FRANCHISE DISCLOSURE DOCUMENT

Poke House, Inc.,
a California corporation

1905 Park Ave.
San Jose CA 95126
408-406-3418

info@poke.house
www.poke.house

The franchised business is a restaurant specializing in Hawaiian-style poke (a fish salad made with cut fish served over rice or greens, with soy sauce, green onions, sesame oil, and a variety of toppings).

The total investment necessary to begin operation of a **POKÉ HOUSE** franchise ranges from $307,300 to $686,300. This includes $45,000 that must be paid to the franchisor or an affiliate.

If you sign a Multi-Unit Development Agreement for two units, the range will be from $324,800to $703,800, including $62,500 that must be paid to the franchisor or an affiliate. If you sign a Multi-Unit Development Agreement for three units, the range will be from $337,300 to $467400, including $75,000 that must be paid to the franchisor or an affiliate. If you sign a Multi-Unit Development Agreement for more than three units, each of these figures will increase by $12,500 multiplied by the number (above three) that you commit to develop. 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 payments to, the franchisor or an affiliate in connection with the proposed franchise sale. Note, however, that no governmental agency has verified the information contained in this document.

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact James Deng, 1905 Park Ave., San Jose CA 95126; Telephone:408-406-3418.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, such as 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 may contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You may also visit the FTC's home page at http://www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

ISSUANCE DATE: June 24, 2024, as amended July 24, 2024.

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.

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

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Item 1:
The Franchisor, and any Parents, Predecessors, and Affiliates.

A. Terminology.

In this Offering Circular, the "**Company**," "**we**" or "**us**" means Poke House, Inc., a California corporation. "**You**" means the person who buys the franchise. If a corporation, partnership, limited liability company, or other legal entity purchases the franchise, "you" refers collectively to all persons who own an interest in the entity. "**Franchise**" and "**franchise restaurant**" refer to a **POKÉ HOUSE** restaurant, and means the business establishment we franchise you to operate. "**Franchise Agreement**" means an agreement (in the form of Exhibit B) that grants to you the right to own and operate one franchise restaurant. "**MUDA**" means an agreement (in the form of Exhibit C) that grants to you the right to develop more than one franchise restaurant in a designated "**Development Area**." If you sign a MUDA, you will still need to enter into a separate Franchise Agreement with respect to each of your franchise restaurants.

B. The Company.

We were organized as a California corporation on July 22, 2015. We do business under the name **POKÉ HOUSE**. Our principal business address is 1905 Park Ave., San Jose CA 95126. We have no "predecessors" (companies from whom we purchased the major portion of our assets within the last 10 years).

We are not presently affiliated with any other company that offers franchises in the United States in any line of business.

Our agent for service of process is Yun (James) Deng, 1905 Park Ave., San Jose CA 95126.

C. Prior Business Experience.

We opened our first **POKÉ HOUSE** restaurant on January 27, 2016, and have continuously operated **POKÉ HOUSE** restaurants since that time. On the date of this Disclosure Document, we operate six **POKÉ HOUSE** restaurants.

We do not now operate (and have not previously operated) any other businesses.

D. Our Franchise Program.

We have offered franchises for **POKÉ HOUSE** restaurants intermittently since September 2017. We have not previously offered franchises in any other business.

Each franchised **POKÉ HOUSE** restaurant will feature our menu of Hawaiian-style poke (a fish salad made with cut fish, served over rice or greens, with soy sauce, green onions, sesame oil, and a variety of toppings). We may also allow you to sell other items, such as fountain beverages, bottled water, and cooked fish or meat.

Most of our establishments are located in shopping centers and operate as fast-food, counter-service units, with seating. Customers go through a cafeteria-style line, where they pick out their base (white rice, brown rice, mixed greens, or zucchini noodles), their protein (tuna, salmon, octopus, shrimp, spicy tuna, crab salad, and other marinated fish), their dressing, and their toppings.

If you are granted one of our franchises, you will use and associate your business with our marketing methods (the "**Franchise System**") and our trademarks, including "**POKÉ HOUSE**" (the "**Marks**"). The Franchise System includes specifications for the design and appearance of franchise restaurants; special equipment, fixtures, and signs; mandatory menu selections and designations, special recipes and ingredients, and mandatory handling and preparation methods; administrative and operational training programs; uniform operating methods and procedures; customer and community relations programs; and identification schemes, including use of the Marks. We may modify any of the components of the Franchise System at any time as frequently as we feel is necessary, and will notify you in writing of all changes. In operating your franchise restaurant, you must use and conform to the Franchise System as we change it periodically.

E. General Market Conditions.

POKÉ HOUSE restaurants compete directly with restaurants featuring sushi, sashimi, and poke, and indirectly with all restaurants. The market for poke is developing in most of the U.S. (it is more-developed in Hawaii and California). The overall restaurant industry is highly developed and competitive throughout the United States. Not only will you compete for customers with other restaurants located within the same shopping mall as your franchise restaurant, but you will compete with restaurants in the general vicinity, ranging from full service to take-out and those that serve completely different foods and beverages than franchise restaurants offer.

Your competitors will be both chains and independent operators. Obviously, to some extent you will also compete with all alternative eating opportunities, including meals prepared at home, convenience stores, and grocery stores.

F. Applicable Laws and Regulations.

Other than laws and regulations that apply to businesses generally, and more particularly to locations and other businesses serving food to the public, no laws or regulations in this state specifically apply to the particular kind of food service operation that franchise restaurants run.

The laws of general application include tax regulations, labor laws, business licensing requirements, health and sanitation codes, the Americans with Disabilities Act, food labeling laws, and the like. You should investigate all general laws in evaluating the franchise.

Item 2:
Business Experience.

YUN (JAMES) DENG, President and Director

Mr. Deng founded the Company in April 2015, and became our President and sole Director when the Company was incorporated in July 2015. Mr. Deng is responsible for all aspects of our company-owned and franchised restaurants.

Before starting the Company, Mr. Deng worked as an Operations Manager for Vertical Mass, Inc., in Culver City, California, from February 2014 through March 2015; and as a Research Associate for Keiretsu LLC in Palo Alto, California from June 2013 through January 2014. Before that, he was an MBA student at Santa Clara University in Santa Clara, California, from September 2011 through his graduation in June 2013.

Item 3:
Litigation.

No litigation is required to be disclosed in this Item.

Item 4:
Bankruptcy.

No bankruptcies are required to be disclosed in this Item.

Item 5:
Initial Fees.

A. Initial Franchise Fee.

When you buy a single unit franchise from us, you will pay an initial fee (the "**Initial Franchise Fee**") when you sign the Franchise Agreement. The Initial Franchise Fee is fully earned when paid and is not refundable under any circumstance.

The amount of the Initial Franchise Fee is $45,000 for your first Franchise Agreement that you sign with us, $35,000 for your second Franchise Agreement that you sign with us, and $25,000 for the third and subsequent Franchise Agreements that you sign with us. In the 12-month period before the date of this Disclosure Document, we generally sold new Franchise Agreements that called for the Initial Franchise Fees described above. In addition, we issued Franchise Agreements pursuant to previously-signed MUDAs at the initial franchise fees called for in those MUDAs (typically $30,000), and we also sold two Franchise Agreements to long-term employees of the Company for which we waived the Initial Franchise Fee.

Note that the amounts of the Initial Franchise Fees set forth above are current on the date of this Disclosure Document, but are subject to change at any time.

B. Multi-Unit Development Agreement.

When you buy a MUDA from us, you will pay multi-unit development fee (the "**Development Fee**") when you sign the MUDA. The amount of the Development Fee is generally equal to the sum of the Initial Franchise Fee for the first Franchise Agreement that you commit to sign ($45,000 if you sign a MUDA before you have signed your first Franchise Agreement) plus one-half of the Initial Franchise Fee for each of the other Franchise Agreements that you commit to sign in accordance with the MUDA ($17,500 with respect to the $35,000 Initial Franchise Fee due with respect to the second Franchise Agreement you commit to sign, and $12,500 with respect to the $25,000 Initial Franchise Fee due with respect to the third and subsequent Franchise Agreements that you commit to sign). The Development Fee is fully earned when paid and is not refundable under any circumstance; however, if you timely sign Franchise Agreements in accordance with the obligations in the Multi-Unit Development Agreement, we will apply to the Initial Franchise Fee otherwise payable under each Franchise Agreement the amount paid by you as part of the Development Fee. Note that, if you miss the deadline to sign the Franchise Agreement for any unit, you will forfeit all portions of the Development Fee that have not already been applied to the Initial Franchise Fees of Franchise Agreements that you have previously signed. In the last 12 months before the date of this Disclosure Document, we generally issued MUDAs for the Development Fee described above. In one instance, however, we agreed to issue a MUDA with a larger-than-normal protected territory, for a Development Fee of $500,000 (payable in two installments), which included the Initial Franchise Fee for 10 franchise restaurants to be opened pursuant to that MUDA.

C. Franchise Application.

To apply to become a franchisee, you must submit preliminary financial and biographical information to us. We will evaluate this information and decide if more discussion about the franchise opportunity would be productive. If there is mutual interest to continue discussions, you will at that time complete a comprehensive application that requires you to provide us with bank and personal references and any other information that we reasonably request. We have 30 days after receiving your completed application in which to accept or reject it, and reserve complete discretion in selecting franchisees.

D. Conditions Regarding Refund.

We do not refund any part of the Initial Franchise Fee or the Development Fee under any circumstance.

Item 6:
Other Fees.

OTHER FEES

Type of Fee (Note 1)	Amount	Due Date (Note 2)	Remarks
Royalty	4% of Net Sales	Due monthly on or before the 10th day of each month for sale during the prior month.	**Net Sales** means Gross Sales (*i.e.,* all revenue from the sale of all products and services and all other income of every kind and nature, including stored value gift cards and gift certificates when redeemed but not when purchased, and proceeds from business interruption insurance related to the Franchised Business, whether for cash or credit and regardless of collection in the case of credit) minus (i) sales tax paid to government authorities, (ii) certain coupon sales, (iii) fees paid to (or deducted by) third-party delivery services; and (iv) sales of personal property (such as equipment used in operation of the franchised restaurant) not in the ordinary course. For more details, see Section 11.4 of the Franchise Agreement.
Advertising Fee (Note 3)	Up to 2% of Net Sales (none at this time)	Same as Royalty	Paid to the Promotional Fund. See Item 11 for more details. Company-owned restaurants will pay the Advertising Fee at the same rate as franchised restaurants.
Successor Term Fee	The then-current fee that we charge at the time when you sign a successor agreement.	When you give notice of your exercise of renewal option, at least 9 but no more than 12 months before expiration of the current term.	We have not determined what renewal fees we will charge, but the fee cannot be higher than 25% of the of the initial franchise fee that we are then charging for a new single-unit franchise in the United States.
Extension Fee	No higher than $100 per week of extension requested by you	At the time you request an extension of the site selection deadline.	You are required to submit a written site proposal to us within 60 days after the date of the Franchise Agreement. If you need more time to submit a site proposal, you can request an extension if you pay us a fee for each week of extension you request.
Site Review Fee	Reimbursement of our actual expenses plus $300 per day.	Upon receipt of invoice	We do not charge for the first written site proposal you submit, as long as your written site proposal is completed properly and includes all of the supporting materials identified in the Manuals. However, if we elect to visit a proposed site and determine that the written site proposal is incomplete, you must reimburse us for our actual travel expenses for transportation, lodging, and personal expenses to send one employee to the site or area, plus pay us a site review fee of $300 per day. Also, if you request that we make more than one on-site visit, or if we determine that more than one on-site visit is necessary or desirable to select the Franchise Location, or if an on-site visit is requested or required in connection with relocation of your Franchised Restaurant, you must reimburse us for our actual travel expenses for transportation, lodging, and personal expenses to send one employee per visit to the site or area and pay us a site review fee of $300 per day.

Type of Fee (Note 1)	Amount	Due Date (Note 2)	Remarks
Manual Replacement Fee	$100.00 for each volume of the Manuals or part thereof requiring replacement, plus all shipping expenses.	Within 10 days after you receive an invoice from us for the replacement manual(s).	If you lose any volume or part of your copy of the Manuals, or if any volume or part of your copy of the Manuals is destroyed for any reason.
Alternate Supplier Testing Fee	Based on our actual cost	When you request approval of an alternate supplier (see Item 8)	If you request approval to purchase (i) any brand or item of equipment, supplies, furnishings, consumable or non-consumable inventory, or other materials not then approved by us as meeting our minimum specifications and quality standards, or (ii) any Non-Proprietary Goods or Services from a supplier not then included on our list of recommended suppliers.
Training Fee for additional personnel (more than four)	Currently $3,000 per person for the current curriculum; we determine the actual amount based on our current rate at the time.	Before start of Training. See Note 5.	We will not impose a training fee to provide the Basic Training program to up to four persons before the Opening Date, nor will we impose a training fee to provide On-Site Training in the 14-day period after the Opening Date regardless of the number of your employees participating in the On-Site Training. We conduct Training at a location that we designate in the northern California area. See Note 4 and Item 11.
Ongoing Training Fee	Then-current fee, which is currently $30 per trainee per hour.	Before training commences	You must pay this fee for any person you send to additional or ongoing training, unless the training is conducted in conjunction with an annual meeting. Additionally, you must pay for transportation, lodging, personal expenses, and salary for its employees who attend training.
Maintenance or Repair Work	Actual direct costs in performing needed maintenance or repair work after you fail to do so, plus a 15% service charge.	Upon receipt of invoice	This charge is only payable if you fail to complete necessary maintenance or repair work. We have no obligation to perform the work for you, however, and may terminate the Franchise Agreement because of your breach.
Insurance Service Charge	Actual costs of insurance plus a 15% service charge if you fail to maintain required insurance.	Upon receipt of invoice	This charge is only payable to us if you fail to carry the insurance we require and if we decide to purchase the required insurance coverage for you. We have no obligation to obtain coverage for you, however, and may terminate the Franchise Agreement because of your breach.

Type of Fee (Note 1)	Amount	Due Date (Note 2)	Remarks
Late Payment Charge	Late charge equal to 10% of the amount due, together with interest at 1-1/2% per month (not to exceed highest rate of interest allowed by law)	When billed	If you do not pay any amount to us by the date payment is due, you will pay us a late charge equal to 10% of the amount of the payment due. If the amount remains unpaid on the first day of the following month, you will also pay interest on the amount unpaid at the rate of 1-1/2% per month (but not to exceed the maximum legal rate of interest), imposed from the date payment was due until the entire sum, late charges, and accrued interest is paid in full.
Compliance audit costs	Cost of inspection or compliance audit	10 days after billing	We may audit your business records (including your tax returns) at any time. If an audit discloses that you underpaid any amounts, you must pay the underpaid amount, together will late fees and interest. In addition, if the underpayment equals 2% or more of the amount due, you must reimburse us for the costs of the audit.
Transfer Fee	10% of our then-current initial franchise fee if assignment is to another **Poke House** franchisee; otherwise 25% of then-current initial franchise fee.	At the time you request our consent to a transfer.	Franchise Agreement defines what events constitute a "transfer" requiring payment of a fee. If we refuse to consent to your transfer request, we may keep the greater of 10% of the then-current initial franchise fee, or $2,500, for our expenses in reviewing the proposed transfer.
Indemnification	All liabilities or damages we incur from your operation	As incurred	You must reimburse us for all losses (including attorneys' fees) that we suffer resulting from the operation of your business.
Costs and Attorneys Fees	Will vary under circumstances	As incurred	Awarded to prevailing party in any enforcement action relating to the Franchise Agreement.

Notes to Item 6 table:

Note 1: **General.** Unless otherwise noted, all fees are imposed by and payable to us and are nonrefundable. Generally, all fees are uniformly imposed on our franchisees; however, in certain unique circumstances, we may reduce or waive a fee for a particular franchisee, either generally or for a limited period of time.

Note 2: **Electronic Funds Transfer and Due Date.** For all fees that are payable to us (unless we advise you otherwise), you must participate in our electronic funds transfer program authorizing us to utilize a preauthorized bank draft system.

Note 3: **Advertising Fee.** We may impose an Advertising Fee during the term of the franchise of up to 2% of your Net Sales. Institution of the Advertising Fee, and changes in the rate, will become effective upon at least 30 days written notice to you. If we implement an Advertising Fee in the future, all Poke House units (both company-owned and franchised) will be required to contribute to the Advertising Fee at the same percentage of Net Sales.

Note 4: **Initial Training.** You must designate at least one manager ("**Approved Manager(s)**") for each franchise restaurant that you own, who must meet our minimum performance criteria for managers. If you are an individual, you may designate yourself as an Approved Manager.

You (if you are an individual) or one of your principal owners (if you are not an individual) or another Approved Manager must complete the initial training program. Initial training consists of a three-week program described further in Item 11, below. You (or one of your principal owners) must successfully complete the entire initial training program and achieve a passing performance grade.

At your option, you may send additional persons to the initial training program. We do not impose a training fee for up to four individuals to attend the initial training program that we offer you, provided that all of them attend the same session of the Training. If you desire to send more than four people to the same Training session (if space is available) or you desire to send a trainee to a different Training session, you must pay us a training fee, which presently is $30 per hour per person, or, under the present curriculum, $3,000 per person. In all cases, you must pay for the travel, lodging, personal expenses, and salary expenses of you and your employees receiving training.

We may also require that you and certain personnel that we designate complete refresher and advanced training courses. At this time, we do not impose a training fee for refresher or advanced training courses, but reserve the right to charge our then-current training fee, which presently is $30 per hour per person. See Item 11 for additional disclosures regarding initial and additional training requirements and training locations. You are responsible to train all of your managers and employees who do not receive initial training from us.

Item 7:
Estimated Initial Investment

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to Be Made
Initial Franchise Fee (Note 1)	$25,000 to $45,000	Cash	Upon signing Franchise Agreement	Us
Real Property (Note 2)	$10,500 to $37,800	Cash	Before taking possession of premises	Third party landlord
Construction, remodeling, leasehold improvements, and decorating costs (Note 3)	$150,000 to $375,000	Cash	Typically, in installments as construction progresses.	Third parties (primarily contractors).
Equipment, fixtures, and other fixed assets (Note 4)	$50,000 to $100,000	Cash	Typically, at time of delivery.	Third party suppliers.
Initial Inventory — Food, (Note 5)	$8,000 to $12,000	Cash	As negotiated with suppliers (typically, no later than 30 days after delivery).	Third party suppliers.
Initial Inventory — Other (Note 6)	$8,000 to $10,000	Cash	As negotiated with suppliers (typically, no later than 30 days after delivery).	Third party suppliers
Professional Fees (Note 7)	$1,000 to $5,000	Cash	Before opening	Accountants, attorneys
Utility Deposits (Note 8)	$800 to $2,500	Cash	Before opening.	Utility companies, telephone company.
Insurance (Note 9)	$1,000 to $3,000	Cash	Before opening	Insurance Companies

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to Be Made
Employee Expenses During Training (transportation, hotel, meals, and related expenses) (Note 10)	$3,000 to $10,000	Cash	Before and at the time of opening	Third Parties
Promotional Expenses (Note 11)	$0 to $6,000	Cash	Before and at the time of opening	Third Parties
Additional Funds (Note 12)	$50,000 to $80,000	Cash	As incurred (before and after opening)	Third Parties; employees
Total Initial Investment for single unit franchise	**$307,300 to $686,300**			

The total estimated initial investment does not include any allowance for payments made to a bank or financing company on any loan that you may obtain to finance the cost of purchasing the franchise or other development-related costs.

We relied on a combination of our experience in building and operating stores in California and reports from our franchisees to compile these estimates.

All figures in this Item 7 are *estimates* only. We cannot guarantee that you will not have additional expenses, or other categories of expenses, in opening and initially operating your franchise restaurant, nor can we guarantee that your expenses within these categories will not exceed the ranges set forth. You should review these figures and notes carefully with a business advisor before making any decision to purchase the franchise.

NOTES TO ITEM 7 DISCLOSURES

NOTE 1: The amount of the Initial Franchise Fee is $45,000 for your first Franchise Agreement that you sign with us; $35,000 for your second Franchise Agreement that you sign with us, and $25,000 for your third and subsequent Franchise Agreements that you sign with us.

NOTE 2: You will typically need to rent between 1,000 and 2,100 square feet for your **POKÉ HOUSE** restaurant. Many leases will require that you pay as rent the higher of a set amount ("base rent") or a percentage of sales. In addition to the rent, you may need to pay a percentage (based on the ratio of your leased space to other space in the same facility) of the "common area maintenance" charges; typically, common area maintenance charges cover costs such as taxes, maintenance, and lighting of parking areas.

The amounts set forth in the table above assume that, before you open, you will pay the landlord the first and last month's base rent, plus a security deposit equal to one month's rent. Costs of real estate vary widely from market-to-market. You should speak to a real estate professional (such as a broker) in your area to determine the approximate rental rates of leased real estate of the appropriate size in your desired market. The low amount set forth assumes that you will rent 1,000 square feet at a base rent of $42 per square foot per year; the high amount assumes that you will rent 2,100 square feet at a base rent of $72 per square foot per year. We have currently signed five leases for company-owned restaurants, for which we have paid (or will pay) rent of as little as $48,000 per year ($4,000 per month), and as much as $171,000 per year ($14,250 per month).

This cluster of payments is not a universal approach, as the practices of various landlords may differ in this regard. Some landlords only require the payment of the first month's rent. Sometimes, landlords require payment of a "construction deposit" before work begins on the store, which is refunded after the construction is complete. Landlords for some centers (typically high-end or more prestigious centers) require tenants to pay "key money" (a non-refundable payment, in addition to rent and deposits, for the privilege of signing a lease in the center). Payments that are characterized as a "security deposit" are typically refundable; payments characterized as "rent" or "key money" typically are not refundable.

