provided with the assistance of the United States Small Business Administration (SBA). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

- Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.

- The following is added to the end of the Franchise Agreement: However, the

  Franchisor may not exercise a right of first refusal:

  (i) If a proposed Assignment is between or among individuals (including members of their immediate families and their respective spouses) who, at the time of the proposed Assignment, have an ownership interest in the Franchisee or the Franchise Agreement, and who have guaranteed the Franchisee's obligations under a then outstanding indebtedness which is guaranteed by the United States Small Business Administration ("SBA") (Owner/Guarantors); or

  (ii) If a proposed Assignment involves a Person other than an Owner/Guarantor and the proposed Assignment involves a non-controlling ownership interest in the Franchisee or the Franchise Agreement, unless such non-controlling interest:

  (1) represents less than a 20% ownership interest in the Franchisee or in the Franchise Agreement, or (2) the Franchisor (in combination with the Franchisee) qualifies as a small business and the exercise of the right does not affect the eligibility of the borrower to qualify for the SBA loan guarantee program.

  The Franchisor's right to approve or to disapprove a proposed

Assignment or transferee, or to exercise its right of first refusal with respect to an Assignment of a controlling interest in Franchisee or the Franchise Agreement, shall not be affected by any of the foregoing provisions. If the Franchisor does not qualify as a small business under SBA regulations, the parties acknowledge and understand that the Franchisor's exercise of its right of first refusal may result in an SBA guaranteed loan becoming immediately due and payable.

- Any provision contrary to the following in the Franchise Agreement shall be deleted in its entirety and the following shall be substituted therefor:

  "(1) The transferee/assignee shall have either (a) assumed this Agreement by a written assumption agreement approved by Franchisor, or has agreed to do so at closing, and at closing executes an assumption agreement approved by Franchisor; or (b) at Franchisor's option, shall have executed a replacement franchise agreement on the then-current standard form of franchise agreement used by Franchisor in the State in which the Franchised Restaurant is being operated, provided, however, that the term of replacement franchise agreement shall be the remaining term of this Agreement;"

- This Addendum automatically terminates on the earliest to occur of the following:

  (i) a Termination occurs under the Franchise Agreement;

  (ii) the Loan is paid; or

  (iii) SBA no longer has any interest in the Loan.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum as of the day and year first above written.

FRANCHISOR:

PACIFIC PERKS FRANCHISING LLC

By: ______________________________

Print Name: ______________________________

Title: ______________________________

FRANCHISEE:

____

____

EXHIBIT F-5

CONFIDENTIAL DISCLOSURE AGREEMENT
(for prospective franchisees)

We, at PACIFIC PERKS FRANCHISING LLC, ("we") are interested in discussing the possibility of the undersigned, you and/or an entity owned in whole or in part by you ("you"), becoming a franchisee.

It is our intent to share portions of manuals, recipes, drawings, plans, materials, material sources, methods, techniques, processes, records, business plans, market research, Trade Secrets and other information (collectively, "Proprietary Information") to enable you to decide if you wish to proceed with a PACIFIC PERKS restaurant. We wish to maintain the confidentiality of our Proprietary Information. Therefore, you agree not to copy or try to duplicate the PACIFIC PERKS concept.

Your acceptance of the terms of this confidential disclosure agreement indicates that:

1.) You agree to maintain any information shared with you as confidential Proprietary Information.

2.) You agree not to disclose the Proprietary Information to anyone; or copy, photograph or make other facsimiles or drawings of the same without our prior written permission.

3.) You agree not to sell, utilize, implement, appropriate or otherwise use the Proprietary Information for any purpose whatsoever, or permit the use of the Proprietary Information by others for any purpose whatsoever, without our express written permission, including in operating any catering business, restaurant o similar business or designing, manufacturing, distributing, or selling coffee or other food and beverage products offered to PACIFIC PERKS franchises, or assisting others to do so.