NOTE 3: Your initial investment will include the required costs of construction, remodeling, leasehold improvements, and decorating costs to bring the leased space into conformity with our current standards. The costs of the required work can vary widely, depending on (among other things) the condition of the premises when delivered to you by the landlord, whether you use union contractors, size of the space, and finishes chosen. Additionally, some landlords will grant a "tenant improvement allowance" that will reimburse you for some of the costs of construction, remodeling, leasehold improvements, and decorating.

NOTE 4: Costs include (i) food preparation equipment (such as ovens, food processors, rice cookers, etc.), (ii) food storage equipment (such as refrigerators, freezers, and shelving), (iii) customer seating (such as tables, chairs, and related furniture), and (iv) point-of-sale computer systems.

The lower end of the range assumes a 1,000 square-foot restaurant, includes shipping to San Jose, CA, and excludes costs of signage. The high end of the range is for a 2,100 square-foot restaurant and includes estimated costs for signage and shipping to San Jose, CA. Shipping costs for locations other than San Jose, CA, may be higher or lower.

NOTE 5: Covers the costs we estimate for initial inventory of food supplies, beverages, condiments, and ingredients needed for opening.

NOTE 6: Covers the costs we estimate for initial inventory of non-food supplies, including paper goods, cleaning materials and other disposables needed for opening, as well as a change fund of approximately $500.

NOTE 7: We suggest that you retain the services of an attorney, accountant, or other professional(s) to review your agreement for the purchase of the unit and to assist you to establish your franchise business and your books and records.

NOTE 8: Includes initial deposits that utility companies may require (telephone, water, gas, electricity, trash removal, and related utility and service expenses) to establish service. Based on our experience, costs generally fall within the stated range.

NOTE 9: Covers the expense for the first year's premium for all insurance required by Section 10.10 of the Franchise Agreement. In our experience, you will likely pay the first year's premium in full before opening. Minimum required insurance includes the following: (1) comprehensive general liability insurance with minimum coverage of $1 Million combined single limit (including broad form contractual liability) or the higher amount required by your lease (some landlords require as much as $3 Million coverage); (2) workers compensation insurance as required by applicable law; and (3) general casualty insurance based on the cost of replacing damaged or destroyed property with property meeting current specifications. As we state in the Franchise Agreement Section 10.10, we may require additional insurance and may modify the minimum insurance requirements during the franchise term. See Franchise Agreement Section 10.10 for additional conditions regarding mandatory insurance.

NOTE 10: You must send at least one individual (who may be you or your principal owner) to training. These estimates cover travel, lodging, food and other miscellaneous costs for one person, and an allowance for wages/salaries during training.

Items 6 and 11 explain that you may send a total of four individuals to the same session of Training before opening for no additional fee. See the Explanatory Notes to Item 6 regarding possible additional initial training costs. Item 11 describes the length and location of pre-opening initial training.

The low estimate assumes that you locate your franchise restaurant within commuting distance of our headquarters in Northern California; that one employee attends the training, whom you pay wages at the rate of $24 to $35 per hour plus benefits (which is typical in our experience for new store managers); and that you do not reimburse the employee for commuting time, hotel, or meals. The high estimate assumes, in addition, that you purchase three round-trip tickets for the employee to fly coach to San Jose each week of training, and that you pay the employee an allowance of $250 per day for hotel and meals in San Jose during training.

NOTE 11: When you begin operations of the unit, your landlord may require you to run a "grand opening" promotion (although no grand opening promotion is required by the Franchise Agreement). Based upon our experience, we estimate that you will spend the amount shown in the chart. We are available to consult with you in designing a grand opening promotional program before implementation.

NOTE 12: The Franchise disclosure laws require us to include an estimate of all costs and expenses to operate the franchise during the "initial phase" of the business, which current law defines as at least three months or a reasonable period for the industry. We are not aware of any established longer "reasonable period" for the fast-food industry, so our disclosures cover a 3-month period.

The additional funds that we estimate you may need will vary considerably from one franchisee to the next based on a variety of factors, including the size of your franchise restaurant, the number of employees you chose to hire and the salary and other benefits you choose to pay; the extent you will be actively involved in store-level operations; your skill, experience, business acumen and credit-rating; local competition; local economic conditions, including rent and wage scales; the cost of supplies; and the actual sales levels that you achieve during the initial three-month period.

The "Additional Funds" category is not the only source of cash, but is *in addition* to cash flow from operations. We cannot estimate your cash flow from operations and encourage you to visit operating **POKÉ HOUSE** restaurants to evaluate this on your own. You should not assume that cash flow from operations after the first three months will necessarily be sufficient to pay all operating expenses. We do not project your break-even point or when you might reach it; you must investigate and make your own calculations.

We anticipate you will use the Additional Funds to defray miscellaneous and incidental operating costs like expenses to train opening employees on-site, local business licensing fees, payroll expenses, software charges, bank charges, initial cost for employee uniforms, miscellaneous out-of-pocket costs, postage, office supplies, and other initial expenses.

The estimate of Additional Funds *excludes* payments of Royalty Fees, any Advertising Fees, and percentage rent, since these amounts will depend upon your actual Gross Sales and Net Sales. We do not project what your actual Gross Sales or Net Sales will be; however, you should allow for these expenses in your own calculations.

Payroll expenses included in the estimate of Additional Funds cover all operating employees, but do not include any allowance for a draw or salary to you.

Item 8:
Restrictions on Sources of Products and Services.

A. Uniformity of Operations.

Uniformity of operations is central to the Franchise System. To achieve this, our confidential operating and procedural manuals (the "**Manuals**") contain mandatory specifications pertaining to all aspects of operation.

Specifications exist for all food and beverage products sold at franchise restaurants, as well as for food preparation equipment and methods, and recipes and ingredients. In some cases, the specifications identify particular products or ingredients by brand name, although you may purchase the item from any recommended or approved supplier who sells that brand. These specifications exist to ensure consistent quality and uniform taste and appearance of all food and beverage items.

Additionally, specifications exist for the fixtures, equipment, and supplies that you must use in operating your franchise restaurant to assure us that you will observe uniform appearance requirements and methods of operation.

We state all specifications in our operating and procedural Manuals. We may revise the specifications, in our discretion, as frequently as we believe is necessary, through written supplements to the Manuals.

After you sign the Franchise Agreement, we will furnish you with a list of the suppliers whom we recommend, and identify at least one recommended supplier for each item that you must use or sell in operating your franchise restaurant. Except for those items that we identify in this Item 8 (and, if we introduce it in the future, proprietary software), you may purchase all goods, services, equipment, supplies, fixtures, furnishings, and inventory from any alternate supplier that we approve. To obtain our approval, you must follow the procedures that we describe in this Item 8. None of our officers or directors own any interest in any recommended or approved supplier.

Note that seafood that is served uncooked is particularly susceptible to contamination. As a result, we take particular care in approving seafood suppliers, and you may not purchase seafood from any vendor that we have not particularly approved.

At this time, except for sauces, we are not a designated supplier (*i.e.,* the only approved supplier) of any goods or services to you. You must buy all sauces used in your franchise restaurant from us.

We are also a source of restaurant disposable packaging, uniforms and apparel, and proprietary branded items, but you may purchase comparable items meeting our specifications from any alternate supplier that we approve. If you choose to buy these items from us, we will derive revenue on your purchases.

B. Obligations to Purchase Items from Designated Sources.

At this time, we are the only source of the proprietary sauces that you must use for making foods sold at your franchise restaurant.

As of December 31, 2023 (the end of our last fiscal year), we had four franchisees operating a total of seven restaurants in the United States. In our most recent fiscal year, our revenue from purchases by franchisees (both mandatory and optional) in the United States was $726,582, which was approximately 7.5% of our total revenues during our fiscal year 2023. Information about our total revenues is contained in our audited financial statements (attached as Exhibit D).

C. Procedure for Approving Alternate Suppliers.

If you would like to purchase a required item (other than our proprietary sauces) from an alternate supplier (and not from one of the suppliers we recommend), you must request approval in writing and submit samples of the item for examination and/or testing, together with information supporting the proposed supplier's financial capability, business reputation, delivery performance, and credit rating. We may impose a charge to cover our cost to test the item, including our expenses to visit the supplier's manufacturing facility, lab testing, and other direct costs, which you must pay before testing starts.

Approval of a proposed supplier will consider not only the quality and conformity of the product, but the supplier's distribution capabilities and reputation.

We notify you in writing within 15 business days after we receive all requested information and complete our testing if we approve of your proposed supplier. Our failure to notify you by the end of 15 business days signifies our disapproval of the proposed supplier. We reserve the right to re-inspect the facilities of an approved supplier and to revoke a supplier's approval for good cause, effective upon written notice to you.

D. Payments and Other Consideration from Approved or Designated Suppliers.

Except for items you purchase from us (our proprietary sauces and other items that we make available for purchase) we do not receive any payments or other material benefits from designated, recommended, or approved suppliers on account of transactions with you.

We may purchase goods or services for restaurants that we own from suppliers that pay us rebates and other material benefits on account of our purchases for our own stores. Likewise, if you receive a rebate or other benefit directly from a designated, recommended, or approved supplier on account of purchases you make for your franchise restaurant, you may retain the rebate or other benefit for your use. Sometimes, suppliers pay rebates on the condition that the recipient use the rebates for local promotion or marketing.

In the future, we may receive a promotional allowance, cash rebate, or material non-cash benefits from designated, recommended, or approved suppliers on account of their transactions with you. If the supplier specifically designates the consideration as a promotional allowance, we will apply the sums towards marketing for the benefit of our franchisees generally or deposit the sums into the Promotional Fund if we create one (see Item 11). We will also spend on general marketing or deposit into the Promotional Fund, if we have one, any rebates and other cash consideration that suppliers specifically denominate as a promotional allowance and pay to us on account of our purchases for our own restaurants.

If a supplier does not specifically designate a payment as a promotional allowance, we have discretion over how we spend the payments or other benefits that we receive from suppliers or distributors on account of transactions they have with you or us. We may use undesignated payments or other benefits for any purpose.

Because of our limited experience selling franchises in the United States, we have no information regarding whether, if a supplier pays a promotional allowance, cash rebate, or material non-cash benefit, the payment will be a flat sum or calculated as a percentage of purchases made from the supplier. However, based on our experience in operating company-owned stores, any cash rebates or promotional allowances, if paid by a supplier, will likely be a percentage of the cost of your purchases from the supplier. We cannot predict how much (or what percentage) of our total revenue, if any, we will derive in the future from payments that designated suppliers make to us on account of our franchisees' collective required purchases.

E. Purchasing Assistance.

We will negotiate with companies that sell goods and services (such as seafood, vegetables, beverages, insurance, POS systems, contractors, and restaurant design firms) to us to extend identical pricing benefits to you, subject to volume discounts and differences in shipping costs. We make no representation about our ability to secure these benefits.

F. Proportion of Purchases.

We estimate that approximately 90% to 100% of your purchases or leases to establish your franchise restaurant will be made from approved or recommended suppliers (this is substantially all purchases and leases other than real estate, construction, insurance, travel, and marketing expenses).

We estimate that approximately 90% to 100% of your purchases or leases for the continuing operation of your franchise restaurant will be made from approved or recommended suppliers.

G. Purchasing and Distribution Cooperatives.

At this time, no purchasing or distribution cooperatives exist with respect to **POKE HOUSE** restaurants.

Item 9:
Franchisee's Obligations.

FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Franchise Agreement	Section in MUDA	Disclosure Document Item
a.	Site selection and acquisition/lease	5.1; 5.2; 5.3; 7	3	Items 7 & 11
b.	Preopening purchases/leases	8; 9.2	n/a	Items 7, 8, & 11
c.	Site development and other preopening requirements	5; 7; 8	3; 12	Items 6, 7, & 11
d.	Initial and ongoing training	9.3; 9.4; 9.5; 10.3; 15.4	n/a	Items 5, 6, 7, & 11
e.	Opening	8.2; 9.8	n/a	Items 7 & 11
f.	Fees	10.10; 11; 12.4; 15.4	2	Items 5 & 6
g.	Compliance with standards and policies/ Operating Manual	9.1; 9.2; 10.2	6	Items 8 & 11
h.	Trademarks and proprietary information	3; 10.11	n/a	Items 13 & 14
i.	Restrictions on products/services	10.2	n/a	Item 16
j.	Warranty and customer service requirements	10.8	n/a	Items 11 & 16
k.	Territorial development and sales quotas	6	3	Item 12
l.	Ongoing product/service purchases	9.2; 10.2	n/a	Items 8 & 11
m.	Maintenance, appearance, and remodeling requirements	10.4	n/a	Item 11
n.	Insurance	10.10	n/a	Items 6, 7, 8, & 11
o.	Advertising	9.7; 9.8; 10.5	n/a	Items 6, 7, & 11

	Obligation	Section in Franchise Agreement	Section in MUDA	Disclosure Document Item
p.	Indemnification	16.2	13.3	Items 6 & 17
q.	Owner's participation/ management/staffing	10.3	n/a	Items 11 & 15
r.	Records/reports	12	n/a	Items 6 & 11
s.	Inspections/audits	9.11; 12.4	n/a	Items 6 & 11
t.	Transfer	15	7	Item 17
u.	Renewal	4.2	n/a	Item 17
v.	Post-termination obligations	14	8.5	Item 17
w.	Noncompetition covenants	10.12	9.2	Item 17
x.	Dispute resolution	18	17.2; 17.3	Item 17

Item 10:
Financing.

We do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation.

Item 11:
Franchisor's Assistance, Advertising, Computer Systems, and Training.

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

A. Before you open your business, we provide you with the following assistance:

Manuals. After you sign the Franchise Agreement, we will loan you a copy of our operations and procedural Manuals, which contain mandatory and suggested specifications, standards and operating procedures. (Franchise Agreement — Section 9.1). As an alternative to providing to you printed copies of the Manual, we may (in our discretion) provide you access to an on-line version.

The Manuals cover the following subjects: (i) specifications for all of the equipment, supplies and materials that we require you to have to operate a franchise store and a list of suppliers we recommend (see Item 8); (ii) opening inventory requirements for non-food supplies, food and beverage items and other consumable and perishable items, restocking requirements, and inventory control procedures; (iii) food preparation procedures, food storage and handling requirements, and related food and beverage production specifications; (iv) procedures for obtaining approval of alternate suppliers; (v) menu and product specifications; (vi) standards for uniform record-keeping and financial management; (vii) recommendations for hiring, staffing and personnel management; and (viii) construction and design specifications. Specifications may include minimum standards for performance, warranties, design, appearance and other restrictions.

The Manuals are confidential and remain our property. We only loan them to you for the duration of the franchise term after you sign the Franchise Agreement. We may modify the Manuals in our discretion through written supplements of which you will receive copies. (Franchise Agreement — Section 9.1). You must pay the fee that we disclose in Item 6 if you lose your copy of any of our Manuals.

Suppliers. We will recommend at least one supplier for each item of equipment, food and non-consumable supplies and materials that we require. (Franchise Agreement, Section 9.2(e)). You must purchase all items from us or from approved suppliers. We provide the purchasing assistance that we describe in Item 8 and in subsection B, below.

Location Assistance. If you and we have entered into a MUDA, then you and we will agree in that document on the Development Area in which you will develop your franchise restaurants. If we have not entered into a MUDA, then at the time we sign a Franchise Agreement with you, you and we will agree on the general vicinity in which you must find a location for your franchise restaurant.

We provide guidance in the Manuals to assist you in choosing the location of your franchise restaurant. Generally, you should seek a location with high foot traffic (including new developments in shopping plazas) with a surrounding population that is high in "Enterprising Professionals" (defined as residents who are well educated and climbing the ladder in science, technology, engineering, and mathematics occupations).

Within 60 days following execution of the Franchise Agreement, you must identify a proposed site for your franchise restaurant that meets our demographic and physical requirements. (You may request extensions of this deadline, which we may condition upon your payment of a fee not higher than $100 per week of extension that you request.) Once you have identified a site, you must submit to us a written site proposal (in the form specified in the Manuals) for the proposed site. (Franchise Agreement – Section 5.2).

We may (in our discretion) visit the proposed site if we believe that an on-site visit is necessary or desirable. If we visit the proposed site, we will normally pay our own costs for one site visit; however, if we determine during that visit that the written site proposal you submitted was incomplete or inaccurate, you must pay us a site visit fee of $300 per day and reimburse us for our actual travel expenses for transportation, lodging, and personal expenses to send one employee to the site or area. If you request that we make more than one site visit, if we determine that more than site visit is necessary or desirable, or if a site visit is necessary or desirable in connection with a relocation of your franchise restaurant, then you must pay us a site visit fee of $300 per day and reimburse us for our actual travel expenses for transportation, lodging, and personal expenses to send one employee to the site or area.

Within 21 days after you submit a complete written site approval package, we will either approve or disapprove your proposed site, by giving you written notice of our decision. If we do not give you approval within that timeframe, that will constitute our disapproval. If we disapprove, we may also terminate the Franchise Agreement upon written notice to you.

Construction. Following approval of the site of your franchise restaurant, we will provide you with prototype construction drawings and specifications for build-out of a restaurant. You must then retain the services of architects, designers, and other licensed and competent personnel as necessary to adapt and modify our prototype plans and specifications to the specific dimensions of the approved site, then submit to us for our approval a complete set of final construction drawings and specifications before beginning construction of the franchise restaurant. We will review those plans promptly and approve or provide comments to the plans and specifications within 30 days after receiving them. You may not begin construction until we approve in writing the final plans and specifications for constructing your franchised restaurant. Once we approve the plans, you must retain the services of licensed and competent personnel as necessary to obtain all necessary permits and then complete the franchise restaurant's construction, fixturization, and development.

We may inspect the work and performance by your construction personnel during the course of construction, and will conduct a final inspection before your franchised restaurant is scheduled to open for business to the public. We may require that you make any corrections before opening that we deem necessary to bring your franchised restaurant into compliance with the approved construction drawings and specifications. You may not open for business until we inform you in writing.

B. Typical Time to opening.

We estimate that the typical length of time between when you sign the franchise agreement for the business and when you open will be six to 18 months. The factors that may influence this time period include: (i) the length of time for you to locate a suitable space and to negotiate a lease; (ii) zoning and local ordinances; (iii) the length of time to obtain financing (if needed); (iv) the length of time to obtain permits (including building permits and health permits) and to construct/remodel/build out the site; (v) weather conditions; and (vi) shortages or delayed installation of equipment, fixtures, and signs.

C. During your operation of the franchised business, we provide you with the following assistance:

We periodically offer advanced and refresher training for managers.

As the need develops, we may offer specialized training if we launch any new products or programs or need to address particular aspects of the Franchise System, such as inventory management or financial record-keeping. We intend to give these programs at our headquarters in San Jose, California, or at an alternate location that we specify in the northern California area. We may make attendance at certain training programs mandatory for managers or other personnel whom we designate. (Franchise Agreement, Section 9.4).

The per person training fee for all advanced, refresher and supplemental training courses, unless conducted in conjunction with any Annual Meeting (see below) is $30/hr. Additionally, Franchisee must pay the travel expenses (transportation, hotel, meals, etc.) and salary of yourself and your staff during attendance at all training sessions and annual meetings. At this time, we intend to provide all training courses at our headquarters in San Jose, California, although we reserve the right to designate another location in northern California for training.

You must have at least one fully trained manager, per store, on your staff at all times. You (or a principal owner, if you are not an individual) will generally be the manager. Your approved manager is responsible for training any other employees (including other managers). You must train all replacement managers and other employees who you hire. Each replacement manager must demonstrate to our satisfaction performance competency in the Franchise System and meet our minimum performance criteria before assuming management functions. No person who does not meet our management performance standards may serve in a management capacity for you.

We may conduct an annual meeting to address subjects relevant to the franchise system (the "**annual meeting**.") If held, we may use the annual meeting to offer continuing or advanced-level training or to discuss topics of common interest to our franchisees, such as sales and customer relations, personnel administration, new food concepts, advertising programs and local promotions. If we conduct an annual meeting, we will determine its length (which may vary from year to year), and decide whether to include all franchisees or limit the meeting to regional or local groups. We will also determine if your manager or other personnel that we designate (in addition to you) must attend the annual meeting. We will not charge a fee to attend the annual meeting, but you must pay the travel expenses (transportation, hotel, meals, etc.) and salary for yourself and your staff who attend it with you. (Franchise Agreement — Section 9.5).

We investigate, research, and monitor developments in food preparation and delivery systems and evaluate their suitability for inclusion in the Franchise System; monitor the activities of competitors; and test new menu items, ingredients, recipes, and food handling and preparation methods. (Franchise Agreement — Section 9.10).

We provide regular and continuing advice regarding operating, production, and administrative matters affecting your franchise store, including local marketing and promotion and employee matters. (Franchise Agreement — Section 9.9). We may, in the future, establish a franchisee advisory board comprised of franchisee representatives to consult with us on a broad variety of operating issues and other subjects affecting the quality and reputation of franchise stores, but whose decisions will not bind us. At this time, we do not have any plans for how franchisee representatives to an advisory board will be elected or appointed if we establish an advisory board in the future.

From time-to-time, we may inspect your operations, at times we determine, and provide you with periodic written and/or verbal evaluations and feedback. We are not required to inspect at any particular frequency. (Franchise Agreement — Section 9.11).

If your lease requires you to conduct grand opening advertising or promotion, we will consult with you to assist you in developing a grand opening advertising program for your franchise restaurant. (Franchise Agreement — Section 9.8). We will review all local advertising that you create; the Franchise Agreement requires you to submit your advertising proposals to us for our approval before you may begin to use them. (Franchise Agreement — Section 10.5), and we will respond within 15 business days after your request. See subsection C regarding other advertising assistance.

We review requests for approval of alternate suppliers. (Franchise Agreement — Section 9.2).

We periodically revise the Manuals, as needed, to incorporate new developments and changes in the Franchise System. We will provide you with a copy of all updates. (Franchise Agreement — Section 9.1).

D. Advertising Services:

We currently have no obligation to you to develop advertising or marketing materials for your local use, nor do we administer any advertising program. We have no current plan to form local advertising cooperatives in the future.

We may, in the future, create a Promotional Fund, which we will administer, to market **POKE HOUSE** restaurants and the products they sell. (Franchise Agreement — Section 9.7).

We may reimburse ourselves for our actual administrative costs to manage the Promotional Fund in an amount no higher than 15% of the annual contributions to the Promotional Fund. If we create a Promotional Fund in the future, we will establish all accounting procedures and, upon request, will give you a copy of the annual accounting for the Promotional Fund. We anticipate that our accounting procedures will give us discretion not to spend all of the contributions that we receive in the accounting period we receive them and to spend the contributions in a later accounting period if we chose.

We will control the application of any Promotional Fund. We may use the proceeds not only to create advertising and marketing materials and to purchase media space or time, but for public relations and market research. However, we will not use the Promotional Fund on advertising and marketing that primarily solicits new franchises. We retain complete discretion over the form, content, time, location, market and choice of media for all advertising and promotion that we may pay for from any Promotional Fund. We make no representation that we will spend the proceeds in any given geographic region, that we will spend money on advertising which is national in scope, or that we will spend money in your market area in proportion to your contribution if we create a Promotional Fund. At this time, we anticipate using the services of an outside advertising agency to create, develop and place advertising and public relations articles, and will expect you to pay for local media placement.

For the stores that we own, we will contribute to any Promotional Fund that we form at a rate that matches the lowest percentage rate of any contributing franchisee. (Franchise Agreement — Section 9.7).

Franchises operating in international markets will not contribute to our Promotional Fund, which will be used solely on domestic marketing.

If we create a Promotional Fund, we will remit any promotional allowances or other monetary consideration which we receive from approved suppliers on account of your purchases if the supplier specifically designates the payment to be a marketing contribution. See Item 8 of this Offering Circular.

We encourage you to develop, at your own cost, promotional materials and advertising for local use. However, before you may distribute or publish any advertising or promotional materials that you create, you must obtain our written approval of the copy and proposed media or method of distribution. As a condition of approval, you must assign your copyright and any trademark or service mark rights in any materials you create to us, without compensation. You must permit us, our affiliates, any Promotional Fund that we create, and other franchisees, to use these materials without compensation.

To apply for our approval, you must submit a copy or transcript of the materials you propose in the exact form you intend to use them. We have 15 business days to review your request. If you do not receive our written disapproval within 15 business days, we deem the materials approved unless we request a reasonable extension of time. If you use materials we approve, you must use them in the exact form that you submitted them to us. (Franchise Agreement — Section 10.5).

If your lease requires that you conduct grand opening advertising and promotion, we will consult with you in designing a grand opening promotional program for your franchise store.

E. Electronic Cash Registers and Computer Systems:

At this time, we designate a non-proprietary POS system (hardware and software) from Toast (www.pos.toasttab.com), which you must use in your franchise restaurant. The Toast system will collect all sales data, customer data, transactional data, employee clock in data, and employee hourly data. You may purchase that system from any vendor that sells it (to our knowledge, it is available only from Toast, but there may be alternative suppliers, such as approved sales and service companies). We estimate that the approximate cost of the version of the Toast system that we recommend for use in your franchise restaurant is $________ (for two terminals), plus $______ per terminal per month for maintenance fees.

Additionally, we currently require that you use the following software:

• **Jolt.** Operation management software for employee performance; current cost is $110 per month.

• **Homebase.** Employee scheduling software; current cost is $39.99 per month.

• **Ecotrack.** An equipment maintenance app; current cost is $30 per month.

• **Beekeeper.** An in-house app that manages company-wide communications as well as communications between employees. Current cost is $2 per employee per month.

• **OLO**. A back-end ordering system through our app and website which also aggregates orders from third-party delivery companies; current cost is approximately $300-$500 per month, depending on sales volume.

Jolt, Homebase, and Ecotrack are commercially-available software, which you may acquire from any approved vendor. The costs of those programs are subject to change by the respective vendors. Beekeeper and OLO are proprietary software that we have develop for use in our Franchise System, which must be acquired from us; the cost of these programs is a function of our costs of development and maintenance, and may be changed by us on 30 days' notice.

You must keep all of the business equipment at your franchise store. We may change our specifications for the computer hardware and business equipment that you must maintain at any time by written notice or through supplements to the Manuals. There are no limits on our ability to require these types of changes.

We may, in the future, develop proprietary software to perform functions that non-proprietary software previously performed. (Franchise Agreement — Section 9.6). If we do, we will lease you the proprietary software for an annual license fee. Upon written notice to you, you must use the proprietary software and cease using the non-proprietary software for these purposes. We may require you to enter into a license agreement at that time to state additional terms regarding your use of any proprietary software, including the duty to upgrade and maintain proprietary software. Depending upon changes in software specifications, you may have to upgrade your computer hardware.

You must provide remote communication via internet access (we recommend DSL, Cable, or equivalent high-speed access) that permits on-line communication between your computer system and our computer systems, and our independent access to, and retrieval of, data from your computer system. Nothing limits our right to access or use the data we retrieve.

F. Operations Manual:

You may, upon request, view a copy of our operations and procedures manuals before you purchase a franchise. If you choose to do this, we will make arrangements for you to do so, but you may not make copies of or notes about the contents of the manuals.

G. Training Program:

Subject	Hours of Classroom Instruction	Hours of On-the-Job Training	Location
Operations	—	80	At an existing **POKÉ HOUSE** restaurant
Ordering Products	16	—	Company Offices
Account & Payroll	8	—	Company Offices
Scheduling Employees	8	—	Company Offices

Training classes are held on an as-needed basis, approximately 2 months before your franchise restaurant is scheduled to open. We will work with you to schedule training, but we prefer to conduct the class over three weeks from Monday through Friday of each week. The primary training materials consist of our Operations Manual and job aids used in the stores.

All training classes are taught by (or under the supervision of) Yun (James) Deng, our President and Director (see Item 2, above, for more information about Mr. Deng). Mr. Deng will be assisted by the store managers of the store(s) at which training is conducted.

You must designate at least one manager ("**Approved Manager(s)**") for each franchise restaurant that you own, who must meet our minimum performance criteria for managers. If you are an individual, you may designate yourself as an Approved Manager.

You (if you are an individual) or one of your principal owners (if you are not an individual) or another Approved Manager must complete the initial training program. You (or one of your principal owners) must successfully complete the entire initial training program and achieve a passing performance grade before your store opens.

At your option, you may send additional persons to the initial training program, and we recommend that any training staff that you employ do so. We do not impose a training fee for up to four individuals to attend the initial training program that we offer you, provided that all of them attend the same session of the Training. If you desire to send more than four people to the same Training session (if space is available) or you desire to send a trainee to a different Training session, you must pay us a training fee, which presently is $3,000 per person for the entire class. In all cases, you must pay for the travel, lodging, personal expenses, and salary expenses of you and your employees receiving training.

We may also require that you and certain personnel that we designate complete refresher and advanced training courses. At this time, we do not impose a training fee for refresher or advanced training courses, but reserve the right to charge our then-current training fee, which presently is $30 per hour per person. You are responsible to train all of your managers and employees who do not receive initial training from us.

H. Social Media Policy.

Because we recognize the importance of social media, we may establish (and may revise from time-to-time) a social media policy that allows you (and other franchisees) to establish and maintain one or more social media accounts (on social media platforms specified in our social media policy). Our social media policy may also address any other matters concerning the use of social media that we consider relevant.

Item 12: Territory.

A. Multi-Unit Development Agreement.

The MUDA grants to you rights to develop an agreed number of franchise restaurants in an agreed "**Development Area**." Within the Development Area, you must identify sites for the development of franchise restaurants in accordance with an agreed schedule. During the term of the MUDA, we will not franchise any unrelated third party other than you to establish or operate any **POKE HOUSE** restaurants (using the System and the Marks) in the Development Area that are not in existence on the date of the MUDA. However, even during the term of the MUDA, we (and our affiliates) may develop **POKE HOUSE** restaurants within the Development Area. You will not receive an exclusive territory. Additionally, the Development Area is not exclusive as to delivery, and we, our franchisees, and third-party delivery services may deliver products from **POKÉ HOUSE** restaurants to locations within your Development Area. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Following the expiration or termination of the MUDA, we may continue to develop restaurants within the (former) Development Area, and may also grant franchises to unrelated third parties to establish and operate franchise restaurants in the (former) Development Area.

B. Franchise Agreement.

The Franchise Agreement grants you the right to operate a single franchise restaurant at a specific location only. You must locate that specific site, and it must be approved by us.

You will be granted a territory (the "**Territory**") surrounding the specific location of your franchise restaurant. Generally, the Territory will consist of a circle surrounding the front door of your **POKÉ HOUSE** restaurant that has a radius of two miles. However, if on the date of the Franchise Agreement, that circle would encompass a population of more than 15,000 individuals (according to U.S. Government Bureau of Census data), then the Territory will be defined as a specific geographic area identified using a map attached to the Franchise Agreement; that geographic area will be drawn with your

POKÉ HOUSE restaurant at approximately the center, and a population of at least 15,000 individuals (according to U.S. Government Bureau of Census data). Once the Territory has been established, it will not change for the Term, regardless of changes in the population of the Territory, *unless* you relocate your franchise restaurant (with our permission), as described below.

We will not develop (nor will we license or franchise another person to develop) a **POKÉ HOUSE** restaurant within your Territory while your Franchise Agreement remains in effect. The Territory is not, however, exclusive as to delivery, and we, our franchisees, and third-party delivery services may deliver products from **POKÉ HOUSE** restaurants to locations within your Territory.

You may apply for our permission to relocate your franchise restaurant if (a) the lease for the location of your franchise restaurant expires or terminates for reasons other than your breach; (b) the site of your franchise restaurant is destroyed, condemned, or otherwise rendered unusable; or (c) you and we mutually believe relocation will increase the business potential of your franchise restaurant. If we give you our permission to relocate, you must find a new location for your franchise restaurant in accordance with our policies and procedures that apply at that time; the new location may not encroach on the Territory or Development Area of any other franchisee and (unless we otherwise approve) must be within your existing Territory. At the time that we agree to any relocation, we will also agree on whether your Territory will remain the same or will be modified. Promptly after we have approved the new location (but in no event more than six months after we approve the new location), you must then build and equip the new location in accordance with our criteria that apply at that time.

The Territory assigned to you will not be an "exclusive territory" as defined by the franchise laws. You may face competition from other franchisees, from outlets that we own, from other channels of distribution (such as third-party delivery services), or from competitive brands that we control. However, we will not establish or operate, or franchise another person to establish or operate, another **POKÉ HOUSE** restaurant using the Operating System and the Proprietary Marks within your Territory.

C. Advertising.

With respect to the Development Area under a MUDA and the Territory under a franchise agreement, we do not limit your advertising and promotional activities to the Development Area or the Territory. Likewise, we, our affiliates, and other franchisees may advertise in publications and other media that circulate or broadcast in your Development Area or in your Territory.

D. Other Activities.

Although you are allowed under a MUDA only to develop an agreed number of franchise restaurants in the Development Area, the only restrictions on our activity are as follows: (i) under a MUDA, we cannot grant other franchisees a right to develop new **POKÉ HOUSE** restaurants in your Development Area, and (ii) under a Franchise Agreement, we cannot develop (or authorize others to develop) another **POKÉ HOUSE** restaurant under the System and the Proprietary Marks within your Territory.

On the date of this Disclosure Document, we have contracted with one or more third-party delivery services to pick up orders from **POKÉ HOUSE** restaurants (whether owned by us or by a franchisee) and to deliver those orders to customers. We may, in the future, contract with other third-party delivery services to engage in the same conduct. The delivery areas served by those third-party delivery services do not correspond to the Territory granted to you or to any other franchisee, and so products produced at other **POKÉ HOUSE** restaurants may be delivered into your Territory (in the same manner that products produced at your **POKÉ HOUSE** restaurant may be delivered into the Territory of other franchisees). There are no provisions in the Franchise Agreement that restrict our ability to solicit or accept orders from consumers who live in your Territory and then using these third-party delivery services to deliver products to customers located in your Territory using either our principal trademarks or trademarks different from the ones that you will use under the Franchise Agreement. We will not owe you any compensation for soliciting and accepting orders in your Territory that will be delivered by these third-party delivery services.

Additionally, while we do not have any current plans to do so, there are no restrictions (for example) against us developing a different restaurant business that does not use the Operating System and the Proprietary Marks, and locating restaurants (whether owned by us, an affiliate, or a franchisee) that operate under that different business model in your Development Area or in your Territory; or against us soliciting or accepting orders from consumers who live in your Development Area or in your Territory and then using other channels of distribution (such as the Internet, catalog sales, telemarketing, or other direct marketing sales) to make sales in your Development Area or in your Territory using either our principal trademarks or trademarks different from the ones that you will use under the Franchise Agreement. If we decide in the future to undertake any activities of these sorts, we will not owe you any compensation for developing other types of restaurants, or for soliciting and accepting orders, in your Development Area or in your Territory.

Item 13:
Trademarks.

We grant you the right to operate a business using the Operating System, which operates under the trade name **POKÉ HOUSE**, and which uses the other Marks and distinguishing trade dress that we designate. You may also use other current or future trademarks that we designate. By the terms "**trademarks**" and "**Marks**," we mean all trade names, trademarks, service marks, logos, and commercial slogans that we designate to distinguish each fast-food concept to the public.

You must follow our rules when you use the Marks. You may not use any mark as part of a corporate or partnership name. You may not use any mark or design with any modifying words, designs, colors, or symbols, or with the sale of any unauthorized goods or services, or in a manner that we do not authorize in writing. When you use the Marks, you must apply the special notices of registration that we designate.

You must modify or discontinue using any of the Marks if we, in our discretion, modify or discontinue using the particular Marks. We have the absolute right to impose a change in the Marks if we believe the change is advisable in our sole discretion. We do not have to compensate you for any costs you incur to make the changes we require. You will receive written notice of any change, and will be given a reasonable time to comply with our directions (including, for example, changing signs, promotional displays, logo property, and advertising), at your expense. If you comply with our directions in making the changes, your rights under the Franchise Agreement will continue in full force and effect. You must not directly or indirectly contest our ownership of our trademarks, trade secrets, or business techniques.

We own all of the Marks. Our principal (or most-important) Marks are:

Trademark	Registration No.	Registration Date
POKÉ HOUSE	5964438	January 21, 2020
	6017614	Mar. 24, 2020

We may also claim common-law rights in other trademark, which we use in commerce. We may not have a federal registration for these other trademarks. Therefore, these other trademarks do not have many legal benefits and rights as a federally registered trademark. If our right to use these other trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We previously applied to register the following Mark on the Principal Register of the United States Patent & Trademark Office, based on actual use in commerce.

Trademark	Serial No.	Date Filed
POKÉ HOUSE (standard character mark)	87161575	September 6, 2016

On December 16, 2016, the United States Patent & Trademark Office issued a Non-Final Office Action with respect to this application, preliminarily refusing our application on the basis of (i) a likelihood of confusion with prior application to register the mark "SPIN FISH POKE HOUSE [and design]," and (ii) an assertion that the mark we applied to register is merely descriptive. That Office Action also suggested that we consider amending our application to the Supplemental Register. We elected not to respond to that Office Action by the deadline, and our application was treated as abandoned as of June 19, 2017.

We are not aware of any (i) currently effective material determinations of the United States Patent and Trademark Office (except as described above), the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; (ii) pending infringement, opposition, or cancellation proceedings; or (iii) pending material litigation, involving any of the Marks.

No agreements are currently in effect which limit our use of the Marks in any manner material to you.

You must notify us immediately if you learn about (i) any improper use of the Marks, (ii) a third party's use of a mark or design which is confusingly similar to any of the Marks, or (iii) any challenge to your use of any of the Marks. We will take the action we thinks is appropriate under the circumstances. We will control the prosecution, defense or settlement of any legal action. You must cooperate and assist us in defending our trademarks. You may not take any action in your own name. Unless we establish that a third-party challenge is based on your misuse of the Marks, we will defend you in the matter. We will reimburse you for the cost to replace any signs, menu boards and other property if it becomes necessary for you to change the name of your franchise store. You must notify us immediately when you learn about the claim and fully cooperate in the defense of the action. Because we will defend the claim, we will not reimburse you for any legal fees or related costs that you may pay to your separate legal counsel or others.

We have no actual knowledge of either superior prior rights or infringing uses that could materially affect your use of the trademarks that we describe in this Item 13. However, we make the following additional disclosures:

Based upon a review of the records of the United States Patent and Trademark Office, there are a number of registered, pending, or abandoned trademark registration applications that contain the words "POKE HOUSE" or equivalent (both with and without an accent mark), in addition to the (now abandoned) registration application mentioned above for the mark "SPIN FISH POKE HOUSE [and design]"; these include "MARINA POKE HOUSE" for restaurant services, and "POKE HOUSE [and Design]" for non-alcoholic fruit-juice beverages. We have not obtained any opinions from trademark lawyers whether our use of the phrase "POKÉ HOUSE" (without the design element) is subject to challenge by any of these other trademark owners.

We do not allow you to use the Marks in any e-mail address or in any domain name. You may not maintain a World Wide Web site or a similar presence or advertise on the Internet or on any other public computer network, or any other kind of public modality, using the Marks or referencing **POKÉ HOUSE** restaurants without our prior written consent, which may be withheld in our sole judgment. Notwithstanding the above, we may establish (and may revise from time-to-time) a social media policy that allows you (and other franchisees) to establish and maintain one or more social media accounts (on social media platforms specified in our social media policy). Our social media policy may also address any other matters concerning the use of social media that we consider relevant.

Item 14: Patents, Copyrights, and Proprietary Information.

We own no patents that are material to the franchise.

Although we have not filed any applications for copyright registration, we claim a common law copyright in the information contained in the Franchise Agreement, Manuals, and in all advertising and promotional materials (whether in use now or in the future), all of which we collectively call the "**Copyrighted Materials**." You may use the Copyrighted Materials only to promote your franchised business during the term of the Franchise Agreement, and only in the manner that we authorize.

We consider all information in the Manuals to be proprietary and certain portions, which we designate, to be our trade secrets. For example, at this time, we claim our recipe for poke mix, sauce recipes, and the sections of the Manuals discussing marketing strategies, as trade secrets. If we develop it at a later date, proprietary software will be copyrighted and we may consider it to be a trade secret. We may identify other information, which we specify in writing to be our trade secrets.

We may periodically modify the Copyrighted Materials, or add to or discontinue using all or part of the Copyrighted Materials, in our discretion. We will notify you of all changes and you must comply with them at your expense. You must not contest our interest in the Copyrighted Materials, proprietary information or trade secrets.

There are no current determinations of the Copyright Office or any court, no pending interference, opposition or cancellation proceedings, and no pending material litigation involving the Copyrighted Materials or information which we regard as proprietary or our trade secrets which is relevant to their use in this state.

You must promptly notify us if you learn about any unauthorized use, or third party challenge to your use, of any of the Copyrighted Materials. We do not have to take any action, but will respond to the information in the manner we think is appropriate. Unless we establish that the third party challenge is based on your misuse, we will defend you in the matter, and reimburse you for your liability and reasonable costs. To receive reimbursement, you must notify us immediately when you learn about the claim or challenge and fully cooperate in the defense of the action. Because we will defend the claim, we will not reimburse you for any legal fees or related costs that you may pay to your separate legal counsel or others.

We know of no infringing uses, which would materially affect your use of the Copyrighted Materials in this state.

Item 15:
Obligation to Participate in the Actual Operation of the Franchise Business.

If you are an individual, we require that you devote full time and attention to supervising the administrative and operational activities of your franchise restaurant(s). If you own only a single franchise restaurant, we recommend (but do not require) that you serve as the Approved Manager (as defined below) of your franchise restaurant.

If you are a legal entity, we require that the person who owns a controlling interest in the equity or voting rights of the legal entity, or a general or operating partner, devotes full time and attention to supervising the administrative and operational activities of your franchise restaurant(s). If you own only a single franchise restaurant, we recommend (but do not require) that the person who owns a controlling interest in the equity or voting rights of the legal entity, or a general or operating partner serve as the Approved Manager of your franchise restaurant.

In all cases, you must staff your franchise restaurant with at least one "**Approved Manager**," a term that we define in the Franchise Agreement as an employee with management responsibilities who meets our minimum performance criteria for managers. You (or the person who owns a controlling interest in equity or voting interests of an entity, or the general or operating partner) may serve as an Approved Manager if you (or the shareholder or partner) devote full time and attention to the franchise restaurant. You must hire and train all of your employees (see Items 6 and 11).

Each of your owners, employees and agents who has access to our proprietary information must enter into a written confidentiality agreement (in the form of Exhibit F) with you. These individuals must agree to maintain the confidentiality of all proprietary information and conform to the covenants not to compete as we describe in Item 17.

If you are a legal entity, then each person who owns 10% or more of the equity or voting interests of the entity must sign a Personal Guaranty (in the form of Exhibit G) agreeing to be personally, jointly and severally, liable for all of your obligations under the Franchise Agreement. If you are married, your spouse will not be required to sign a guaranty unless your spouse owns 10% or more of the equity or voting interests of the franchisee entity.

Item 16: Restrictions on What the Franchisee May Sell.

The franchise permits you to operate one franchise restaurant at a specific location that we approve and nowhere else, except with our prior written approval. Under certain conditions, you may relocate your franchise store only to a location we approve of in writing. We specify the conditions for relocation in the Franchise Agreement.

You must offer and sell only the menu items and other goods and services that we approve. You must offer all of the menu items, goods and services that we require, and nothing else, except with our prior written approval. You may not sell any menu items or ingredients to customers for resale or off-site consumption, except if you package them in containers that we authorize. You may not engage in sales to wholesale or institutional accounts without our prior written consent. You must label and identify all food items using the same name or designation that we give to them.