4.) You agree not to reproduce any of the Proprietary Information and to return to us all Proprietary Information received by you immediately upon our request.

5.) You agree not to engage with a broker or landlord, submit an LOI, or execute a lease on a site shown to you by us or our brokers or representatives, unless you have been approved as a franchisee of PACIFIC PERKS and you have executed a franchise agreement with us.

6.) For purposes of this Agreement, "Trade Secret" means all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing if (a) the owner thereof has taken reasonable measures to keep such information secret; and (b) the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the information.

7.) Notwithstanding any provisions in this Agreement or any company policy of Franchisor or Franchisee applicable to the unauthorized use or disclosure of Trade Secrets, the parties are hereby notified that, pursuant to § 7 of the Defend Trade Secrets Act of 2016 (Public law 114-153 May 11, 2016), an individual (including, but not limited to, an employee, consultant or independent contractor) shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a Trade Secret that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law. An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a Trade Secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the Trade Secret to the attorney of the individual and use the Trade Secret information in the court proceeding, if the individual files any document containing the Trade Secret under seal; and does not disclose the Trade Secret, except pursuant to court order. Except as required by Applicable Law, including the required disclosure in Franchisor's franchise disclosure document, any discovery in litigation or arbitration proceedings pursuant to this Agreement and related Proprietary Information shall be under seal or other confidentiality protection measures.

Exclusions. Proprietary Information does not include information that: (i) is in, or becomes in, the public domain without violation of any agreement by you or any other person, or (ii) was known to you prior to disclosure thereof, as evidenced by written records; provided you give us written notice and evidence of such prior knowledge within 30 days after receiving otherwise Proprietary Information, or (iii) is disclosed to you by a third party under no obligation of confidentiality to us or you and without violation of any agreement by you or any other person, including the third party.

Upon a breach or threatened breach by you of this Agreement, we are entitled to immediate injunctive relief and any other equitable remedies, as well as all available remedies by law.

If these terms are acceptable to you, please indicate your acceptance by signing below.

Accepted and agreed:

______________________	______________________	______________________
Signature	Print Name	Date
______________________	______________________	______________________
Signature	Print Name	Date

EXHIBIT F-6

SAMPLE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement ("Agreement") is entered into by the undersigned ("you") in favor of Pacific Perks Franchising LLC, a Washington limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

1. **Definitions**. For purposes of this Agreement, the following terms have the meanings given to them below:

"Pacific Perks Business" means a business that operates on-site mobile catering services featuring unique food and beverage (including coffee) items, as well as other related products and services using our Intellectual Property, on location at corporate, social and business events held by private, corporate and business customers at commercial locations, other locations and businesses within the franchisee's Exclusive Territory.

"Copyrights" means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow Pacific Perks franchisees to use, sell, or display in connection with the marketing and/or operation of a Pacific Perks Business, whether now in existence or created in the future.

"Franchisee" means the Pacific Perks franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

"Intellectual Property" means, collectively or individually, our Trade Secrets, Marks, Copyrights, Know-how, Manual, and System.

"Know-how" means all of our Trade Secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Pacific Perks Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

"Manual" means our confidential operations manual for the operation of a Pacific Perks Business.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Pacific Perks Business, including "PACIFIC PERKS®," "PERKOLOGIST®" and any other trademarks, service marks, or trade names that we designate for use by a Pacific Perks Business. The term "Marks" also includes any distinctive trade dress used to identify a Pacific Perks Business, whether now in existence or hereafter created.

"System" means our system for the establishment, development, operation, and management of a Pacific Perks Business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

"*Trade Secret*" means all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing if (a) the owner thereof has taken reasonable measures to keep such information secret; and (b) the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the information.