We may set the maximum price at which you sell menu items to the extent the law permits us to do so. Otherwise, we do not restrict the prices at which you sell goods or services.

Your operations must comply with all applicable laws. This includes, for example, laws pertaining to packaging, labeling, health and sanitation, environmental waste, and the like. You must investigate these laws and are responsible for compliance.

We do not impose any other restrictions regarding the customers to whom you may sell authorized goods and services.

If you desire to operate in a way that varies from our mandatory requirements, you must obtain our prior written approval. We grant approval only in exceptional cases in our discretion. An exception made for another franchisee does not have to be made for you.

We have the right to add to, modify or discontinue the list of approved menu items, ingredients, preparation processes, or other goods and services that you must offer. We communicate all changes by written bulletin or revisions to the Manuals. No limits apply to our right to impose these modifications. You will be given a reasonable time period (at least 30 days) after notice from us in which to implement these changes and discontinue selling particular items which we delete from the approved list.

Item 17: Renewal, Termination, Transfer, and Dispute Resolution.

THE FRANCHISE RELATIONSHIP

The following tables list certain important provisions of the Franchise Agreement. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section In Franchise Agreement	Summary of Franchise Agreement Section
A. Length of the franchise term	4.1	10 years from the date of opening
B. Renewal or extension of the term	4.2	At the end of the Term, you may be entitled to sign a successor franchise agreement for one additional 10-year term

Provision	Section In Franchise Agreement	Summary of Franchise Agreement Section
C. Requirements for franchisee to renew or extend (See Note 1)	4.2	Give notice of intent to renew; sign new Franchise Agreement; pay renewal fee (Item 6); sign release (in the form of Exhibit H); satisfy training and remodel requirements; be in good standing under expiring Franchise Agreement.
D. Termination by franchisee	13.1	You may terminate the Franchise Agreement without cause before we approve the location for your franchise restaurant, or for good cause as we define the term in the Franchise Agreement, which includes any grounds available under applicable law.
E. Termination by franchisor without cause	Not applicable	
F. Termination by franchisor with cause	13.2; 13.3	We may only terminate the Franchise Agreement for good cause.
G. "Cause" defined — curable defaults	13.3	If you breach the Franchise Agreement or fail to comply with any mandatory obligation in the Manuals, we may terminate unless you fail to cure after notice (generally 30 days, except for non-payment or as required by law).
H. "Cause" defined — non-curable defaults (See Note 2)	13.2	The Franchise Agreement identifies a limited number of defaults that allow us to terminate without giving you a right to cure.
I. Franchisee's obligations on termination/non-renewal	14	Obligations include complete de-identification; sign general release; pay all accounts due (see also part "R," below).
J. Assignment of contract by franchisor	15.1	No restriction on our right to assign the Franchise Agreement. However, we will not assign the Franchise Agreement except to an assignee who, in our good faith judgment, is willing and able to assume our obligations.
K. "Transfer" by franchisee — defined	15.2	Includes transfer of Franchise Agreement, transfer of substantially all assets, or change in ownership of a controlling interest of you if you are a legal entity.
L. Franchisor approval of transfer by franchisee	15.2; 15.4	We have the right to approve all transfers, but will not unreasonably withhold our approval.
M. Conditions for franchisor approval of transfer	15.4	New franchisee qualifies; transfer fee is paid; no outstanding defaults; purchase agreement approved; training successfully completed; you sign general release; at our option either the existing agreement is transferred and assumed or the current agreement is signed by new franchisee (see also part "R" below).
N. Franchisor's right of first refusal to acquire franchisee's business	15.3	We can match any third party offer to buy the franchise, assets, or controlling interest, which is the subject of a proposed transfer.

Provision	Section In Franchise Agreement	Summary of Franchise Agreement Section
O. Franchisor's option to purchase franchisee's business	14.2	We have the right to purchase your assets upon termination or expiration of the Franchise Agreement.
P. Death or disability of franchisee	15.7	Your representative must assign the franchise to an approved buyer within six months.
Q. Non-competition covenants during the term of the franchise	10.12	Extends to each "Covered Person" as we define the term in the Franchise Agreement; prohibits direct or indirect involvement with any business which predominately serves Hawaiian poke or similar items sold in Restaurants; applies worldwide.
R. Non-competition covenants after the franchise is terminated or expires	10.12	Extends to each "Covered Person" (see Q. above); same activities prohibited as Q. above; applies anywhere within 5 miles of the location of your Franchise Restaurant or any other Restaurant.
S. Modification of the agreement	21.8	The Franchise Agreement may not be modified except by a written agreement that you and we both sign. The Manuals are subject to change by us.
T. Integration/merger clause	21.9	Only the terms of the Franchise Agreement, the Manuals, and the documents referred to in and the attachments to the Franchise Agreement are binding (subject to state law). Any other promises you claim were made to you cannot be enforced against us. Nothing in the Franchise Agreement is intended to disclaim our representations in this disclosure document.
U. Dispute resolution by arbitration or mediation	18.1	All disputes must be submitted to a mediation hearing conducted according to the independently-administered Franchise Mediation Program described in the Franchise Agreement. Disputes that cannot be resolved through mediation or negotiation are resolved through litigation.
V. Choice of forum	18.3	Litigation must be brought in the state or federal courts located in (or with responsibility for) Santa Clara County, California.
W. Choice of law	18.4	California law applies.

Notes to Table 17:

Note 1: While you may not extend the term of the existing Franchise Agreement, you may obtain a new (successor) franchise agreement, on the terms we are offering at that time, if you are in good standing at the end of the initial term. You must give timely notice of your intent to sign a successor franchise agreement.

Note 2: Under the Franchise Agreement, non-curable defaults include: conviction of a felony; abandonment of the franchise business as evidenced by the unexcused closure of your franchise restaurant; trademark misuse; sale of unauthorized menu items or other goods or services; an unapproved transfer; receipt of three or more notices of default within any 24-month period; misuse of our proprietary information or Copyrighted Materials; failure to agree upon the franchise location within the time period identified in the Franchise Agreement.

The following tables list certain important provisions of the Multi-Unit Development Agreement. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in MUDA	Summary of MUDA Section
a. Length of the franchise term	4	The term of the MUDA expires when you have developed all of the Franchised Restaurants you agreed to develop (or, if earlier, the deadline by which you agreed to complete that development).
b. Renewal or extension of the term	Not applicable	
c. Requirements for you to renew or extend	Not applicable	
d. Termination by you	Not applicable	
e. Termination by us without cause	Not applicable	
f. Termination by us with cause	8	We may terminate upon your default under the MUDA or if we terminate any Franchise Agreement entered into in accordance with the MUDA.
g. "Cause" defined—curable defaults	8	If you are more than 30 days late on your development obligations under the MUDA, we may allow others to develop in the same Development Area; if you are more than one year late, we may terminate the MUDA.
h. "Cause" defined—noncurable defaults	8	Generally, all defaults under the MUDA are non-curable, *except* being more than 30 days but less than one year late on the Development Schedule.
i. Your obligations on termination/nonrenewal	Not applicable	Upon termination of the MUDA, the parties' rights and obligations are governed by the Franchise Agreement(s) between them.
j. Assignment of contract by us	7.1	There are no restrictions on our right to assign.
k. "Transfer" by you—defined	7.2	Includes any sale, assignment, transfer, conveyance, or gift of the MUDA, of any interest in the MUDA, or of any interest in you (if you are not a natural person).
l. Our approval of transfer by you	7.2	We have the right to approve transfers.
m. Conditions for our approval of transfer	7.2	We may withhold consent to transfer of the MUDA in our sole discretion.

Provision	Section in MUDA	Summary of MUDA Section
n. Our right of first refusal to acquire your business	Not applicable	
o. Our option to purchase your business	Not applicable	
p. Your death or disability	Not applicable	
q. Noncompetition covenants during the term of the franchise	9.2	No diversion of any business or customer to any competitor; no interest in any competitive business.
r. Noncompetition covenants after the franchise is terminated or expires	Not applicable	Upon termination of the MUDA, the parties' rights and obligations are governed by the Franchise Agreement(s) between them.
s. Modification of the agreement	16	No modification generally without signed agreement, but we may modify the System and the Manuals.
t. Integration/merger clause	16	Only the terms of the MUDA, any Franchise Agreement(s) between you and us, the Manuals, and the documents referred to in and the attachments to the MUDA and the Franchise Agreement(s) are binding. Any other oral or written promises related to the subject matter of the MUDA may not be enforceable. Nothing in the MUDA is intended to disclaim our representations in this disclosure document.
u. Dispute resolution by arbitration or mediation	17.2	Disputes must be submitted to nonbinding mediation.
v. Choice of forum	17.3	Subject to state law, you can only file suit where our principal offices are located, and we may file suit in any court of competent jurisdiction.
w. Choice of law	17.1	Subject to state law, California law applies.

Item 18:
Public Figures.

At this time, we do not use any public figure to promote the **POKE HOUSE** franchise.

Item 19:
Financial Performance Representations.

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

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 James Deng at 408-406-3418, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20:
Outlets and Franchisee Information.

Table No. 1
System-Wide 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	2021	4	4	—
	2022	4	4	—
	2023	4	6	+2
Company-Owned	2021	4	4	—
	2022	4	5	+1
	2023	5	6	+1
Total Outlets	**2021**	**8**	**8**	**—**
	2022	**8**	**9**	**+1**
	2023	**9**	**12**	**+3**

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(Other than the Company) For Years 2021 to 2023

State	Year	Number of Transfers
California	2021	
	2022	
	2023	
All Other States	2021	
	2022	
	2023	
Total	**2021**	**0**
	2022	**0**
	2023	**0**

Table No. 3
Status of Franchised Outlets
For Years 2021 to 2023*

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Company	Ceased Operations – Other Reasons	Outlets at End of the Year
California	2021	4						4
	2022	4						4
	2023	4	+2					6
All Other States	2021							
	2022							
	2023							
Totals	**2021**	**4**						**4**
	2022	**4**						**4**
	2023	**4**	+2					**6**

*If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

Table No. 4
Status of Company-Owned Outlets
For Years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2021	4					4
	2022	4	1				5
	2023	5	1				6
All Other States	2021						
	2022						
	2023						
Totals	**2021**	**4**					**4**
	2022	**4**	**1**				**5**
	2023	**5**	**1**				**6**

Table No. 5
Projected Openings During Calendar Year 2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchise Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California		4	1
All Other States			
Total		**4**	**1**

Notes to Item 20 Tables

We are not aware of any trademark-specific franchisee associations for our franchisees.

We have not entered into any agreements with a franchisee containing confidentiality clauses within the last three fiscal years.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Item 21:
Financial Statements.

Attached as Exhibit D are the following financial statements:

- Our audited financial statements as of December 31, 2023 and 2022, and for the years then ended.

Item 22:
Contracts.

All agreements proposed for use in this State are attached to this Disclosure Document as follows:

EXHIBIT B	—	Franchise Agreement
EXHIBIT C	—	Multi-Unit Development Agreement
EXHIBIT F	—	Confidentiality, Non-Disclosure and Non-Competition Agreement
EXHIBIT G	—	Personal Guaranty
EXHIBIT H	—	General Release

Item 23:
Receipts

The last two pages of this Offering Circular are detachable documents (Exhibit J) acknowledging your receipt of this Disclosure Document. You must sign one copy and give it to us. The other copy is for your records. If these pages or any other pages or exhibits are missing from your copy, please contact us at this address or phone number:

Poke House, Inc.
Attn: James Deng
1905 Park Ave.
San Jose CA 95126
408-406-3418

California Appendix
to
Franchise Disclosure Document
Poke House, Inc.

The terms of Items 5 and 12 of this Disclosure Document have been negotiated with other franchisees. A copy of all Negotiated Sales Notices filed in California in the last twelve months is attached to this Appendix.

STATE OF CALIFORNIA – DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION

FRANCHISE INVESTMENT LAW NOTICE OF NEGOTIATED SALE OF FRANCHISE UNDER SECTION 310.100.2, TITLE 10, CALIFORNIA CODE OF REGULATIONS

DFPI-310.100.2 (Rev. 11-20)

Department of Financial Protection and Innovation
File No. org-267570
(Insert file-number of currently effective franchise registration)

STATE OF CALIFORNIA
DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION

1. (a) Name of FILER: Poke House, Inc.
   (b) The above-named filer is filing as a (check one):
   ☑ FRANCHISOR ☐ SUBFRANCHISOR
   (c) If FILER is a SUBFRANCHISOR, the name of FRANCHISOR:

2. (a) Name of FRANCHISE: Poke House
   (b) Contact Person: James Deng
   (c) Address: 1905 Park Avenue
   San Jose, CA 95126
   (d) Telephone: (408) 406-3418

3. A. (a) Offering Circular Item Number: 5
   (b) Description of Provisions in Currently Registered Offering Circular:
   Initial fee for Multi-Unit Development Fee is $45,000 for first unit, $17,500 for second unit, and $12,500 for third and subsequent units.
   (c) Description of Change: Developer will pay a Development fee of $500,000 ($400,000 upon execution of MUDA and $100,000 in two years) for 10 units.

   B. (a) Offering Circular Item Number: 5
   (b) Description of Provisions in Currently Registered Offering Circular:
   Upon execution of each franchise agreement, franchisee to pay remaining initial fee.
   (c) Description of Change: All initial fees prepaid.

   C. (a) Offering Circular Item Number: 12
   (b) Description of Provisions in Currently Registered Offering Circular:
   Within development territory of MUDA, franchisor will not license others to develop, but franchisor can develop units itself.
   (c) Description of Change: Franchisor cannot develop units in development territory.

(If additional space is needed, attach separate sheet (s) with respect to each additional item being changed using the above format)

4. Date of Sale of Negotiated Franchise: 8/23/2003

5. Name, title, business address and telephone number of individual to be contacted by the Department regarding this notice:

   Name: Brian H. Cole

   Title: Attorney

   Business Address: 128 -12th Place
   Manhattan Beach, CA 90266

   Telephone: (805) 285-3726

6. Date of this notice : 9/8/2023

DocuSigned by:
James Deng
CADD3A3E9299417...

Authorized Signature

James Deng

Printed Name of Signatory

EXHIBIT A
STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses, and telephone numbers of all state agencies having responsibility for the franchising disclosure/registration laws in each state. We may not yet be registered to sell franchises in any or all of these states.

If separate addresses are shown for the state's "Administrator" and "for service of process," all inquiries *other than* service of process should be directed to the "Administrator" address.

If a state is not listed, the franchise laws do not require that we appoint an agent for service of process in that state in connection with the requirements of the franchise laws. However, we may have appointed an agent for general service of process.

CALIFORNIA

Commissioner of the Department
of Business Oversight:
Toll Free: 1 (866) 275-2677

Los Angeles
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento
1515 K Street, Suite 200
Sacramento, California 95814-4052
(916) 445-7205

San Diego
1350 Front Street, Rm. 2034
San Diego, California 92101-3697
(619) 525-4233

San Francisco
One Sansome Street, Suite 600
San Francisco, California 94105-2980
(415) 972-8559

HAWAII

(Administrator)

Commissioner of Securities
Business Registration Division
Department of Commerce
and Consumer Affairs
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

(for service of process)

Commissioner of Securities
Business Registration Division
Department of Commerce
and Consumer Affairs
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(Administrator)

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

(for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

MARYLAND

(Administrator)

Office of the Attorney General—
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(for service of process)

Maryland Securities Commissioner
at the Office of Attorney General—
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

Corporations Division—Franchise
P.O. Box 30054
Lansing, MI 48909
(517) 373-7117

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101
(651) 296-6328

NEW YORK

(Administrator)

Office of the New York State Attorney General
Investor Protection Bureau—
Franchise Section
120 Broadway, 23rd Floor
New York, NY 10271-0332
(212) 416-8236 (Phone)
(212) 416-6042 (Fax)

(for service of process)

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

NORTH DAKOTA

(Administrator)

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

(for service of process)

Securities Commissioner
600 East Boulevard Avenue State Capitol
Fifth Floor Dept 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

OREGON

Oregon Division of Finance and Corporate Securities
350 Winter Street NE, Room 410
Salem, Oregon 97301-3881
(503) 378-4387

RHODE ISLAND

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, RI 02920
(401) 462-9500

SOUTH DAKOTA

Division of Securities
Department of Labor and Regulation
124 S. Euclid, Suite 104
Pierre, SD 57501
(605) 773-4823

VIRGINIA

(Administrator)

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

(for service of process)

Clerk, State Corporation Commission
1300 East Main Street, First Floor
Richmond, Virginia 23219
(804) 371-9733

WASHINGTON

(Administrator)

Department of Financial Institutions
Securities Division
P. O. Box 9033
Olympia, Washington 98501-9033
(360) 902-8760

(for service of process)

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

WISCONSIN

Commissioner of Securities
345 W. Washington Ave., 4th Floor
Madison, Wisconsin 53703
(608) 266-8557

POKé HOUSE
FRANCHISE AGREEMENT

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POKÉ HOUSE
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "**Agreement**") is entered into on __________________________, 20____ between POKE HOUSE, INC., a California corporation ("**Company**") and ____ ("**Franchisee**") with reference to the following facts:

RECITALS

A. Company owns a distinctive system (the "**Franchise System**") for the establishment and operation of quick-service restaurants operating under the name "POKÉ HOUSE." POKÉ HOUSE restaurants feature made-to-order Hawaiian poke bowls (chunks of fish tossed with signature dressings, rice or salad, and various toppings) produced from proprietary recipes.

B. In this Agreement, unless otherwise indicated (i) the term "**Restaurant**" refers to any POKÉ HOUSE restaurant (regardless of the operator), and (ii) the term "**Franchised Restaurant**" refers specifically to a Restaurant that Franchisee, or another franchisee of Company, owns and operates. The term "Restaurant" includes both "Franchised Restaurants" and Restaurants that Company or Company's Affiliates own and operate.

C. Company owns and has the right to license the name "POKÉ HOUSE" and the other distinctive marks, logos, and commercial symbols that identify Restaurants to the public (collectively referred to as the "**Marks**").

D. In its business operations, Company maintains high standards of quality, cleanliness, appearance, and service, which the public identifies with Restaurants and the Marks.

E. Company reserves the right to modify the Marks and the Franchise System in its sole discretion as it believes will best promote Restaurants to the public.

F. Franchisee desires to obtain a license to use the Franchise System and the Marks in the operation of a Franchised Restaurant, and Company is willing to grant a license to Franchisee on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, the parties agree as follows:

1. **DEFINITIONS**. The capitalized terms used in this Agreement are defined in the Sections indicated below:

Addendum to Lease - § 7.1(a)
Advertisement - § 10.5
Advertising Fee - § 11.3(a)
Annual Meeting - § 9.5
Approved Manager - § 10.1(b)
Basic Training - § 9.3(a)
Company's Affiliate - § 7.2(a)
Company's Intranet - § 9.12(a)
Completion Certificate - § 8.1(f)
Confidential Information - § 10.11(a)
Coupon Sales - § 11.4(c)
Covered Area - § 10.12(d)
Covered Person - § 10.12(a)
Designated Area - § 5.2

Effective Date of Termination - § 13.5
FDD – § 7.1(b)
Force Majeure - § 8.2(d)
Franchise Location - § 5.1
Franchised Restaurant - Recitals
Franchise System - Recitals
Franchisee's Principal - § 9.5
Gross Sales - § 11.4(b)
Health Department - § 10.2(e)
Franchise System - Recitals
Incapacity - § 15.8(c)
Index - § 15.5(c)
Individual Transferor - § 15.3(a)
Initial Franchise Fee - § 11.1
Lease - § 7.1(a)
Lease Delivery Date - § 7.1(a)
Local Laws - § 10.12(h)
Location Approval Date - § 5.2(c)
Manuals - § 5.2(a)
Marks - Recitals
Net Sales - § 11.4(a)
Non-Proprietary Goods and Services - § 9.2(d)
Notice of Exercise - § 15.3(c)
Opening Date - § 4.1
Opening Deadline - § 8.2(b)
Proprietary Goods and Services - § 9.2(c)
Promotional Fund - § 9.7(a)
Qualified Charitable Sales - § 11.4(d)
Qualified Transfers - § 15.3(f)
Refresher Training - § 9.3(a)
Renovation Changes - § 10.4(b)
Restaurant - Recitals
Royalty Fee - § 11.2
Securities Review Fee - § 15.5(a)
Shopping Mall - § 6.2 (a)
Special Venue - § 6.2(b)
Successor - § 15.8(a)
Successor Term - § 4.2
Term- § 4.1
Territory - § 6.2(a)
Third Party Offer - § 15.3(a)

2. APPOINTMENT.

2.1 Grant of Rights.

(a) Company grants to Franchisee, and Franchisee accepts, a license to use the Franchise System and the Marks in connection with the operation of a single Franchised Restaurant at the Franchise Location (as defined below), subject to the terms and conditions of this Agreement.

(b) In accepting the grant of rights, Franchisee agrees at all times to faithfully, honestly, and diligently perform its obligations under this Agreement and to continuously exert its best efforts to promote and enhance the business of Franchisee's Franchised Restaurant and the goodwill associated with the Marks and the Franchise System.

2.2 Limited Grant.

(a) Company grants Franchisee no rights other than the rights expressly stated in this Agreement. Franchisee's use of the Franchise System for any purpose, or in any manner, not permitted by this Agreement constitutes a breach of this Agreement.

(b) The franchise and license granted apply only to the Franchise Location, and to no other location.

(c) Nothing in this Agreement gives Franchisee the right to sublicense the use of the Marks or Franchise System to others.

(d) Nothing in this Agreement gives Franchisee the right to object to Company's grant of franchises to others.

(e) Nothing in this Agreement gives Franchisee an interest in Company or the right to participate in Company's business activities, investments, or corporate opportunities.

2.3 **Improvements; Duty to Conform to Modifications**.