2. **Background**. You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

3. **Know-How and Intellectual Property: Nondisclosure and Ownership**. You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the Pacific Perks Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of Pacific Perks Franchising LLC. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

4. **Immediate Family Members**. You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

5. **Covenants Reasonable**. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

6. **Breach**. You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other Pacific Perks franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim,

defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

7. Defend Trade Secret Act Notice. Notwithstanding any provisions in this Agreement or any company policy of Pacific Perks or Franchisee applicable to the unauthorized use or disclosure of Trade Secrets, the parties are hereby notified that, pursuant to § 7 of the Defend Trade Secrets Act of 2016 (Public law 114-153 May 11, 2016), an individual (including, but not limited to, an employee, consultant or independent contractor) shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a Trade Secret that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law. An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a Trade Secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the Trade Secret to the attorney of the individual and use the Trade Secret information in the court proceeding, if the individual files any document containing the Trade Secret under seal; and does not disclose the Trade Secret, except pursuant to court order. Except as required by Applicable Law, including the required disclosure in Franchisor's franchise disclosure document, any discovery in litigation or arbitration proceedings pursuant to this Agreement and related Proprietary Information shall be under seal or other confidentiality protection measures.

8. Miscellaneous.

a. Although this Agreement is entered into in favor of Pacific Perks Franchising LLC, you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Agreement will be governed by, construed, and enforced under the laws of the State of Washington, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date____
____

Signature and printed name

EXHIBIT G

FRANCHISE DISCLOSURE QUESTIONNAIRE

DO NOT SIGN THIS STATEMENT IF YOU ARE A RESIDENT OF CALIFORNIA OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN CALIFORNIA.
See https://dfpi.ca.gov/whats-new-in-2023-for-franchisors.

FRANCHISE DISCLOSURE QUESTIONNAIRE

DO NOT SIGN THIS STATEMENT IF YOU ARE A RESIDENT OF CALIFORNIA OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN CALIFORNIA.
See https://dfpi.ca.gov/whats-new-in-2023-for-franchisors.

As you know, Pacific Perks Franchising LLC ("we" or "us"), and you are preparing to enter into a Franchise Agreement for the operation of a Pacific Perks franchise. The purpose of this questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading, to be certain that you have been properly represented in this transaction. **You cannot sign or date this questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer in the table provided below.

1. Did you receive a copy of our Franchise Disclosure Document (and all exhibits and attachments) at least 14 calendar days prior to signing the Franchise Agreement? Check one: (_) Yes (_) No. If no, please comment:

____

2. Have you carefully studied and reviewed our Franchise Disclosure Document and Franchise Agreement? Check one: (_) Yes (_) No. If no, please comment:

____

____

3. Did you understand all the information contained in both the Franchise Disclosure Document and Franchise Agreement? Check one: (_) Yes (_) No. If no, please comment:

____

____

____

4. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the Franchise Disclosure Document? Check one: (_) No (_) Yes. If yes, please state in detail the oral, written or visual claim or representation:

____

5. Except as stated in Item 19 of the Franchise Disclosure Document, did any employee or other person speaking on behalf of Pacific Perks Franchising LLC make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted sales, revenues, expenses, earnings, income or profit levels at any Pacific Perks Franchising LLC location or business, or in the likelihood of success at your franchised business? Check one:

(_) No (_) Yes. If yes, please state in detail the oral, written or visual claim or representation:

6. Did any employee or other person speaking on behalf of Pacific Perks Franchising LLC make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document. Check one: (_) Yes (_) No. If yes, please comment:

7. Do you understand that the franchise granted is for the right to operate a Franchised Business in the assigned Territory and that we will not establish or operate a Pacific Perks Franchising LLC Location or authorize any other person or entity to establish or operate a Pacific Perks Franchising LLC Location within the assigned Territory as stated in the Franchise Agreement, and that we and our affiliates have the right to issue franchises or operate competing businesses for or at locations, as we determine, (i) outside of your assigned Territory using any trademarks, (ii) inside your assigned Territory if offered and sold other than through a Pacific Perks Franchising LLC business (for example, prepackaged coffee or food items through grocery stores or supermarkets, or coffee, memorabilia or recipes through other retail outlets), and (iii) inside your assigned Territory using any trademarks other than the Pacific Perks Franchising LLC Trademarks, as described in the Franchise Agreement? Check one: (_) Yes (_) No. If no, please comment:

8. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the Business, meaning that any prior oral or written statements not expressly stated in the Franchise Agreement or Franchise Disclosure Document will not be binding and you must not rely on any such statements? Check one: (_) Yes (_) No. If no, please comment:

9. Do you understand that the success or failure of your Pacific Perks Franchising LLC will depend in large part upon your skills and experience, your business acumen, your location, the local market for products under the Pacific Perks Franchising LLC trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the

economic and business factors that exist at the time you open your business may change? Check one (_) Yes (_) No. If no, please comment:

10. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) set forth in the Franchise Disclosure Document and the Franchise Agreement and that an injunction is an appropriate remedy to protect the interests of the Pacific Perks Franchising LLC System if you violate the covenant(s)? Further, do you understand that the term "you" for purposes of the non-compete covenants is defined broadly in the Franchise Disclosure Document and the Franchise Agreement, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement?
Check one (________) Yes (________) No. If no, please comment: ____

____

11. Do you understand that any training, support, guidance or tools we provide to you as part of the franchise are for the purpose of protecting the Pacific Perks Franchising LLC brand and trademarks and to assist you in the operation of your business and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters? Check one (_) Yes (_) No. If no, please comment: ____

12. Do you understand that due to the COVID-19 virus pandemic and its substantial impact on local, regional and global economies and businesses, (i) your Franchised Business may experience disruptions in customer demand, the supply chain for products and services, employee availability, and other aspects of operating the franchised business, and (ii) you and your Franchised Business may be required to comply with new or additional laws, rules and governmental orders issued in response to the virus outbreak or a similar pandemic, which could affect the operating costs, revenue and/or cash flow of your Pacific Perks Franchising LLC Franchise? Check one (_) Yes (_) No. If no, please comment: ____.

13. On the Receipt pages of your Franchise Disclosure Document you identified

____

as the franchise sellers involved in this franchise sales process. Are the franchise sellers identified above the only franchise sellers involved with this transaction? Check one ( ) Yes (_) No. If no, please identify any additional franchise sellers involved with this transaction:

____

EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):

Question Number	Explanation of Negative Response

Signatures of Franchisee

DO NOT SIGN THIS STATEMENT IF YOU ARE A RESIDENT OF CALIFORNIA OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN CALIFORNIA.
See https://dfpi.ca.gov/whats-new-in-2023-for-franchisors.

Date: ______________________, 202_.

____
Name of Franchisee: ________________________

____

Date: ______________________, 202_.

Name of Franchisee: ________________________

EXHIBIT H

GUARANTEE OF PACIFIC PERKS COFFEE, LLC

PACIFIC PERKS COFFEE, LLC

GUARANTEE OF PERFORMANCE

For value received, **Pacific Perks Coffee, LLC**, a Washington limited liability company ("Guarantor") located at 9014 NE St. John's Road, Suite 111, Vancouver, Washington 98665, absolutely and unconditionally guarantees to assume the duties and obligations of **Pacific Perks Franchising LLC**, a Washington limited liability company, located at 9014 NE St. John's Road, Suite 111, Vancouver, Washington 98665 (the "Franchisor") under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its August 2023 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended, from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until liability of the Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at 9014 NE St. John's Road, Suite 111, Vancouver, Washington 98665 on this ___ day of _________ 2023.

GUARANTOR:

PACIFIC PERKS COFFEE, LLC

By: ______________________________
Natalie Fairchild, Manager

EXHIBIT I

STATES AND EFFECTIVE DATES

STATES AND 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 (if no date is shown, the document is not effective in that State):

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

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

EXHIBIT J

GENERAL LISTING OF LICENSES AND PERMITS FOR CALIFORNIA FRANCHISEE

PACIFIC PERKS COFFEE, LLC

GENERAL LISTING OF LICENSES AND PERMITS FOR CALIFORNIA FRANCHISEE

Please note that Licenses and Permits are required for all businesses that operate in the State of California. These permits and licenses are required by specific jurisdictions, including State, County, City and local agencies. The following is a general list of the basic licenses and permits that would be required for a Pacific Perks franchisee operating a Pacific Perks® franchise within the City of Los Angeles, California. Other cities in California would differ in some respects but this list is an example of the types of licenses and permits that would be required in the State of California. This list is not exhaustive and there could be some other or different requirements to operate in specific locations or areas of California. This list is not intended to be legal or tax advice. Prospective franchisees are encouraged to check state websites like calgold.ca.gov and cdph.ca.gov and consult with their own legal and tax advisors to determine all of the licenses and permits that may be required in their specific locations. Prospective franchisees are encouraged to consult with their own legal and tax advisors to determine how to comply with these state laws. The Franchisor disclaims any responsibility to update this Exhibit J to include changes in the laws or regulations that occur following April 1, 2024.

1. **BUSINESS ENTITIES**
   Franchisees may desire to form a business entity to own the franchised business and enter into the Franchise Agreement with the Franchisor. The most common business entities used by franchisees are corporations and limited liability companies. These entities have different legal and taxation treatments and franchisees considering formation of one of these entities should consult with their own legal and tax advisors prior to forming one of these entities. The California Secretary of State Business Programs Division governs the formation of these forms of entities in the State of California. If the franchisee desires to use an entity that is organized under the laws of a jurisdiction other than California, that entity will need to be qualified under California to transact business within the state of California.

2. **FICTITIOUS BUSINESS NAMES**
   Some franchisees may elect to operate their franchised business as a general partnership or sole proprietorship. Depending upon the choice of name for the business, these forms of transacting business in California may require the filing of a "fictitious business name" in the county or counties in which business is transacted. Prospective franchisees are encouraged to consult with their own legal and tax advisors prior to determining to operate a business as a sole proprietorship or general partnership and to determine whether a fictitious business name registration is required.

3. **INCOME TAXES**
   A franchisee transacting business in California will be required to comply with state and federal income tax laws that are applicable to the franchised business. In general, federal income tax laws are governed by and enforced by the Department of the Treasury, Internal Revenue Service and California income taxes are governed by and enforced by the California Franchise Tax Board. In some cases, a franchisee will need to obtain an Employer Identification Number. Compliance with these income tax laws differ dramatically depending on the selected form of business organization and other factors. Prospective franchisees are encouraged to consult with their own legal and tax advisors to determine how to comply with applicable income tax laws.

4. **CALIFORNIA SELLER'S PERMIT**

   Franchisees transacting business in California will be required to obtain a California Seller's

Permit from the California Department of Tax and Fee Administration to operate their business. Prospective franchisees are encouraged to consult with their own legal and tax advisors to determine how to obtain this required permit.

5. CALIFORNIA'S NEW FAST FOOD RESTAURANT WORKER MINIMUM WAGE LAW

AB 1228 is a new law in California, which added sections 1474, 1475, and 1476 to the Califiornia Labor Code. Among other things, it increases the minimum wage for certain "fast food restaurant employees" and it establishes a Fast Food Council, which is empowered both to make future increases to the minimum wage and to adopt other minimum employment standards for fast food restaurants.

Effective April 1, 2024, all "fast food restaurant employees" who are covered by the new law must be paid at least $20.00 per hour. AB 1228 applies to employers of "fast food restaurant employees" regardless of whether the employer is the business entity that owns the national brand, or a franchisee or licensee of that national brand.

The new law applies only to employees of "fast food restaurants." To be considered a "fast-food restaurant," the restaurant must meet ALL of the below criteria:

- The restaurant must be a "limited-service restaurant" in California. A limited service restaurant is one that offers limited or no table service, where the customers order food or beverage items and pay for those items before the items are consumed.