(a) Any improvements, modifications, or additions that Company makes to the Franchise System, or that become associated with the Franchise System, including ideas suggested or initiated by Franchisee, will inure to the benefit of, and become the exclusive property of, Company.

(b) Any goodwill resulting from Franchisee's use of the Marks or the Franchise System will inure to the exclusive benefit of Company. This Agreement confers no goodwill or other interest in the Marks or the Franchise System upon Franchisee, except a license to use the Marks and the Franchise System during the Term, subject to the terms and conditions stated in this Agreement.

(c) Franchisee acknowledges that Company may modify the Franchise System from time to time in its sole discretion. Company will give Franchisee written notice any changes to the Franchise System. Franchisee will, at its own expense, promptly adopt and use the new parts of the Franchise System specified by Company and will promptly discontinue the use of those parts of the Franchise System which Company directs are to be discontinued.

2.4 **Deviations From the Franchise System**.

(a) Company, in its sole discretion, may allow particular Restaurants to deviate from the Franchise System in individual cases. Franchisee acknowledges that it has no right to object to any variances that Company may allow to itself or other franchisees, and no claim against Company for not enforcing the standards of the Franchise System uniformly. Franchisee acknowledges that Company has no obligation to waive, make any exceptions to, or permit Franchisee to deviate from, the uniform standards of the Franchise System. Any exception or deviation that Company does allow Franchisee must be stated in writing and executed by Company in order to be enforceable against Company.

2.5 **Additional Franchises**. This Agreement does not grant Franchisee any preferential right, or right of any kind, to acquire an additional franchise to operate another Franchised Restaurant, wherever located.

3. MARKS AND FRANCHISE SYSTEM.

3.1 **Ownership**.

(a) Franchisee acknowledges that, as between the parties, Company owns the Marks and Franchise System, and Franchisee owns no rights in the Marks or Franchise System except for the license rights granted by this Agreement.

(b) Franchisee may not contest, or assist any other person to contest, the validity of Company's rights and interest in the Marks or Franchise System.

3.2 **Use of Marks and Franchise System**.

(a) In operating the Franchised Restaurant, Franchisee will (i) use only the Marks and elements of the Franchise System designated by Company and only in the manner authorized and permitted by Company, (ii) use the Marks only for the operation or promotion of the Franchised Restaurant, (iii) display notices of trademark and service mark registrations in the exact manner that Company specifies, (iv) obtain fictitious or assumed name registrations as required by applicable law, and (v) prominently post notices to customers informing them that Franchisee is the independent owner of the Franchised Restaurant under license from Company.

(b) Franchisee may not use any of the Marks or any part thereof: (i) if an entity, in its corporate or legal name, (ii) with any prefix, suffix, or other modifying words, terms, designs, colors, or symbols, (iii) in any modified form, (iv) in connection with the sale of any unauthorized goods or services, (v) in any other manner not expressly authorized in writing by Company, or (vi) in any manner that may result in Company's liability for Franchisee's debts or obligations.

(c) Company reserves the right to (i) modify or discontinue licensing any of the Marks, (ii) add new names, marks, designs, logos, or commercial symbols to the Marks and require that Franchisee use them, and (iii) require that Franchisee introduce or observe new practices as part of the Franchise System in operating the Franchised Restaurant. Franchisee acknowledges that the term "Marks" means the specific names, marks, designs, logos, or commercial symbols licensed by Company at any given point in time, subject to Company's right to impose changes. Franchisee will comply with Company's directions regarding changes in the Marks and the Franchise System within a reasonable time after written notice from Company. Company will have no liability to Franchisee for any cost, expense, loss, or damage that Franchisee incurs in complying with Company's directions and conforming to required changes, except as otherwise provided in Section 3.3(e).

3.3 **Defense of Marks and Franchise System**.

(a) Company has the sole right to handle disputes with third parties concerning the Marks and the Franchise System.

(b) Franchisee will immediately notify Company in writing if Franchisee receives notice, or is informed, of any (i) improper use of any of the Marks or elements of the Franchise System, (ii) use by any third party of any mark, design, logo, or commercial symbol that, in Franchisee's judgment, may be confusingly similar to any of the Marks, (iii) use by any third party of any business practice that, in Franchisee's judgment, unfairly simulates the Franchise System in a manner likely to confuse or deceive the public, or (iv) claim, challenge, suit, or demand asserted against Franchisee based upon Franchisee's use of the Marks or the Franchise System.

(c) Company will have sole discretion to take the action it deems appropriate (including taking no action), and the sole right to control any legal proceeding or negotiation arising out of any infringement, challenge, or claim or otherwise relating to the Marks or the Franchise System.

(d) Franchisee may not settle or compromise any claim, suit, or demand asserted against it, and agrees to be bound by Company's decisions in handling disputes regarding the Marks and the Franchise System. Franchisee will cooperate fully with Company and execute any documents and perform any actions that may, in Company's judgment, be necessary, appropriate, or advisable in the defense of any claims, suits, or demands and to protect and maintain Company's rights in the Marks and the Franchise System.

(e) Unless it is established that a third party claim asserted against Franchisee is based, directly or indirectly, upon Franchisee's misuse of the Marks or the Franchise System, Company agrees to defend Franchisee against the third party claim and to reimburse Franchisee for (i) any liability to third parties arising out of Franchisee's use of the Marks in accordance with Company's instructions, and (ii) the cost to replace any signs, menu boards, and other property if it becomes necessary for Franchisee to change the name of the Franchised Restaurant. Franchisee must notify Company immediately after learning of the claim and fully cooperate in the defense of the action. Because Company will defend the third party claim, Franchisee is not entitled to be reimbursed for legal or other professional fees or costs paid to independent legal counsel or others in connection with the matter.

(f) Except for reimbursement of liability as provided in Section 3.3(e), Franchisee will have no claim of any kind against Company based upon third party claims involving the Marks or Franchise System, including any claim for lost profits or consequential damages of any kind.

4. **TERM AND SUCCESSOR TERM**.

4.1 **Term**. This Agreement will expire without notice 10 years from the date that Franchisee's Franchised Restaurant opens for business to the public (the "**Opening Date**"), unless this Agreement is sooner terminated as provided in this Agreement. The "**Term**" of this Agreement is the period beginning on the date first shown on page 1 of this Agreement and ending the tenth anniversary of the Opening Date.

4.2 **Successor Term**. Provided Company is granting new franchises in the state where the Franchised Restaurant is located at the time when Franchisee is permitted to exercise the option granted by this Agreement, Franchisee may, at its option, obtain a new franchise for an additional 10 years (the "**Successor Term**"), subject to all of the following conditions:

(a) Franchisee must give Company written notice of Franchisee's election to sign the new franchise agreement at least nine months, but not more than twelve months, before the end of the Term. Franchisee's notice must be accompanied by a non-refundable successor fee equal to 25% of the initial franchise fee that Company is then charging for a new single-unit franchise in the United States.

(b) Franchisee may not be in default under this Agreement at the time it gives written notice of its election to obtain a successor franchise agreement or on the commencement date of the Successor Term. Further, Franchisee may not have received more than four notices of default, nor more than three notices of default during any 24-month period, during the Term.

(c) Franchisee must execute Company's then-current form of franchise agreement for a term equal in length to the Successor Term, which agreement will supersede this

Agreement in all respects; provided, however, (i) Franchisee will have no renewal rights nor rights to a further successor term even if the successor franchise agreement provides for a renewal option or a successor term, and (ii) Franchisee will not be required to pay the initial franchise fee stated in the successor franchise agreement and instead will pay the successor fee provided in subparagraph (a), above.

(d) Franchisee must have satisfied Company's then-current training requirements for new franchisees before the first day of the Successor Term.

(e) Franchisee must have satisfied Company's then-current remodeling standards so that Franchisee's Franchised Restaurant conforms in all material respects to the design standards then applicable to new Franchised Restaurants.

(f) Franchisee must execute and deliver a general release, in form satisfactory to Company, of any and all claims against Company and its officers, directors, shareholders, employees, and agents.

4.3 **Ineffective Exercise of Successor Option**. Franchisee's failure to deliver the agreements and release required by this Section 4 within 30 days after their delivery to Franchisee will be deemed an election by Franchisee not to exercise the successor option. Franchisee's purported exercise of the successor option will be ineffective if Franchisee is in default under this Agreement either at the time it gives written notice of its election to renew or on the commencement date of the Successor Term. Franchisee acknowledges that the successor franchise agreement it is required to execute to exercise this option may be materially different than this Agreement, including requiring payment of additional or different fees to Company.

5. FRANCHISE LOCATION; RELOCATION.

5.1 **Designation of Franchise Location**. If the parties have agreed upon the site for the Franchised Restaurant by the time they execute this Agreement, they will complete Exhibit A to identify the street address (the approved site is referred to as the "**Franchise Location**"). If the parties have not agreed upon the Franchise Location at the time they execute this Agreement, Franchisee will select the Franchise Location, subject to Company's approval, pursuant to the procedures stated in this Section 5.

5.2 **Procedure for Selecting Franchise Location**.

(a) Following execution of this Agreement, Company will loan Franchisee a copy of its confidential operations and procedures Manuals (the "**Manuals**"), which contain, among other things, Company's current site selection criteria, including the demographic and physical requirements that Company currently applies in connection with site review and approval.

(b) Franchisee will identify potential sites for the Franchise Location within the "**Designated Area**" (as delineated in Exhibit A) which meet Company's demographic and physical criteria. Franchisee will submit a written site proposal to Company for its approval, within 60 days after the date of this Agreement. The written site proposal will be in the form indicated in Company's Manuals. If, within 60 days after the date of this Agreement, franchisee has neither submitted a completed site proposal nor requested an extension (in writing), Company may terminate this Agreement effective immediately upon written notice to

Franchisee. Company may condition grant of an extension of the deadline to submit the completed site proposal upon payment by Franchisee of a non-refundable extension fee no higher than $100 per week of extension requested by Franchisee.

(i) Following receipt of Franchisee's written site proposal for the Franchise Location, Company may, at its election, make one on-site visit to the area where the proposed site is located if Company reasonably believes that physical inspection of the demographic conditions of the area, or the proposed site, is necessary or desirable to evaluate Franchisee's proposal. Franchisee acknowledges that the on-site visit is at Company's option and not required by this Agreement.

(ii) As long as Franchisee's written site proposal is completed properly and includes all of the supporting materials identified in the Manuals, Company will pay its own expenses to complete the on-site visit if Company decides to make one; however, if Company makes the trip and determines that the written site proposal is incomplete, Franchisee must pay Company a site review fee of $300 per day and reimburse Company for its actual travel expenses for transportation, lodging, and personal expenses to send one employee to the site or area.

(iii) If Franchisee requests that Company make more than one on-site visit, or if Company determines that more than one on-site visit is necessary or desirable to select the Franchise Location, or if an on-site visit is requested or required in connection with relocation of the Franchised Restaurant, Franchisee must pay Company for each additional site visit a site review fee of $300 per day and reimburse Company for its actual travel expenses for transportation, lodging, and personal expenses to send one employee per visit to the site or area.

(c) Company will have 21 days following receipt of Franchisee's completed site proposal to complete any site visit that it chooses to make and approve or disapprove the proposed site by giving written notice to Franchisee.

(i) If Franchisee proposes more than one site, Company need only approve one site, or it may disapprove all proposed sites.

(ii) Franchisee acknowledges that when the proposed site is located in a Shopping Mall or Special Venue (as these terms are defined in this Agreement), Company may condition approval of the proposed site upon Franchisee's agreement to open one or more additional locations within the same Shopping Mall or Special Venue if the mall or venue owner permits the opening of one or more additional locations and Company determines that customer traffic justifies the additional locations. Each additional location will be treated as a separate Franchised Restaurant, for which Franchisee and Company will sign a separate Franchise Agreement and Franchisee will pay a separate Initial Franchise Fee.

(iii) Franchisee acknowledges that Company's failure to give timely notice of approval will constitute Company's disapproval of all sites proposed by Franchisee.

(iv) Company may terminate this Agreement in the event it disapproves Franchisee's proposed site, and termination will be effective immediately upon written notice to Franchisee. The date of Company's notice approving Franchisee's proposed site is the "**Location Approval Date**."

(d) On the Location Approval Date, the parties will either execute, or be deemed to have completed, Exhibit A to this Agreement to set forth the street address of the approved site, which will then constitute the Franchise Location for purposes of this Agreement. If Franchisee proposes alternative sites and Company approves more than one proposed site, the parties must designate the one that will be the Franchise Location. Franchisee acknowledges that Company's approval of alternative sites does not confer any right upon Franchisee to open more than one Franchised Restaurant.

(e) Franchisee acknowledges that:

(i) It is solely responsible for selection of the Franchise Location.

(ii) Neither Company's proposal, nor its approval, of a site constitutes a warranty that operation of a Franchised Restaurant at the site will be successful or profitable. Company's approval of a site signifies only that Company has no objection to Franchisee operating a Franchised Restaurant at the site selected by Franchisee.

(iii) Company's site approval does not certify that Franchisee's development, use, or occupancy of the proposed site as a Restaurant will conform to applicable local laws, codes, or permit requirements, or will be profitable, but only that Company does not object to the proposed site. Franchisee acknowledges that it is solely responsible for investigating and complying with all applicable local laws, codes, and permit requirements concerning its development and occupancy of the Franchise Location and that Company makes no representations or warranties regarding potential profitability or success.

(f) Franchisee may terminate this Agreement anytime before the Location Approval Date, with termination to be effective immediately upon Franchisee giving written notice to Company. If Franchisee terminates pursuant to this provision, Franchisee will not be entitled to a refund of any portion of the initial franchise fees paid.

(g) Company may terminate this Agreement effective immediately upon written notice to Franchisee if the parties fail to agree upon the Franchise Location within 120 days following execution of this Agreement. If Company terminates pursuant to this provision, Franchisee will not be entitled to a refund of any portion of the initial franchise fees paid.

5.3 **Relocation**. Franchisee agrees to relocate the Franchise Location under the following conditions and subject to the following requirements:

(a) If (a) the lease for the Franchise Location expires or terminates for reasons other than Franchisee's breach; (b) the site is destroyed, condemned, or otherwise rendered unusable; or (c) the parties' mutually believe relocation will increase the business potential of the franchise, Franchisee agrees to relocate the Franchised Restaurant to a new location selected by Franchisee, and approved by Company, in accordance with Company's then-current site selection procedures as specified in the Manuals.

(b) The relocated premises will be constructed, developed, improved, and equipped in accordance with the then-current appearance and design standards and equipment specifications which apply to new Restaurants. Company will supply Franchisee with one set of the then-current prototype construction drawings and specifications for build-out of a new Restaurant. All costs and expenses relating to relocation, construction, and build-out of the substitute premises will be borne by Franchisee. Company is not obligated to offer construction supervision services in connection with the relocated premises. Complete de-identification of the original Franchise Location must be completed before Franchisee may commence business to the public at the new premises.

(c) Franchisee will complete relocation in accordance with the requirements of this Agreement without any interruption in the continuous operation of the Franchised Restaurant, unless Company's prior written consent is obtained. If Company consents to a disruption in operations and Franchisee's operations cease, then until operations resume at the substitute location: (i) the term of this Agreement will not be abated, and (ii) Franchisee will remain liable to pay Advertising Fees and any Cooperative Advertising Fees based upon Franchisee's average weekly Gross Sales and Net Sales for the Franchised Restaurant during the 16 week period immediately preceding the date that operations cease or the shorter period that Franchisee has been in business.

6. FRANCHISEE'S TERRITORIAL RIGHTS; COMPANY'S RESERVED RIGHTS.

6.1 Limited Grant.

(a) This Agreement grants Franchisee the right to operate a single Franchised Restaurant at the Franchise Location *only*.

(b) Except as provided in Section 6.2, nothing in this Agreement grants to Franchisee any area, market, or territorial right of any kind.

6.2 Franchisee's Rights Regarding Territory.

Company has assigned to Franchisee a territory (the "**Territory**"), which is described in Exhibit A. Company agrees not to not operate, or grant others the right to operate, a Restaurant (that uses the Franchise System and that is identified by the Marks), in the assigned Territory. Franchisee acknowledges that this is the extent of Franchisee's rights with respect to the Territory, and that the Territory is not otherwise "exclusive."

6.3 Company's Reserved Rights Regarding Territory.

(a) Except for the restriction stated in Section 6.2, Company reserves all rights to use the Marks and Franchise System, both within and outside the Territory.

(b) Company's reserved rights include the absolute rights (i) to use, and to grant licenses to others to use, the Marks and Franchise System anywhere and for any purpose, except in connection with the operation of a Restaurant in the Territory; (ii) to develop a different restaurant business that does not use the Franchise System and the Marks, and locating facilities (whether owned by us, an affiliate, or a franchisee) that operate under that different business model in the Territory; (iii) to contract with third-party delivery services to pick up orders from nearby Restaurants and deliver those products to consumers in the Territory; (iv) to solicit or accept orders from consumers in the Territory and then (using channels of distribution other than Restaurants, such as the Internet, catalog sales, telemarketing, or other direct marketing sales) make sales in the Territory using either the Marks or other trademarks; (v) to merge with, acquire, or be acquired by, another company that operates facilities either within or outside the Territory that do not use the Marks and the Franchise System; and (vi) to sell, and grant others the right to sell, to grocery stores, convenience stores, and specialty food stores located in the Territory any of the menu items, or ingredients used to prepare foods or beverages sold at Restaurants, either under the Marks or under other names, for resale to the public.

(c) For purposes of illustration only, and without limiting the scope of permissible activities, Franchisee acknowledges that Company may sell, or authorize others to sell, frozen, ready-to-eat, ready-to-serve, or ready-to-cook foods and ingredients to, or from, grocery stores, convenience stores, and specialty food stores in the Territory packaged under the Marks or under other names. Company furthermore may advertise and promote the sale of, and sell, menu items sold at Restaurants through the Internet or by using any other public computer network, or by mail order, catalog sales, or comparable methods that solicit orders and business from customers by means not requiring the customer's physical presence in a Restaurant to complete the transaction.

6.4 **No Recourse**.

(a) If Franchisee is not entitled to be assigned a Territory pursuant to this Agreement, Franchisee will have no right to enjoin or be compensated for the opening and operation of another Restaurant, or the use of the Franchise System or Marks, next to, near, or in the market vicinity of the Franchise Location, and expressly assumes all risk of such activity.

(b) If Franchisee is assigned a Territory in accordance with this Agreement, Franchisee will have no right to enjoin or be compensated for the opening and operation of another Restaurant outside of the assigned Territory, regardless of how close the Restaurant is to the Territory, nor will Franchisee have the right to enjoin or be compensated for any other type of use of the Franchise System either within or outside of the assigned Territory. Franchisee expressly assumes all risk of the activities described in this provision.

7. LEASE OF FRANCHISE LOCATION.

7.1 **Delivery of Lease; Addendum to Lease**.

(a) Within 60 days after the Location Approval Date, Franchisee will deliver to Company a copy of the lease it has negotiated directly with the owner or master landlord of the Franchise Location (the "**Lease**") together with an Addendum to Lease ("**Addendum to Lease**"), each duly executed by Franchisee and the owner or master landlord, and an original UCC-1 executed by Franchisee in favor of Company as the secured party. The date that Franchisee delivers the executed Lease, Addendum to Lease and UCC-1 to Company is the "**Lease Delivery Date**."

(b) The Addendum to Lease and UCC-1 form will each be substantially in the form attached to Company's Franchise Disclosure Document ("**FDD**") delivered to Franchisee.

(c) Company may terminate this Agreement if Franchisee fails to deliver a duly executed Lease, Addendum to Lease, and UCC-1 (all as required by this Agreement) within 60 days after the Location Approval Date, with that termination to be effective immediately upon written notice to Franchisee.

8. CONSTRUCTION; OPENING DEADLINE.

8.1 **Construction, Fixturization, and Leasehold Improvements**.

(a) Following execution of this Agreement, Company will provide Franchisee with prototype construction drawings and specifications for build-out of a Restaurant.

(b) Franchisee will, at its sole expense, retain the services of architects, designers, and other licensed and competent construction personnel as are necessary to adapt and modify Company's prototype plans and specifications to the specific dimensions of the Franchise Location and to finish the Franchised Restaurant's construction, fixturization, and development, and to open the Franchised Restaurant to the public, by the Opening Deadline (as defined below). Franchisee acknowledges that it is solely liable for supervising, and for the acts and omissions of, its architects, designers, and construction personnel.

(c) Franchisee will submit to Company for its approval a complete set of final construction drawings and specifications before beginning construction of the Franchised Restaurant. Company will review Franchisee's plans promptly and approve or provide comments to the plans and specifications within 30 days after receiving them. Franchisee may not begin construction until Company approves in writing the final plans and specifications for constructing the Franchised Restaurant.

(d) If changes in the approved construction drawings or specifications become necessary or desired during the construction process, Franchisee must obtain Company's prior written approval of the change before modifying the approved construction drawings and specifications to incorporate the change. Franchisee's failure to correct any unauthorized variance from the approved construction drawings and specifications promptly will be a default under this Agreement.

(e) During the construction period, Franchisee will maintain the insurance specified in this Agreement and will obtain all customary contractors' lien waivers for the work performed.

(f) Franchisee is solely responsible, at its expense, for constructing, equipping, and decorating the Franchised Restaurant in accordance with the approved construction drawings and specifications and for complying with all applicable Master Lease or Lease conditions and laws and regulations, including all government and utility permit requirements (such as, for example, zoning, sanitation, building, utility, and sign permits). Franchisee is solely responsible for the structural integrity of the Franchised Restaurant and for its fitness as a facility serving food and beverages to the public. Franchisee will complete development of the Franchised Restaurant diligently, expeditiously, and in a first-class manner.