- The restaurant is part of a restaurant chain of at least 60 establishments nationwide. An establishment is a single restaurant location offering food or beverages to customers. Off-site business locations (geographically separate from a restaurant location), at which employees perform administrative, warehouse, or preparatory food production tasks, are not counted as "establishments" toward the 60 establishment minimum.

- The restaurant is primarily engaged in selling food and beverages for immediate consumption.

Because Pacific Perks Franchising LLC does not operate 60 establishments nationwide, the new law does not currently apply to a Pacific Perks® franchise. However, the new law may have certain consequences for franchises and you should be aware of those possible consequences.

While the Pacific Perks Franchise does not currently meet the definition of a National Fast Food Chain, AB 1228 is likely to result in an increase of competition for employees in the food and beverage industry in California due to the mandated higher minimum wages that must be paid by National Fast Food Chain employers.

Under the new law, California cities or counties cannot pass an ordinance setting a higher minimum wage only for fast food restaurant employees covered by this law. However, a city or county can set a higher general minimum wage for all employees that would apply to employees covered by this law. For example, a local government minimum wage law could require all employees in the city be paid more than the current fast food employees' minimum wage. The fast-food restaurant establishment (including a Pacific Perks® franchise) then must pay the higher local minimum wage.

6. CALIFORNIA WAGE AND HOUR LAWS AND WORKER'S COMPENSATION LAWS

Franchisees transacting business in California will be required to comply with California wage and hour laws (California Labor Code) and worker's compensation laws to operate their business. Under California law, to qualify as an "exempt employee" for wage and hour purposes, the exempt employee must receive a salary of at least two times the state minimum wage for someone working 40 hours a week <u>and</u> meet other specific requirements. For a manager to qualify as an "exempt employee" under California law, the employer must pay the manager at least two times the state minimum wage for someone working 40 hours a week, and the manager must meet other specific requirements, including the requirement that the manager must be engaged in exempt tasks for more than 50% of their worktime. An employer may not use an employee's tips as a credit toward its obligation to pay the minimum wage per hour.

An employee who has not been paid the minimum wage can bring a legal claim to recover wages due and possibly related damages and penalties. The employer carries the burden of showing that it has complied with California minimum wage law.

7. CLASSIFICATION OF WORKER (INDEPENDENT CONTRACTOR OR EMPLOYEE)

In 2018, the California Supreme Court adopted the "ABC test" for determining whether a person is properly classified as an independent contractor, and the California Legislature adopted the same test, effective January 1, 2020. The ABC test looks at three key factors:

(A) Is the Worker free from the company's control?

To classify a Worker as an independent contractor, the company must prove that the worker is free from the company's control in performing the work.

(B) Does the work fall outside the company's "Usual Course of Business?"

To validly classify a Worker as an independent contractor under California law, the company must prove that the Worker's job functions fall outside the company's core business.

(C) Does the Worker typically operate a separate business from the company?

Under the third part of California's independent-contractor test, an employer must prove that the Worker is "customarily engaged" in a business, occupation, or trade that is independent from the company.

If the employer fails to prove any of the three ABC elements, the Worker must be classified as an "employee" rather than an "independent contractor."

Prospective franchisees are encouraged to consult with their own legal and tax advisors to determine how to properly comply with California state law on proper classification of Workers.

8. CALIFORNIA REGISTRATION OF EMPLOYEES

Franchisees transacting business in California will be required to register their California employees with the California Employment Development Department.

9. CALIFORNIA PROHIBITION OF CERTAIN NON-COMPETE AGREEMENTS

Effective January 1, 2024, recently enacted California Business & Professions Code §16600.1, makes it unlawful to impose non-compete clauses on employees. Such contractual restrictions were previously void under California Business & Professions Code §16600. A violation of the prohibition on noncompete agreements in employment also constitutes unfair competition under California's Unfair Competition Law, Business & Professions Code section 17200, *et seq*. New Section 16600.1 of the California Business & Professions Code states, in full:

> "16600.1. (a) It shall be unlawful to include a noncompete clause in an employment contract, or to require an employee to enter a noncompete agreement, that does not satisfy an exception in this chapter.
>
> (b) (1) For current employees, and for former employees who were employed after January 1, 2022, whose contracts include a noncompete clause, or who were required to enter a noncompete agreement, that does not satisfy an exception to this chapter, the employer shall, by February 14, 2024, notify the employee that the noncompete clause or noncompete agreement is void.
>
> (2) Notice made under this subdivision shall be in the form of a written individualized communication to the employee or former employee. employee, and shall be delivered to the last known address and the email address of the employee or former employee.
>
> (c) A violation of this section constitutes an act of unfair competition within the meaning of Chapter 5 (commencing with Section 17200)."

Employers must notify current employees and former employees (employed after January 1, 2022), that any noncompete agreement or noncompete clause contained within an agreement the current or former employee signed is void unless the agreement or clause falls within one of the statutory exceptions set forth in Business and Professions Code section 16600, *et seq*. Such notices must be provided by February 14, 2024 in an individualized communication to the employee or former employee, delivered to the last known address and email address the employee provided to the employer.

10. ZONING APPROVAL

Franchisees transacting business in California may be required to obtain zoning approval for their office/operation facility from the local authority with jurisdiction over zoning. For example, a franchise operating an office or facility in the City of Los Angeles is required to obtain zoning approval from the City of Los Angeles Planning Department. Prospective franchisees are encouraged to consult with their own legal advisors to determine how to obtain this required permit.

11. BUSINESS LICENSE

Franchisees transacting business in California will likely be required to obtain a business license from the local authority with jurisdiction over such licenses (generally a county or city). For example, a franchisee operating in the City of Los Angeles is required to obtain a Business Tax Registration Certificate ("BRTC") from the City of Los Angeles, Office of Finance. Prospective franchisees are encouraged to consult with their own legal advisors to determine how to obtain any required business license.

12. HEALTH AND FOOD PRODUCT LICENSES

Franchisees transacting business in California are required to comply with the California Retail Food Code. A "food facility" food carts and food storage and preparation facilities. Franchisees will be required to obtain a food service certificate or permit from the local authority with jurisdiction over such licenses (generally a county or city). For example, a franchisee operating in the City of Los Angeles will be required to obtain a Health Permit/Food Service Certificate from the Los Angeles County Department of Health "LA County Health Department"). A franchisee operating in the City of Los Angeles may also be required to obtain a Food Preparation and Storage Facility permit and a Mobile Food Facility Permit from the LA County Health Department. At least one manager of the franchisee will be required to obtain a Food Manager Certificate and all persons handling or serving food or beverages will be required to obtain a Food Handler Permit. Prospective franchisees are encouraged to consult with their own legal advisors to determine how to obtain any required health/food service permits.

13. CORPORATE TRANSPARENCY ACT

The Corporate Transparency Act of 2021 (CTA) took effect on January 1, 2024. The CTA is intended to combat illicit activity including tax fraud, money laundering, and financing for terrorism by capturing more ownership information for specific U.S. businesses operating in or accessing the country's market and to prevent individuals with malicious intent from hiding or benefitting from the ownership of their U.S. entities to facilitate illegal operations which is considered a widely-used tactic that affects national security and economic integrity.