(i) Company will have access to the Franchised Restaurant during Franchisee's construction to inspect the work and performance by Franchisee's construction personnel. Company will conduct a final inspection before the Franchised Restaurant's scheduled opening for business to the public and may require that Franchisee make any corrections before opening that Company deems necessary to bring the Franchised Restaurant into compliance with the approved construction drawings and specifications. Franchisee may not open for business until Company issues a completion certificate ("**Completion Certificate**") which signifies that Company finds that the Franchised Restaurant conforms to the approved construction drawings and specifications.

(ii) At Company's expense, at a mutually scheduled time during the construction process, Company will send one of its employees to visit the Franchised Restaurant to inspect construction and provide on-site consultation services in connection with development of the Franchised Restaurant for up to two days. If Franchisee requests either a longer, or additional, site visit during construction, Franchisee will pay Company a site review fee of $300 per day and will reimburse Company for its actual travel expenses for transportation, lodging, and personal expenses in sending its employee to the Franchise Location for the additional or extended portion of the site visit.

(iii) Company will not be responsible for any delays in the construction, equipping, or decoration of the Franchised Restaurant or for any loss resulting from the design or construction of the Franchised Restaurant. Franchisee acknowledges that Company's inspection of construction is not for the purpose of reviewing or certifying that construction conforms to applicable local laws, codes, or permit requirements, but to evaluate that development conforms with the detailed construction plans approved by Company. Furthermore, if Company inspects construction, Company is not deemed to have certified that construction complies with applicable codes or building requirements or attested to the quality of workmanship. Franchisee acknowledges that it is solely responsible for investigating and complying with all applicable local laws, codes and permit requirements.

8.2 **Opening Deadline**.

(a) Franchisee will be issued the Completion Certificate, and open the Franchised Restaurant for business to the public, by no later than the Opening Deadline as defined in this Agreement.

(b) The "**Opening Deadline**" is the date that is 180 days after the Lease Delivery Date, or the date Franchisee obtains possession of the Franchise Location, whichever occurs first.

(c) Company may extend the Opening Deadline if Company determines that the Franchised Restaurant's opening has been, or will be, delayed due to events of Force Majeure as defined in this Agreement. Both the determination that an event of Force Majeure has occurred, and the length of the extension, will be made solely by Company based upon the event causing the delay. Company will identify the extended Opening Deadline in a writing delivered to Franchisee.

(d) The term "**Force Majeure**" means an event caused by or resulting from an act of God, labor strike or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government, and any other similar cause that Company determines is not within Franchisee's control. If Company extends the Opening Deadline, Franchisee must be issued the Completion Certificate, and open the Franchised Restaurant for business to the public, by no later than the extended Opening Deadline.

(e) Franchisee's failure to obtain the Completion Certificate and open for business to the public by the Opening Deadline, or, if Company extends it, by the extended

Opening Deadline, will be grounds permitting Company to terminate this Agreement effective upon written notice to Franchisee.

9. SERVICES FURNISHED BY COMPANY.

In addition to obligations stated elsewhere in this Agreement, and provided Franchisee is not in default under the terms of this Agreement, Company will provide the following services:

9.1 **Manuals**.

(a) Company will loan Franchisee one copy of its current Manuals for as long as this Agreement is in effect. The Manuals are, and at all times will remain, Company's sole property and will promptly be returned to Company upon expiration, termination, or an assignment of this Agreement.

(b) Franchisee will treat all information contained in the Manuals as confidential, and will use all reasonable efforts to keep the information secret. Franchisee may not, without Company's prior written consent, copy, duplicate, record or otherwise reproduce the Manuals, in whole or in part, or otherwise make any portion of the Manuals available to any person not required to have access to their content in order to carry out his or her employment functions.

(c) The Manuals contain both mandatory and recommended specifications, standards, and operating procedures and information pertinent to the Franchise System and Franchisee's obligations under this Agreement. Franchisee will fully comply with all mandatory specifications, standards, operating procedures, and rules prescribed from time to time by Company in the Manuals or otherwise communicated to Franchisee in writing. A breach of any mandatory requirement contained in the Manuals or otherwise communicated to Franchisee in writing will constitute a breach of this Agreement and grounds for termination, in the same manner as if those mandatory requirements were set forth verbatim in this Agreement.

(d) Company reserves the right to modify the Manuals from time to time to reflect changes that it may implement in the mandatory and recommended specifications, standards, and operating procedures of the Franchise System. All revisions will be reflected in written supplements to the Manuals or in other written communications delivered to Franchisee, and each supplement or communication will become effective upon receipt. Franchisee will insert any updated pages in its copy of the Manuals upon receipt and remove superseded pages and return them to Company within 5 days following receipt. Franchisee will immediately conform its operations to all revisions in mandatory specifications, standards, operating procedures and rules prescribed by Company. If there is a disagreement between Company and Franchisee as to the contents of the Manual, the copy kept by Company at its headquarters will be considered the official version.

(e) Franchisee will promptly notify Company if any volume or part of its copy of the Manuals is lost or destroyed for any reason. Provided (i) the loss is not the result of Franchisee's breach of its duty to keep the contents of the Manuals confidential, and (ii) Franchisee is not otherwise in default under this Agreement, Company will furnish Franchisee with the needed replacement copy or portion of the current Manuals. Franchisee will pay Company a replacement fee of $500.00 for each volume of the Manuals or part thereof requiring replacement, plus all shipping expenses, in full within 10 days following receipt of invoice.

(f) In lieu of providing Franchisee a physical copy of the Manual, Company may, at its option, provide Franchisee access to the Manual electronically (through Company's Intranet). If Company discontinues Franchisee's access to Company's Intranet (in accordance with Section 9.12 of this Agreement), Company will loan Franchisee a physical copy of the Manual.

9.2 **Specifications and Suppliers**.

(a) The Manuals contain specifications for all equipment, supplies, furnishings, consumable and non-consumable inventory, and other materials required to operate a Restaurant, including identifying particular items by brand name; minimum inventory requirements; minimum performance capability; appearance and design criteria; taste, weight, and color; and other mandatory features. Company may modify its specifications, in its discretion, at any time. Specification changes will be communicated to Franchisee by written supplements to the Manuals or otherwise in writing. Franchisee will have a reasonable time to adopt each change, and may be required to cease using discontinued items and replace them with items meeting newly published specifications.

(b) Franchisee is solely responsible, at its expense, for procuring, installing, and maintaining all currently-specified equipment, supplies, furnishings, consumable and non-consumable inventory, and other materials required to operate the Franchised Restaurant.

(c) Company reserves the right to require that all of its franchisees purchase specific ingredients (including sauces), uniforms, packaging, software, or other goods or services that Company designates (collectively referred to as "**Proprietary Goods or Services**"), which represent Company's trade secrets or are otherwise specially fabricated according to Company's specifications, from one or more designated suppliers. Company will identify the Proprietary Goods or Services and designated suppliers in the Manuals or otherwise by written notice.

(d) Except for Proprietary Goods or Services, Franchisee may purchase all other equipment, supplies, furnishings, consumable and non-consumable inventory, and other materials required to operate the Franchised Restaurant (collectively referred to as "**Non-Proprietary Goods or Services**") from any recommended or approved supplier.

(e) Company will publish a list of recommended suppliers in the Manuals and identify at least one recommended supplier for each item of Non-Proprietary Goods or Services.

(f) Company reserves the right to modify the lists of Proprietary Goods or Services, Non-Proprietary Goods or Services, designated suppliers, or recommended suppliers from time to time in its discretion, including the right to add new items to the lists of Proprietary Goods or Services and of Non-Proprietary Goods or Services, or to withdraw or revoke its approval of any supplier, at any time. All modifications will be communicated to Franchisee by written supplements to the Manuals or otherwise in writing. Franchisee may not place any new order for any item or with any supplier after receiving written notice of changes in the item's specifications or that Company's approval of the supplier has been withdrawn or revoked.

(g) To obtain approval to purchase (i) any brand or item of equipment, supplies, furnishings, consumable or non-consumable inventory, or other materials not then approved by Company as meeting its minimum specifications and quality standards, or (ii) any Non-Proprietary Goods or Services from a supplier not then included on Company's list of recommended suppliers, Franchisee will submit a written request to Company identifying the proposed item or supplier. If the request is for approval of a new item, the request will be accompanied by samples of the item for examination and/or testing. If the request is for approval of a new supplier, the request will also contain the information that Company then requires, including information supporting the proposed supplier's financial capability, business reputation, delivery performance, and credit rating.

Company may impose a charge to cover its actual costs to inspect or test any proposed item, including expenses to visit the proposed manufacturer's or supplier's production facility, for lab testing, and other direct costs, which Franchisee must pay before Company incurs any expense in connection with inspection or testing. Company will evaluate not only the quality and conformity of the item sought to be purchased from the proposed supplier, but the proposed supplier's distribution capabilities and general business reputation.

Company will notify Franchisee in writing within 30 days after all requested information is received and inspection or testing is completed if it approves the proposed item and/or supplier, and its failure to timely respond will constitute its disapproval. Company reserves the right to reinspect the facilities of an approved supplier and to revoke a supplier's or item's approval for good cause, effective upon written notice to Franchisee. Following receipt of written notice of revocation of approval, Franchisee may not place any new orders for the item or with the supplier.

(h) Company will negotiate with suppliers that sell goods or services to Company to extend identical pricing benefits to Company's franchisees, subject to volume discounts and differences in shipping costs, but Company makes no representation about its ability to secure these benefits. Franchisee is not required to participate in any group purchasing program.

9.3 **Initial Training**.

(a) At a minimum, Franchisee or another person who Franchisee desires to designate as an Approved Manager must successfully complete Company's complete initial training program, as described below. If Franchisee is not an individual, the obligation may be fulfilled by an employee or by an owner of Franchisee. If Franchisee desires to designate more than one person as an Approved Manager before the Opening Date, each additional person must also successfully complete the same sessions of Company's initial training program.

(b) As of the date of this Agreement, Company's initial training program consists of two parts: (i) three weeks of administrative and operational training ("**Basic Training**") conducted at a Restaurant in the Northern California area, at a mutually scheduled time after the Lease Approval Date and during construction of the Franchised Restaurant, and (ii) two weeks of on-site instruction in the Franchised Restaurant ("**On-Site Training**") at a mutually scheduled time no later than 14-days after the Opening Date. Company reserves the right to modify the initial training program at any time.

(c) Company will not impose a training fee to provide the Basic Training program to up to four persons before the Opening Date. For each additional person over four who attends the same session of the Basic Training program, Franchisee must pay a per person training fee of $25/hour. Company will not impose a training fee to provide On-Site Training in the 14-day period after the Opening Date regardless of the number of Franchisee's employees participating in the On-Site Training. In all cases, Franchisee must pay for transportation, lodging, personal expenses, and salary for each person who attends the Basic Training program or the On-Site Training.

9.4 **Continuing Training**.

(a) Company may periodically offer advanced and supplemental training, and reserves the right to require that Franchisee, each of Franchisee's Approved Managers, or other designated personnel attend specified training programs. As the need develops, the Company will offer specialized training in connection with the launch of new products or programs or to address particular aspects of the Franchise System.

(b) All training courses will be conducted at one or more Restaurants located in the Northern California area, or at other locations in the Northern California area designated by Company.

(c) The per person training fee for all advanced and supplemental training courses, unless conducted in conjunction with an Annual Meeting (as defined below), is $25/hour. Additionally, Franchisee must pay for transportation, lodging, personal expenses, and salary for its employees who attend training.

9.5 **Annual Meeting**. Company may conduct an annual meeting at a location that it designates (the "**Annual Meeting**"). If Company chooses to conduct an Annual Meeting, Company will establish the agenda and length of the Annual Meeting. Franchisee or a person owning a Controlling Interest (as defined in this Agreement) of the equity or voting interests of Franchisee if Franchisee is a corporation, LLC, or other entity or by a general partner of Franchisee if Franchisee is a partnership (referred to as "**Franchisee's Principal**") must attend each Annual Meeting held, and Company may additionally require the attendance of one or more of Franchisee's Approved Managers or other designated personnel at one or more Annual Meetings. Company will not impose a fee to attend the Annual Meeting, but Franchisee must pay the transportation, lodging, personal expenses, and salary for Franchisee's Principal and each employee who attends an Annual Meeting.

9.6 **Proprietary Software**. Company reserves the right to require that all franchisees use designated proprietary software for administrative, sales, and financial recordkeeping and reporting functions, in which case Franchisee must use the designated proprietary software. Upon request, Franchisee will execute Company's form of software license agreement, which may require payment of an annual license fee to Company or its designee. Franchisee is responsible for installing and maintaining the proprietary software at its expense.

9.7 **Promotional Fund**. Company reserves the right to establish one or more segregated funds (each, a "**Promotional Fund**") for the benefit of all Restaurants. The following provisions apply to any Promotional Fund that Company may establish.

(a) If Company establishes a Promotional Fund, then with respect to Restaurants owned by Company or its Affiliates, Company will contribute to the Promotional Fund at a rate that matches the lowest percentage rate of any contributing franchisee. In that regard, there may be persons operating Restaurants in the United States who are not contractually required to contribute to any Promotional Fund; those operators will be disregarded in determining the lowest percentage rate of any contributing franchisee. Additionally, franchises operating in international markets will not contribute to any Promotional Fund established in the United States, which will be used solely on domestic marketing.

(b) Company will use the Promotional Fund to maintain, administer, direct, and prepare advertising and marketing programs, public relations, and market research. Company will not be restricted with respect to what, where, and how the Promotional Fund will be applied for these purposes. Company will retain complete discretion over the form, content, time, location, market, and choice of media for all advertising and promotion that it pays for from the Promotional Fund proceeds. Company makes no representation that any amount of the Promotional Fund will be spent in any given geographic region or area, that monies will be spent on advertising that is national in scope, or that monies will be spent in Franchisee's market area in proportion to Franchisee's contributions to the Promotional Fund.

(c) Company will prepare an annual accounting of the Promotional Fund, and will furnish a copy of it to Franchisee upon request. Company may recover over-expenditures from subsequent years and may carry forward under-expenditures to later periods. Company may reimburse itself for its actual administrative costs to manage any Promotional Fund, in an amount per annum which may not exceed 15% of the aggregate contributions to each Promotional Fund for that year. If requested by a Promotional Fund, Company may, but is not obligated to, loan money to the Promotional Fund; any funds loaned to a Promotional Fund will be repayable upon demand when funds are available and bear interest at no more than 2 points over the prime lending rate of Bank of America.

9.8 **Grand Opening Advertising**. If Franchisee's Lease requires Franchisee to conduct grand opening advertising and promotion, Company will consult with Franchisee to assist in designing a grand opening promotional program for the Franchised Restaurant.

9.9 **Consultation and Advice**. As and to the extent required in Company's judgment, Company will provide regular consultation and advice to Franchisee in response to specific administrative and operating issues and problems affecting the Franchised Restaurant that Franchisee brings to Company's attention. In each case, Company will determine the method for communicating the consultation or advice provided to Franchisee, which may differ from the methods used for other franchisees. For example, consultation may be provided by telephone, in writing (in which case Company will determine the method for delivering the writing, *e.g.,* facsimile, mail, electronic communication, or other means) or in person.

9.10 **Research and Development**. As and to the extent required in Company's judgment, Company will investigate and conduct market research; monitor the activities of competitors and developments in management and food preparation and delivery systems; and evaluate the ingredients, recipes, menu items, and food handling and preparation methods utilized by the Franchise System in order to maintain and enhance the reputation and demand for Restaurants and the products sold from Restaurants.

9.11 **Inspections**. In addition to Company's right to conduct inspections and compliance audits described in this Agreement, Franchisee expressly authorizes Company and its representatives, at any reasonable time, and without prior notice to Franchisee, to enter the premises of the Franchised Restaurant and conduct regular inspections of the Franchised Restaurant and its methods of operation, including observing and conducting discussions with Franchisee's employees and reviewing Franchisee's books and records (including the data stored on Franchisee's computer hard drive and disks) in order to verify compliance with this Agreement and the Manuals. Franchisee will cooperate fully with Company's inspections and promptly cure all deviations from Company's standards, specifications, and operating procedures of which Franchisee is notified either orally or in writing.

9.12 **Company's Intranet**.

(a) Company may, at its option, establish and maintain a private method of communication for use only by employees and franchisees of Company ("**Company's Intranet**"). Company's Intranet may be either a "true" intranet (a series of inter-connected computers that use the same type of software as the Internet, but that are not technically part of the Internet and do not use the Internet to transmit material to one another) or an extranet (which will actually transmit information over the Internet, but will require a password to access data on the servers used by Company). If Company establishes Company's Intranet, then Company, Franchisee, other franchisees of Company, and their respective employees may communicate with each other over Company's Intranet, and Company may disseminate the Manuals, updates to the Manuals, and other confidential information over Company's Intranet. Company will have sole discretion and control over all aspects of Company's Intranet, including its content and functionality. Company will have no obligation to maintain Company's Intranet indefinitely, and may dismantle it at any time without liability to Franchisee.

(b) If Company establishes Company's Intranet, Franchisee may use the Company's Intranet, subject to strict compliance with the standards and specifications, protocols, and restrictions that Company establishes from time to time and publishes in the Manuals. Those protocols may relate to, among other things, (i) the use of abusive, slanderous, or otherwise offensive language in electronic communications; (ii) communications between or among franchisees of Company that endorse or encourage breach of any franchisee's franchise agreement; (iii) confidential treatment of materials that Company transmits via the Company's Intranet; (iv) password protocols and other security precautions; (v) grounds and procedures for Company's suspending or revoking a franchisee's access to Company's Intranet; and (vi) a privacy policy governing Company's access to and use of electronic communications that Franchisee posts to Company's Intranet. Franchisee acknowledges that, as administrator of Company's Intranet, Company can technically access and view any communication that any person posts on Company's Intranet. Franchisee further acknowledges that Company's Intranet facility and all communications that are posted to it will become Company's property, free of any claims of privacy or privilege that Franchisee or any other person may assert.

(c) Upon receipt of notice from Company that Company has established Company's Intranet, Franchisee will establish and continually maintain (during all times that Company's Intranet has been established and until the termination of this Agreement) an electronic connection (the specifications of which shall be specified in the Manuals) with Company's Intranet that allows Company to send messages to and receive messages from Franchisee, subject to the protocols established by Company.

(d) If Franchisee breaches this Agreement or any other agreement with Company or its affiliates, Company may disable or terminate Franchisee's access to Company's Intranet without any liability to Franchisee. In that case, Company will only be required to provide Franchisee a paper copy of the Manuals and any updates to the Manual, if none have been previously provided to Franchisee, unless Franchisee is not otherwise entitled to the Manuals.

10. **ADDITIONAL OBLIGATIONS OF FRANCHISEE.** In addition to obligations stated elsewhere in this Agreement, Franchisee agrees as follows:

10.1 **Management**.

(a) Franchisee, if Franchisee is an individual, or Franchisee's Principal will devote full time and attention to supervising all administrative and operational activities of the Franchised Restaurant and compliance with the conditions of this Agreement.

(b) The Franchised Restaurant will be managed by an Approved Manager. The term "**Approved Manager**" means an individual who devotes full-time attention and best efforts to the direct day-to-day supervision of Franchisee's Franchised Restaurant, who meets Company's minimum performance criteria for managers to Company's sole satisfaction, who has satisfactorily completed Company's initial training program, and who is responsible for performing the management duties identified in the Manuals. Each Approved Manager must have literacy and fluency in the English language, sufficient, in Company's judgment, to communicate in the English language with customers and other employees. Each Approved Manager must be competent to conduct in-Restaurant training procedures for Franchisee's other employees, from time to time, in accordance with Company's instructions. In Franchisee's discretion, Franchisee (if Franchisee is an individual) or Franchisee's Principal may be an Approved Manager, provided he or she otherwise satisfies the criteria of an Approved Manager stated in this Section.

(c) Franchisee is solely responsible for training all employees, including its Approved Managers, who do not participate in the initial training program that Company provides pursuant to Section 9.3.

10.2 **Restrictions on Operations**.

(a) Franchisee will (i) use all materials, ingredients, consumable and non-consumable products, supplies, paper goods, uniforms, furnishings, signs, equipment, and methods of preparation, delivery, and services prescribed by Company or which conform to Company's specifications and standards, and (ii) operate the Franchised Restaurant in accordance with Company's standards and specifications set forth in the Manuals or otherwise communicated to Franchisee, as Company may revise the standards and specifications in the future in its discretion. Franchisee may not use any materials, ingredients, consumable or non-consumable products, supplies, paper goods, uniforms, furnishings, signs, equipment, or methods of preparation, delivery, or services that have not been approved by Company in writing as meeting its current specifications and standards.

(b) Franchisee will offer for sale all of the products and services expressly approved for sale by Company in writing from time to time, and only those items, and may not offer for sale, or sell, directly or indirectly in conjunction with the Marks, any other products or services. Franchisee will label and identify all products and services offered for sale by the same name or designation given to them by Company.

(c) Franchisee will maintain at all times a sufficient supply of materials, ingredients, consumable and non-consumable products, supplies, paper goods, and other disposables, in order to operate the Franchised Restaurant efficiently and to meet customer demand.

(d) Without Company's prior written consent, Franchisee may not (i) sell any products for consumption off the premises of the Franchised Restaurant except in authorized containers, or (ii) engage in wholesale sales or distribution of any kind. The term "wholesale sales or distribution" as used in this Agreement includes the direct or indirect sale of ingredients, products, or services to a third party for resale or further distribution through any trade channel.

(e) Franchisee will, at its own expense, correct any unhealthy, unsanitary, or unclean condition within 24 hours after being notified either orally or in writing of its existence by Company or any Health Department. The term "**Health Department**" includes all governmental units, however designated, which address the health, safety, sanitation, physical access, environment, or activities conducted at the Franchised Restaurant that concern or affect the welfare of employees or customers. Franchisee acknowledges that the existence of any unhealthy, unsanitary, or unclean condition at the Franchised Restaurant is grounds permitting termination of this Agreement upon notice, without allowing any opportunity to cure.