Under the CTA, (specifically, 31 USC Section 5336) businesses that meet certain criteria must submit a Beneficial Ownership Information ("BOI") Report to the U.S. Department of Treasury's Financial Crimes Enforcement Network ("FinCEN"), providing details identifying individuals who are associated with the reporting company. An individual qualifies as a beneficial owner under the CTA if they directly or indirectly have a significant ownership stake in a company. This person either has a major influence on the reporting company's decisions or operations, owns at least 25% of the company's shares, or has a similar level of control over the company's equity. The details that reporting companies need to include in the BOI report vary based on the date their business was established. Businesses registered or established post-January 1, 2024, must provide information regarding the business, its beneficial owners, and its company applicants-including owners' and applicants' (if applicable) names, addresses, birthdays, and identification numbers (such as a license or passport number), and the jurisdiction of the documents. However, businesses established before that date can omit certain information regarding company applicants. All reporting companies must provide their legal name and trademarks, as well as their current U.S. address, which could be either the address of its main business site or, for foreign-based companies, their U.S. operational location. They also need to provide a taxpayer identification number and specify the jurisdiction where they were formed or registered. Companies subject to the requirements must also update filings. For instance, if a beneficial owner changes their address, legally changes their name due to marriage or divorce, or obtains a new driver's license, it may necessitate an update to a company's BOI report. Operational changes or a new delegation of authority could also qualify. Beginning January 1, 2024, reporting companies will have a limited time to file their initial BOI reports. For qualifying reporting companies established before January 1, 2024, the filing deadline is January 1, 2025. Businesses established on or after January 1, 2024, will have a much shorter time from their formation to submit their first report to FinCEN. Two types of reporting companies will be required to submit BOI reports: domestic reporting companies, including LLCs, corporations, and other entities formed through filing with a secretary of state or a comparable office in the U.S.; and foreign reporting companies that are registered to conduct business in the United States through filing with a secretary of state or an equivalent office. Businesses will not incur a fee for submitting their reports, and electronic forms are available on FinCEN's website.

###

RECEIPT
(Retain This Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Pacific Perks Franchising LLC 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.

Under Iowa law, if applicable, Pacific Perks Franchising LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires Pacific Perks Franchising LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement of the payment of any consideration that relates to the franchise relationship.

If Pacific Perks Franchising LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the appropriate state agency identified on Exhibit A of the Franchise Disclosure Document.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
_________ _________

Issuance Date: ___________________, 202_

I received a Franchise Disclosure Document issued April _, 2024, which included the following exhibits:

Exhibit A	List of State Administrators and Agents for Service of Process
Exhibit B	Financial Statements
Exhibit C	Franchise Agreement and Attachments
Exhibit D	State Addenda and Agreement Riders
Exhibit E	Pacific Perks Operations Manual Table of Contents
Exhibit F	Sample Contracts for use with the Pacific Perks
Exhibit G	Franchise Disclosure Questionnaire
Exhibit H	Guarantee of Pacific Perks Coffee, LLC
Exhibit I	States and Effective Dates
Exhibit J	General List of Licenses and Permits for California Franchisee
Exhibit K	Receipt

______________________________	______________________________	______________________________
Date	Signature	Printed Name
______________________________	______________________________	______________________________

Date	Signature	Printed Name

PLEASE RETAIN THIS COPY FOR YOUR RECORDS.

RECEIPT
(Our Copy)

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The name, principal business address, and telephone number of each franchise seller offering the franchise is:
_________ _________

Issuance Date: __________________, 202_

I received a Franchise Disclosure Document issued August __, 2022, which included the following exhibits:

Exhibit A	List of State Administrators and Agents for Service of Process
Exhibit B	Financial Statements
Exhibit C	Franchise Agreement and Attachments
Exhibit D	State Addenda and Agreement Riders
Exhibit E	Pacific Perks Operations Manual Table of Contents
Exhibit F	Sample Contracts for use with the Pacific Perks
Exhibit G	Franchise Disclosure Questionnaire
Exhibit H	Guarantee of Pacific Perks Coffee, LLC
Exhibit I	States and Effective Dates
Exhibit K	Receipt

Date	Signature	Printed Name
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, and return it to Pacific Perks Franchising LLC, 9014 NE St. John's Road, Suite 111, Vancouver, Washington 98665.