(f) To the extent permitted by law, Company reserves the right to set the maximum resale price that Franchisee may charge on required menu items. Franchisee will promptly conform to Company's maximum pricing directions issued from time to time promptly following written notice from Company.

(g) Except as permitted by Company's social media policy (as in effect from time-to-time), Franchisee may not maintain a World Wide Web site or otherwise maintain a presence or advertise on the Internet or using any other public computer network in connection with the franchised business.

10.3 **Staffing and Training**. Franchisee will employ a sufficient number of competent employees and cause them to receive such in-Restaurant training in the Franchise System as Company may require. All employees whose duties include customer service will have sufficient literacy and fluency in the English language, in Company's judgment, to adequately meet the public. Franchisee is solely responsible for hiring, firing, and establishing employment policies applicable to its employees, and acknowledges that this Agreement does not impose any controls, or otherwise impinge, on Franchisee's discretion to make all employment-related decisions.

10.4 **Repair and Maintenance; System Changes**.

(a) Franchisee will, at its own expense, repair and maintain the Franchised Restaurant, and all equipment, signs, fixtures, furnishings, supplies, materials, and other tangible property used in operating the Franchised Restaurant, in the highest degree of cleanliness, sanitation, orderliness, and repair in conformity with the standards, specifications, and requirements of the Franchise System and as Company may from time to time direct.

(i) Franchisee will promptly replace any item that becomes worn, damaged and non-repairable, or mechanically impaired to the extent that it no longer adequately performs the function for which it was originally intended.

(ii) All replacement items will be of the type, model, and quality specified in the Manuals at the time replacement is required.

(iii) Franchisee acknowledges that its failure to repair or maintain its property or to correct any unauthorized variance from the requirements of the Franchise System constitutes the breach of this Agreement. Company may, without waiving its right to terminate this Agreement for such reason, repair or correct the cited non-conformance. Company will have no liability to Franchisee for the work performed. To the extent Company elects to perform required repair or maintenance work, Franchisee will be invoiced for labor and materials, plus a 15% service charge, and an amount sufficient to reimburse Company for Company's actual direct costs to perform and inspect the repair or maintenance work, including transportation, lodging, meals, contractor fees, and other direct expenses, all of which will be due and payable upon Franchisee's receipt of an invoice.

(b) Franchisee will, at its own expense, within two months following written notice from Company, renovate, remodel, and otherwise conform the Franchised Restaurant to changes and modifications implemented and prescribed by Company, from time to time, in the physical appearance and design standards of Restaurants (collectively referred to as "**Renovation Changes**").

(i) Renovation Changes may include: structural modifications, changes in design and decoration standards, and changes in signage. For example, Renovation Changes may include purchasing new, or modifying existing, equipment in order to accommodate new menu items or display new Marks.

(ii) Franchisee may be required to make Renovation Changes once during the Term, and again as a condition of exercising the renewal option.

(iii) Company reserves absolute discretion to determine whether a particular modification to the Franchise System is a Renovation Change or falls under

Franchisee's duty to repair and maintain the Franchise Location or to conform to operating changes and enhancements made to the Franchise System, and Company's decision will be final.

10.5 **Advertising**.

(a) Except as provided in Company's then-current social media policy (as provided below), Franchisee may not use, disseminate, broadcast, or publish any material using the Marks or promoting the Franchised Restaurant (collectively referred to as an "**Advertisement**") without first obtaining Company's written approval of the copy, proposed media, method of distribution, and marketing plan for the Advertisement.

(i) The term Advertisement is used in its broadest sense to include: (A) any written or printed communication of any kind, including electronic communications, (B) any communication by means of a recorded telephone message or message spoken on radio, television, or similar communication media, (C) any promotional item or promotional or publicity event, or (D) the use of any of the Marks on merchandise, displays, signs, or other tangible personal property.

(ii) To apply for Company's approval, Franchisee will submit an accurate copy, sample, or transcript of the proposed Advertisement, a written business plan that explains the proposed promotional event or use of the Advertisement, and any additional information material to the proposal disclosing Franchisee's intended use of the proposed Advertisement. As a condition of approval, Franchisee must assign your copyright and any trademark or service mark rights in any materials to Company, without compensation. Franchisee must permit Company, its affiliates, any Promotional Fund, and other franchisees, to use these materials without compensation. Company will have 15 business days from the date of receipt in which to approve or disapprove of the Advertisement or submitted materials. If written disapproval is not received by the end of 15 business days, Company will be deemed to have approved the Advertisement, and Franchisee will be permitted to use the Advertisement but only in the exact form submitted to Company.

(iii) Company may, in its discretion, establish and later modify from time-to-time (including eliminating) a social media policy that addresses (among other things) the social media that may be used by Franchisee and the manner in which the Marks may be displayed (or referenced) by Franchisee on the selected social media. Additionally, that social media policy may prescribe different requirements for use of (or reference to) the Marks on various social media. .

(b) Franchisee will conduct grand opening Advertising in accordance with the requirements of Franchisee's Lease, subject to Company's right to approve the Advertising.

10.6 **Compliance With Laws**. Franchisee will operate the Franchised Restaurant in strict compliance with all applicable laws, ordinances, and regulations, including those relating to health and sanitation; packaging and labeling of food products; worker's compensation; unemployment insurance; withholding and payment of federal and state income taxes and social security taxes; collection and reporting of sales taxes; and the American With Disabilities Act. Franchisee will secure and maintain in good standing all necessary licenses, permits, deposits, and certificates required to operate the Franchised Restaurant, and will provide Company with proof of compliance promptly following Company's request.

10.7 **Credit Cards**. Franchisee will honor all credit cards designated by Company and enter into all necessary credit card agreements with the issuers of designated cards.

10.8 **Customer and Government Records**. Franchisee will submit to Company promptly upon receipt copies of all customer complaints and notices and communications received from any Health Department and authorizes the Health Department to provide the same information directly to Company upon Company's request.

10.9 **Operating Hours**. Franchisee will operate the Franchised Restaurant on all of the days and during the hours prescribed in the Manuals, unless (a) Franchisee has obtained Company's prior written approval of different days or hours; or (b) operation on some of the days or at some of the hours prescribed in the Manuals is prohibited by Franchisee's Lease (in which even Franchisee will close for no more than the times required by Franchisee's Lease).

10.10 **Insurance**.

(a) Before opening the Franchised Restaurant for business to the public, Franchisee will procure at its expense, and will maintain in full force and effect throughout the Term, policies of insurance in accordance with the following terms and conditions:

(i) Comprehensive general liability insurance with minimum coverage of $1,000,000.00 combined single limit (including broad form contractual liability), or the higher amount required by Franchisee's Lease, insuring Company and Franchisee against all claims, suits, obligations, liabilities, and damages, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from, or occurring in the course of, or otherwise relating to the Franchised Restaurant or the activities of Franchisee's employees. The required liability coverage is not limited in any way by reason of any insurance that Company maintains. Company will be named an additional insured on each liability policy.

(ii) Workers compensation insurance as required by applicable law.

(iii) General casualty insurance, including fire and extended coverage, vandalism, and malicious mischief insurance for the full replacement value of the Franchised Restaurant and its contents, based on the cost of replacing the damaged or destroyed property with property meeting Company's current specifications at the time replacement is required.

(iv) In connection with any construction, renovation, or remodeling work performed by Franchisee, Franchisee will maintain Builder's All Risk insurance covering the completed value of the construction and performance and completion bonds in form and amounts acceptable to Company.

(b) Company may periodically increase the minimum insurance requirements, establish and change deductible limits, require that Franchisee procure and maintain additional forms of insurance, and otherwise modify the insurance requirements contained in this Agreement based upon inflation, Company's experience with claims, or for other commercially reasonable reasons. Franchisee will comply with any change imposed by Company within 30 days after written notice from Company and will submit written proof of compliance to Company upon request.

(c) Each insurance policy required by this Agreement will be written by insurance companies of recognized responsibility meeting the standards stated in the Manuals. Each policy must name Company as an additional insured, using additional-insured Grantor of Franchise Form CG2029 or an insurer's comparable form.

(d) Before any equipment is installed in the Franchise Location, or by the date specified in Franchisee's Lease, if earlier, Franchisee will submit to Company certificates of insurance showing compliance with Company's insurance requirements. All certificates will state that the policy may not be canceled or altered without at least 30 days prior written notice to Company. Maintenance of required insurance will not relieve Franchisee of liability under the indemnity provisions set forth in this Agreement.

(e) Franchisee will cause each policy of insurance required by this Agreement to include a waiver of subrogation, which will provide that Franchisee and Company each releases and relieves the other, and each waives its entire right to recover damages, in contract, tort, and otherwise, against the other for any loss or damage occurring to Franchisee's property arising out of or resulting from any of the perils required to be insured against under this Agreement. The effect of these releases and waivers by Company and Franchisee is not limited by the amount of insurance carried by Franchisee or required by this Agreement or by any deductible applicable thereto.

(f) If Franchisee does not procure or maintain the insurance required by this Agreement, Company may, without waiving its right to declare a breach of this Agreement based on Franchisee's default, procure the required insurance coverage at Franchisee's expense, although Company has no obligation to do so. Franchisee will pay Company an amount equal to the premiums and related costs for the required insurance in full upon receipt of invoice, plus a 15% service charge to reimburse Company for its direct and indirect costs in obtaining the required insurance.

10.11 **Confidential Information**.

(a) As used in this Agreement, the term "**Confidential Information**" means the following: any information or knowledge concerning the methods for constructing, equipping, or operating a Restaurant; knowledge of pricing, sales, and profit performance at any Restaurant, including the Franchised Restaurant; knowledge of sources and suppliers of goods, services, equipment, fixtures, furnishings, and other items used in operating Restaurants; knowledge regarding ingredients, recipes, and food preparation processes; demographic data for determining sites and territories; the results of customer surveys and promotional programs; and, in general, methods, specifications, customer data, pricing and cost data, procedures, information systems, and knowledge about the operation of Restaurants or the Franchise System, whether it is now known or exists or is acquired or created in the future, and whether or not the information is included in the Manuals. Confidential Information does not include (i) information that Franchisee can demonstrate came to its attention independent of the franchise, and before Company's disclosure of the information in the Manuals or otherwise, and (ii) information that Company agrees is, or has become, generally known in the public domain, except where public knowledge is the result of wrongful disclosure (whether or not deliberate or inadvertent). A portion (but not all) of the Confidential Information constitutes Company's "Trade Secrets," as that term is defined in California Civil Code § 3426, *et seq*.

(b) Company will disclose Confidential Information to Franchisee in furnishing Franchisee with the Manuals, in providing a copy of any proprietary software, and otherwise through the performance of Company's obligations and the exercise of its rights under this Agreement. Franchisee will acquire no interest in the Confidential Information, other than a license to utilize it in the operation of the Franchised Restaurant.

(c) Franchisee's use, publication, or duplication of the Confidential Information for any purpose not authorized by this Agreement constitutes an unfair method of competition by Franchisee and, additionally, grounds for termination of this Agreement.

(d) Franchisee agrees (i) to keep the Confidential Information secret, (ii) to confine disclosure of the Confidential Information to those of its employees and agents who require access in order to perform the functions for which they have been hired or retained, and (iii) to observe and implement reasonable procedures prescribed from time to time by Company to prevent the unauthorized use, publication, or disclosure of the Confidential Information including requiring that employees who have access to Company's Confidential Information or are otherwise designated by Company enter into Company's form of Confidentiality and Non-Disclosure Agreement. Upon request from Company, Franchisee will obtain and deliver to Company a copy of each executed Confidentiality and Non-Disclosure Agreement for its records.

(e) All agreements contained in this Agreement pertaining to the Confidential Information will survive the expiration, termination, or Franchisee's assignment of this Agreement for a period of 10 years. Following that expiration, termination, or assignment, however, Company may continue to protect any portion of the Confidential Information that constitutes a Trade Secret, in accordance with the provisions of the Uniform Trade Secrets Act (the California version of which is at Cal. Civ. Code § 3426, *et seq.*) or comparable law.

(f) The provisions concerning non-disclosure of Confidential Information will not apply if disclosure of Confidential Information is legally compelled in a judicial or administrative proceeding, provided Franchisee has used its best efforts, and has afforded Company the opportunity, to obtain an appropriate protective order or other assurance satisfactory to Company of confidential treatment for the information required to be disclosed.

10.12 **Agreements Regarding Competition**.

(a) For purposes of this Agreement, the term "**Covered Person**" means (i) the individual executing this Agreement as Franchisee, if Franchisee is an individual; (ii) each officer, director, and shareholder of a Franchisee that is a corporation; (iii) each officer, member, and manager of a Franchisee that is a LLC; (iv) each general partner of a Franchisee that is a partnership; (v) each trustee and person who owns any interest in the equity or voting interests of a Franchisee that is another form of entity; (vi) each Approved Manager; and (v) each member of the immediate family of Franchisee or of any of the foregoing individuals.

(b) During the Term, it will be a breach of this Agreement for any Covered Person, directly or indirectly, to own, engage in, or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative, or agent, any business located anywhere in the world that manufactures or predominantly sells or serves Hawaiian poke or similar items sold in Restaurants; provided, however, the restrictions stated in this Section will not apply to any Covered Person after two years following the date the Covered Person ceases to be an officer, director, shareholder, member, manager, trustee, owner, general partner, employee, or otherwise associated in any capacity with Franchisee.

(c) For two years following the Effective Date of Termination, or an event of transfer as defined in this Agreement, whichever occurs first, it will be a breach of this Agreement for any Covered Person, directly or indirectly, to own, engage in, or render any services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative, or agent, any business that manufactures or predominately sells or serves Hawaiian poke or similar items sold in Restaurants in the Covered Area; provided, the restrictions stated in this Section will not apply to any Covered Person after two years following the date the Covered Person ceases to be an officer, director, shareholder, member, manager, trustee, owner, general partner, employee, or otherwise associated in any capacity with Franchisee.

(d) The "**Covered Area**" is anywhere within 5 miles from: (i) the Franchise Location, and (ii) each Restaurant anywhere in the world (regardless of whether the Restaurant opens before or after the date of this Agreement, or is opened by another franchisee, Company, or Company's Affiliate).

(e) The agreements stated in this Section 10.12 will survive termination or expiration of this Agreement.

(f) Upon Company's request, Franchisee will cause each Covered Person to execute Company's form of Confidentiality and Non-Disclosure Agreement containing restrictions regarding competition substantively identical to the provisions of this Agreement.

(g) This Agreement does not prohibit a Covered Person from owning 5% or less of the voting stock of a Publicly Held Corporation (defined below) that manufactures or predominately sells or serves Hawaiian poke or similar items sold in Restaurants.

(h) Notwithstanding Section 18.4 of this Agreement, the parties agree that the laws of the state in which the Franchise Location is located (the "**Local Laws**") will govern any dispute concerning or involving the construction, interpretation, validity, or enforcement of the provisions of this Section 10.12.

(i) Franchisee acknowledges that Company will suffer irreparable injury not capable of precise measurement in money damages if any Confidential Information is obtained by any person, firm, or corporation and is used to compete with Company, Company's Affiliates, another franchisee, the Franchise System, or otherwise in a manner adverse to Company's interest, or if Franchisee or any Covered Person breaches the covenants regarding competition set forth in this Agreement. Accordingly, in the event a breach of any provision regarding use of the Confidential Information or competition with the Company occurs, Franchisee, on behalf of itself and each Covered Person, consents to entry of a temporary restraining order or other injunctive relief as well as to any other equitable relief which may be granted by a court having proper jurisdiction, without the requirement that Company post bond. Franchisee further agrees that the award of equitable remedies to Company in the event of such breach is reasonable and necessary for the protection of the business and goodwill of Company.

11. FEES PAYABLE TO COMPANY.

11.1 **Initial Franchise Fee**. In consideration of the license granted to Franchisee, Franchisee will pay to Company in full on the execution of this Agreement, as an initial franchise fee (the "**Initial Franchise Fee**") the sum of $__5,000.00, less any deposit or application fee paid by Franchisee to Company before the date of this Agreement. The Initial Franchise Fee is fully earned when paid and is non-refundable.

11.2 **Royalty Fee**. Franchisee will pay to Company, without offset, credit, or deduction of any nature, a Royalty Fee equal to 3.5% of Net Sales of Franchisee's Franchised Restaurant (the "**Royalty Fee**").

(a) The Royalty Fee is due and payable monthly, on or before the 10th day of each month based upon the Net Sales of the Franchised Restaurant for the immediately-preceding calendar month.

(b) Franchisee will pay the Royalty Fee by check or by such other method, including automatic bank debit, as Company from time to time directs. On the date of this Agreement, all payments of Royalty Fee and other amounts payable by Franchisee will be paid by automatic bank draft, as provided in Section 11.5.

11.3 **Advertising Fee**.

(a) If Company establishes a Promotional Fund, Franchisee will pay to Company, without offset, credit, or deduction of any nature, a monthly Advertising Fee at an rate which may not exceed 1% of Net Sales of the Franchised Restaurant (the "**Advertising Fee**"). Company will deposit Advertising Fees into the Promotional Fund. Company will give Franchisee at least 30 days written notice before Franchisee's first payment of Advertising Fees will be due.

(b) After establishing a Promotional Fund, Company may increase or decrease the Advertising Fee, as frequently and in the increments it elects, provided the Advertising Fee may not exceed 1% of Net Sales. No increase or decrease will become effective without 30 days prior written notice.

(c) Advertising Fees will be due and payable monthly, together with the Royalty Fee, by check or by such other method, including automatic bank debit, as Company from time to time directs. On the date of this Agreement, all payments of Advertising Fees and other amounts payable by Franchisee will be paid by automatic bank draft, as provided in Section 11.5.

(d) If Company at any time elects to rebate to Franchisee a portion of any Advertising Fee paid to Company, Franchisee must spend the rebated sum on Advertising approved by Company in accordance with this Agreement.

11.4 **Gross Sales, Net Sales Defined**.

(a) "**Net Sales**" means Gross Sales less the sum of the following (but only to the extent they have been included in Gross Sales): (i) the amount of all properly documented sales tax receipts or similar tax receipts imposed on the transaction which, by law, are chargeable to customers, if those taxes are separately stated when the customer is charged and if the taxes are paid to the appropriate federal, state or local taxing authority; (ii) the fees payable to (or deducted by) third party delivery services relating to delivery of products from the Franchised Restaurant; (iii) tips actually disbursed to employees of the Franchised Restaurant; (iv) the amount of any documented refunds, chargebacks, credits, and allowances given in good faith to customers by Franchisee; (v) Coupon Sales (as defined below); and (vi) the proceeds received on the sale of fixtures or personal property not in the ordinary course of business.

(b) "**Gross Sales**" means the total of (i) all revenues from the sale of all food products, beverages and other related merchandise, products, and services to customers of Franchisee, or any other source, whether or not sold or performed at or from the Franchised Restaurant and whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is received therefor), or otherwise; plus (ii) the difference between revenue actually received and the full retail value of all food products, beverages and other related merchandise, products, and services sold for less than full retail value (including items for which no revenue is received at all). All barter and/or exchange transactions pursuant to which Franchisee furnishes services and/or products in exchange for goods or services to be provided to Franchisee by a vendor, supplier, or customer will, for the purpose of determining Gross Sales, be valued at the full retail value of the goods and/or services provided to Franchisee.

(c) "**Coupon Sales**" is defined as the difference between the retail value of all food and other merchandise of any kind sold at a discount through coupon redemption or otherwise and the amount of cash or other revenues actually received. If food or beverages are given away, and no cash or other revenue is received on the transaction, the entire retail value of the food or beverage given away may be included in Coupon Sales.

11.5 **Electronic Transfer.**

(a) Unless Company specifies otherwise, Franchisee will pay the Royalty Fee, Advertising Fee, and any other amounts owed to Company, by pre-authorized electronic debit (sometimes referred to as an automatic bank draft) to Company's bank or other financial institution account.

(b) Franchisee will (i) complete and execute from time-to-time all forms necessary to authorize Company to make periodic withdrawals from Franchisee's designated bank account, and (ii) submit to Company any other information required by Company in connection with that authorization. On the date of this Agreement, Franchise will complete and submit to Company an "Electronic Funds Transfer Agreement" (in the form attached as Exhibit ___ to this Agreement); upon request by Company, Franchisee will complete and execute any other form(s) necessary for the purpose of authorizing an electronic debit to Franchisee's bank account.

(c) If an attempted electronic withdrawal from Franchisee's account is refused or declined for any reason, then in addition to the amounts originally due, Franchisee will owe late charges and interst in accordance with Section 11.6.

11.6 **Late Payment**.

(a) If Franchisee fails to pay any amount to Company by the date payment is due, Franchisee will pay Company a late charge equal to 10% of the amount of the payment due. If the amount remains unpaid on the first day of the following month, the Franchisee will also pay interest on the amount unpaid at the rate of 1-1/2% per month (but not to exceed the maximum legal rate of interest), imposed from the date payment was due until the entire sum, late charges, and accrued interest is paid in full.

(b) Franchisee acknowledges that the provisions of this Section do not constitute an agreement by Company to accept any payment after the date payment is due or a commitment by Company to extend credit to, or otherwise finance, the Franchised Restaurant, and that Franchisee's failure to pay all amounts when due will constitute grounds for termination of this Agreement notwithstanding this provision.

12. ACCOUNTING AND RECORDS.

12.1 **Maintenance of Business Records**.

(a) During the Term, Franchisee will maintain full, complete, and accurate business records in accordance with the standards stated in the Manuals or otherwise prescribed by Company in writing.

(b) Franchisee will keep all business records and required business equipment, including fax/modem, together at the place where notices to Franchisee are required to be sent, unless Company grants Franchisee permission to keep its business records elsewhere.

(c) All business records that this Agreement requires Franchisee to maintain will be retained by Franchisee for a minimum of five years during, and following, the expiration, termination, or Franchisee's assignment, of this Agreement.

12.2 **Reports**.

(a) Franchisee will submit weekly reports of Gross Sales, Net Sales, and such additional information required by Company, on forms prescribed by Company, and in the manner and at the times stated, in the Manuals or otherwise prescribed by Company in writing.

(b) Franchisee will furnish to Company, on or before the 15th day of each calendar month, in the form approved by Company, a monthly profit and loss statement and balance sheet, providing information for the preceding calendar month and cumulative information for the calendar quarter and year-to-date.

(c) Franchisee will submit to Company within 90 days after the end of Franchisee's fiscal year, or if none, the end of each calendar year, during the Term, a profit and loss statement separately stated for each Franchised Restaurant owned by Franchisee if Franchisee owns more than one, and a balance sheet as of the last day of the year, prepared in accordance with the accounting procedures stated in the Manuals.

(d) All reports submitted to Company pursuant to this Agreement will be executed by Franchisee or a duly authorized representative of Franchisee, certifying that the information is true and correct and that no material fact has been omitted that is necessary in order to make the information disclosed not misleading.

12.3 **Recording of Transactions**.

(a) Franchisee will track and record all sales utilizing the equipment and recording systems prescribed by Company.

(b) Franchisee will utilize a computer terminal, dedicated modem, and such other business equipment required by Company, and will purchase, install, and use specified non-proprietary and proprietary software programs, at Franchisee's sole expense, to record business activities, sales, and inventories, and to prepare operating reports in accordance with the requirements of the Manuals. All equipment and software will conform to Company's specifications, which Company may modify in its discretion, from time to time.

(c) If Company requires Franchisee to use proprietary software in operating the Franchised Restaurant, Franchisee will execute Company's form of separate software license agreement within 10 days after its delivery by Company.

12.4 **Compliance Audits**.

(a) Company and its representatives will have full access to examine, audit, and copy Franchisee's business records relating to the franchise and activities of the Franchised Restaurant, including Franchisee's federal and state income tax returns and sales tax returns, bank statements (including deposit slips and canceled checks), data stored on Franchisee's computer terminal or in other memory (including backup disks and the cloud), and any other documents and information that Company reasonably requests in order to verify Gross Sales and Net Sales reported to Company.

(b) Franchisee acknowledges that Company or its representatives may access Franchisee's business records stored on Franchisee's computer terminal or in other memory (including backup disks and the cloud) at any time, without notice, by remote electronic means.

(c) Company may conduct its examination in Franchisee's business office where the records are kept or request that copies of documents be sent to Company or to its representatives for their examination in their office. Company may, at its expense, have an independent audit made of Franchisee's business records at any time.

(d) If any examination or compliance audit conducted by Company reveals an understatement in the amount of Gross Sales or Net Sales reported by Franchisee to Company, then Franchisee will (within 10 days after notice from Company) pay Company any additional Royalty Fees and Advertising Fees that are owed, together with late charges and interest as provided in this Agreement. Additionally, Company may require that all future reports and financial statements submitted by Franchisee pursuant to this Agreement be prepared by an independent certified public accountant, or another independent accountant acceptable to Company, until further notice from Company.

(e) Upon discovery of an understatement of Gross Sales or Net Sales of 2% or more for the reported period, Franchisee will also reimburse Company for all expenses connected with Company's examination and compliance audit, including Company's reasonable accounting and legal fees and travel expenses.

(f) Company will have the right to terminate this Agreement if it discovers an understatement of actual Gross Sales or Net Sales of 5% or more for any period.

(g) Additionally, if two or more compliance audits or examinations of Franchisee's business records conducted within any 36-month period disclose an understatement of either actual Gross Sales or Net Sales of one-half of 1% or more for any period, then the second understatement will be conclusively presumed to have been intentional for purposes of this Agreement. In addition to the consequences identified in this Agreement arising because of the second understatement, Company may terminate this Agreement upon discovery of the second understatement based upon Franchisee's intentional underreporting of Gross Sales or Net Sales.

13. DEFAULT AND TERMINATION.

13.1 Termination by Franchisee.

(a) Franchisee may terminate this Agreement by written notice to Company (i) for any reason at any time before the date Company approves the Franchise Location; or (ii) otherwise for reasons constituting good cause, provided termination is accomplished in accordance with the requirements of this Agreement.

(b) To terminate this Agreement based upon good cause, Franchisee may not be in default of any obligation under this Agreement when it serves written notice of default on Company. Good cause means that Company has committed a material and substantial breach of this Agreement that it has not cured within the period allowed by this Agreement. Franchisee's written notice must specify with particularity the matters asserted to be in default and provide Company with a minimum of 30 days in which to cure the default. Additional time to cure must be provided as is reasonable under the circumstances if a default by Company cannot reasonably be cured within the minimum 30-day period.

(c) Any attempt by Franchisee to terminate this agreement except on the grounds, or according to the procedures, stated in this Agreement will be void.

(d) Franchisee's termination of this Agreement will not entitle it to a refund of any portion of the Initial Franchise Fee or of any other fees or monies paid to Company, except as otherwise provided in this Agreement.

13.2 **Termination by Company without Opportunity to Cure**. Company may terminate this Agreement, in its discretion, effective immediately upon Company's delivery of written notice of termination to Franchisee based upon the occurrence of any of the following events which will be specified in Company's written notice, and Franchisee will have no opportunity to cure a termination based on any of the following events:

(a) Should the parties not agree upon the Franchise Location within the time period set forth in this Agreement.

(b) Should Franchisee fail to open the Franchised Restaurant, or satisfy the conditions for opening, by the Opening Deadline.

(c) Should Franchisee fail or refuse to pay, on or before the date payment is due, any fees or other amounts payable to Company, or to any third party pursuant to this Agreement, and should the default continue for a period of 10 days after written notice of default is given by Company to Franchisee.

(d) Should Franchisee fail or refuse to submit any report or financial statement on or before the date due, and should the default continue for a period of 10 days after written notice of default is given by Company to Franchisee.

(e) Should Franchisee lose the right to possession of the Franchise Location due to Franchisee's breach of the Lease, which either cannot be cured or which Franchisee has failed to cure within the allowed time period.

(f) Should Franchisee commit an event of default under any other agreement between Franchisee and Company pertaining to the Franchised Restaurant and franchise granted by this Agreement which, by its terms, cannot be cured or which Franchisee has failed to cure within the allowed time period.

(g) Should Franchisee make any general arrangement or assignment for the benefit of creditors or become a debtor as that term is defined in 11 U.S.C. § 101 or any successor statute, unless, in the case where a petition is filed against Franchisee, Franchisee obtains an order dismissing the proceeding within 60 days after the petition is filed; or should a trustee or receiver be appointed to take possession of all, or substantially all, of the assets of the Franchised Restaurant, unless possession of the assets is restored to Franchisee within 30 days following the appointment; or should all, or substantially all, of the assets of the Franchised Restaurant or the franchise rights be subject to an order of attachment, execution, or other judicial seizure, unless the order or seizure is discharged within 30 days following issuance.

(h) Should Company learn that Franchisee, or any duly authorized representative of Franchisee, made a material misrepresentation or omission in obtaining the franchise rights granted hereunder, or should Franchisee or any officer, director, shareholder, member, manager, or general partner of Franchisee be convicted of or plead no contest to a felony charge or engage in any conduct or practice that, in Company's reasonable opinion, reflects unfavorably upon or is detrimental or harmful to the good name, goodwill, or reputation of Company or to the business, reputation, or goodwill of the Franchise System or the Marks.

(i) Should Franchisee fail to comply with the conditions governing the transfer of rights under this Agreement.

(j) Should an order be made or resolution passed for the winding-up or the liquidation of Franchisee (if a corporation, LLC, partnership, or other entity) or should Franchisee adopt or take any action for its dissolution or liquidation.

(k) Should Franchisee have received from Company, during any consecutive 24-month period, three or more notices of default (whether or not the notices relate to the same or to different defaults and whether or not the defaults were timely cured by Franchisee).

(l) Should Franchisee make any unauthorized use, publication, duplication, or disclosure of any Confidential Information or any portion of the Manuals.

(m) Should Franchisee abandon or fail or refuse to actively operate the Franchised Restaurant for any period, such that Company may reasonably conclude that Franchisee does not intend to continue operating the Franchised Restaurant, unless Franchisee obtains Company's written consent to a closure before Franchisee ceases regular activities.

(n) Should Franchisee materially misuse or make any unauthorized use of any of the Marks, or commit any other act which does, or can reasonably be expected to, materially impair the goodwill or reputation associated with any of the Marks or the Franchise System.

(o) Should an inspection or compliance audit of Franchisee's business records disclose an understatement of actual Gross Sales or Net Sales for any period in an amount equal to 5% or more, or should Franchisee be conclusively presumed to have intentionally underreported actual Gross Sales or Net Sales as provided in this Agreement.

(p) Should Franchisee fail to correct any unhealthy, unsanitary, or unclean condition at the Franchised Restaurant within 24 hours after being notified either orally or in writing of its existence by Company or any Health Department, or fail to comply with any other violation of federal, state, or local law within 10 days after notification of non-compliance.

13.3 **Termination by Company with Right to Cure**.

(a) Should Franchisee breach, or refuse to fulfill or perform, any obligation arising under this Agreement not identified in Section 13.2 above, or fail or refuse to adhere to any mandatory operating procedure, specification, or standard prescribed by Company in the Manuals or otherwise communicated to Franchisee, Company may terminate this Agreement, in its discretion, effective at the close of business 30 days after giving written notice of default to Franchisee which specifies the grounds of default, if Franchisee fails to cure the default cited in the notice.

(b) If a default cannot reasonably be cured within 30 days, Franchisee may apply to Company for additional time to complete the cure. The length of the additional cure period, if any, allowed by Company will be stated in a writing signed by Company. If Company grants an extension and if Franchisee does not complete the required cure within the extended cure period, termination of this Agreement will be effective at the close of business on the last day of the extended cure period without further notice from Company.

13.4 **Effect of Termination**.

(a) Termination of this Agreement results in the concurrent, and automatic, termination of all agreements between the parties pertaining to the Franchised Restaurant or the franchise granted by this Agreement, including any software license.

(b) In any proceeding in which the validity of termination of this Agreement is at issue, Company is not limited to the reasons set forth in any notice of termination or default given to Franchisee.

13.5 **Effective Date of Termination**. For purposes of this Agreement, the "**Effective Date of Termination**" of this Agreement is defined as the earliest to occur of: (a) if Franchisee properly terminates in accordance with Section 13.1, the date of termination specified by Franchisee; (b) the date Franchisee receives notice of termination described in Section 13.2; (c) the last day of the permitted cure period for a default described in Section 13.3; or (d) the last day of the Term.

14. RIGHTS AND DUTIES OF PARTIES FOLLOWING EXPIRATION OR TERMINATION.

14.1 **Franchisee's Obligations**. On and after the Effective Date of Termination, Franchisee must comply with the following duties:

(a) Within 10 days following the Effective Date of Termination, Franchisee must pay all fees and other amounts owed to Company, and to any third party, including late charges and interest on any late payments.

(i) Royalty Fees, Advertising Fees, and Cooperative Advertising Fees will continue to be due and payable (and late charges and interest will continued to be assessed on those fees) after the Effective Date of Termination until the date that Franchisee completes all post-termination obligations required by this Agreement.

(ii) When termination is based upon Franchisee's default, Franchisee must also pay to Company all damages, costs, and expenses, and reasonable attorneys' fees, incurred by Company in enforcing the default and termination.

(iii) Franchisee's payments must be accompanied by all reports required by Company regarding Gross Sales, Net Sales, and business transactions through the date of payment.

(b) Franchisee must immediately cease using, and return to Company within 48 hours after the Effective Date of Termination, the Manuals and all documents, proprietary software, and supporting documentation, and all other confidential or proprietary materials provided to Franchisee pursuant to this Agreement, and may retain no copy or record of any of the foregoing. Continued use by Franchisee of any copyrighted material will constitute willful copyright infringement by Franchisee.

(c) If Company elects to accept an assignment of the Lease (as permitted by the Addendum to Lease), Franchisee must promptly vacate the Franchise Location, leaving it in good condition and repair with all equipment in good working order. If Company elects not to accept an assignment of the Lease, Franchisee must modify the design and appearance of the Franchise Location, including removing signs and other distinctive physical and structural features that identify Restaurants that belong to the Franchise System, in a manner acceptable to Company so that the former Franchise Location no longer suggests or indicates a connection with the Franchise System. The modifications must be completed within 10 days after Franchisee receives Company's notice that Company is not assuming the Lease.

(d) Franchisee must execute and deliver a general release, in form satisfactory to Company, of any and all claims against Company and its officers, directors, shareholders, employees, and agents.

(e) Franchisee must permanently cease using, in any manner whatsoever, the Marks, Confidential Information, Proprietary Goods or Services, and any other materials, signs, or distinctive features or designs associated with the Franchise System or that suggest or indicate that Franchisee is, or was, an authorized franchisee or continues to remain associated with the Franchise System. Franchisee must cancel all advertising and promotional activities that associate Franchisee with the Franchise System. Continued use by Franchisee of any of the Marks or Confidential Information will constitute willful trademark infringement and unfair competition by Franchisee.

(f) Franchisee must take all action required to cancel all fictitious or assumed name or equivalent registrations relating to its use of the Marks.

(g) Franchisee must cease using all telephone numbers and listings used in operating the Franchised Restaurant and take all steps necessary to remove all telephone directory and other directory listings that display any of the Marks. Upon request, Franchisee will immediately assign all telephone numbers and listings to Company, without compensation. Franchisee will furnish Company with evidence satisfactory to Company demonstrating Franchisee's compliance with this obligation within 10 days after the Effective Date of Termination.

(h) Franchisee must comply with the provisions of this Agreement regarding noncompetition and maintaining the confidentiality of Confidential Information.

(i) Franchisee will keep and maintain all business records pertaining to the Franchised Restaurant for 5 years after the Effective Date of Termination. During this period, Franchisee must permit Company to inspect such business records as frequently as Company deems necessary.

14.2 **Company's Right to Purchase Assets**.

(a) Upon termination or expiration of this Agreement, Company may, but will not be obligated to, purchase all, or any, of the physical assets of the Franchised Restaurant at Franchisee's original cost less depreciation.

(b) Company may exercise this option by giving Franchisee written notice within 10 days after the Effective Date of Termination, specifying in the notice the assets it tentatively desires to purchase. Within 10 days following receipt of Company's notice, Franchisee will furnish Company with documentation substantiating the original cost of each item identified by Company and depreciation taken as reported by Franchisee in its federal and state income tax returns.

(c) Within 10 days following receipt of Franchisee's documentation, Company will notify Franchisee of the particular assets it will purchase, and within five days after giving the notice, Company will pay Franchisee the purchase price, less permitted set offs. Company will have the absolute right to set off from the purchase price all amounts then due and owing from Franchisee to Company pursuant to the terms of this Agreement or otherwise under applicable law. Franchisee will deliver possession of the assets to Company upon Company's payment of the purchase price.

14.3 **Survival of Obligations**.

(a) All obligations of the parties that expressly, or by their nature, survive the Effective Date of Termination will continue in full force and effect subsequent to the Effective Date of Termination until they are satisfied in full.

(b) Franchisee will remain fully liable for all obligations of Franchisee's Franchised Restaurant, whether incurred before, or after, the Effective Date of Termination, including obligations arising under this Agreement and any software license agreement, and all obligations owed to third parties including obligations for goods and supplies, salaries to employees, and taxes.

14.4 **Third Party Rights; Available Remedies**.

(a) No person acting for the benefit of Franchisee's creditors or any receiver, trustee in bankruptcy, sheriff, or any other officer of a court or other person in possession of Franchisee's assets or business will have the right to assume Franchisee's obligations under this Agreement without Company's prior consent.

(b) Company's right to terminate this Agreement is not its exclusive remedy in the event of Franchisee's default, and Company may, in its sole discretion, alternatively or cumulatively, affirm this Agreement in the event of Franchisee's default and obtain damages arising from the default, injunctive relief to compel Franchisee to perform its obligations under this Agreement or to prevent Franchisee from breaching this Agreement, and any other remedy available under applicable law.

15. ASSIGNMENT AND TRANSFER.

15.1 **Assignment by Company**. This Agreement will inure to the benefit of Company's successors and assigns. Company is free to assign all of its rights under this Agreement to any person or entity, provided the assignee agrees in writing to assume Company's obligations. Upon an assignment and assumption in accordance with this Section 15.1, Company will have no further obligation to Franchisee.

15.2 **Assignment by Franchisee: In General**.

(a) Franchisee acknowledges that the franchise rights granted to it are personal, and are granted in reliance upon (among other considerations) the individual or collective character, skill, aptitude, attitude, experience, business ability, and financial condition and capacity of Franchisee and, if Franchisee is a corporation, LLC or other entity, that of its officers, directors, shareholders, managers, members, trustees, or owners.

(b) Franchisee acknowledges that it has no right, by operation of law or otherwise, to sell, assign, transfer, pledge, donate, encumber, or otherwise deal with, directly or indirectly, (i) any interest in this Agreement, (ii) the right to use the Franchise System and the right to use the Marks granted pursuant to this Agreement, or (iii) all or a significant portion of the other assets of the Franchised Restaurant or its leasehold rights, without Company's prior written consent, which will not unreasonably be withheld and will be subject to the further conditions stated in this Section 15.

(c) For purposes of this Agreement, each of the following events is an event of transfer requiring Company's prior written consent and subject to the conditions stated in this Section 15:

(i) A change in ownership of Franchisee due to a consolidation or merger involving Franchisee or Franchisee's parent company.

(ii) If Franchisee is an individual, an order dissolving Franchisee's marriage.

(iii) The death or Incapacity (as defined in this Agreement) of Franchisee if Franchisee is an individual, or the death or Incapacity of any person satisfying the definition of Franchisee's Principal.

(iv) A transfer of any interest in this Agreement, or a Controlling Interest in the equity or voting interests of Franchisee, to a trust of any kind.

(v) The sale, assignment, transfer, pledge, donation, encumbrance, or other alienation of any of the equity or voting interests in Franchisee, or the issuance of additional shares in the equity or voting interests of Franchisee.

(d) Any attempted or purported transfer that fails to comply with the requirements of this Agreement will be null and void and will constitute a default under this Agreement.

15.3 **Company's Right of First Refusal**.

(a) Except with respect to Qualified Transfers, if Franchisee or any person owning an interest in Franchisee (the "**Individual Transferor**") receives an offer ("**Third Party Offer**") to purchase or otherwise acquire (i) Franchisee's rights under this Agreement, (ii) all or a significant portion of the assets or leasehold rights used in operating the Franchised Restaurant, or (iii) any of the equity or voting interests of Franchisee, *then* Franchisee, or the Individual Transferor, will, within five days after receiving the Third Party Offer and before accepting it, apply to Company in writing for Company's consent to the proposed assignment.

(b) Franchisee, or the Individual Transferor, will attach to its application for consent a copy of the Third Party Offer together with (i) information relating to the proposed transferee's experience and qualifications, (ii) a copy of the proposed transferee's current financial statement, and (iii) any other information material to the Third Party Offer, proposed transferee, and proposed assignment or that Company requests.

(c) Company or its nominee will have the right, exercisable by written notice ("**Notice of Exercise**") given to Franchisee or the Individual Transferor within 30 days following receipt of the Third Party Offer, all supporting information, and the application for consent, to notify Franchisee or the Individual Transferor that Company will purchase or acquire the rights, assets, equity, or interests proposed to be assigned on the same terms and conditions set forth in the Third Party Offer, except that Company may (i) substitute cash for any other form of payment proposed in the offer (in the case of payments over time, discounted to present value based upon the rate of interest stated in the Third Party Offer), and (ii) deduct from the purchase price the amount of any commission or fee otherwise payable to any broker or agent in connection with the Third Party Offer and all amounts then due and owing from Franchisee to Company under this Agreement or otherwise.

(d) The closing will take place at Company's headquarters at a mutually agreed upon date and time, but not later than 60 days after Company's receipt of the Third Party Offer, all supporting information, and the application for consent.

(i) At the closing, Franchisee or the Individual Transferor will deliver to Company the same documents, affidavits, warranties, indemnities, and instruments as would have been delivered by Franchisee or the Individual Transferor to the proposed transferee pursuant to the Third Party Offer.

(ii) All costs, fees, document taxes, and other expenses incurred in connection with the transfer will be allocated between Franchisee and Company in accordance with the terms of the Third Party Offer, and any costs not allocated will be paid by Franchisee or the Individual Transferor.

(e) If Company gives timely Notice of Exercise but fails to close the purchase for any reason, Franchisee or the Individual Transferor will have no recourse against Company. Franchisee or the Individual Transferor may not complete the sale to the proposed transferee without first obtaining Company's prior written consent and satisfying the other conditions stated in this Section 15.

(f) Company's right of first refusal will not apply to any of the following transfers ("**Qualified Transfers**"):

(i) The transfer or assignment of equity or voting interests in Franchisee that (combined with all other transfers or assignments of equity or voting interests in Franchisee within the prior 18 months) total less than 25% of the total equity or voting interests in Franchisee.

(ii) If Franchisee is an individual, the transfer by Franchisee all of his or her rights under this Agreement to a newly-formed corporation, LLC, or other entity provided all of the equity or voting interests of the new entity are owned by the same individual.

(iii) A transfer due to the death or Incapacity of Franchisee or any person satisfying the definition of Franchisee's Principal, provided the transfer is made to the spouse, adult children, heirs, or legal representative of the deceased or incapacitated person.

15.4 **Conditions of Assignment to Third Party**.

(a) If Company does not exercise its right of first refusal or complete the purchase of the interest which is the subject of a Third Party Offer, or in the event of a Qualified Transfer or other event of transfer which requires Company's prior written consent, Company will determine whether or not to issue its consent to the proposed transfer and will notify Franchisee of its decision by no later than the following dates: (i) if Company gives timely Notice of Exercise but does not consummate the transfer through no fault of Franchisee or the Individual Transferor, notice will be given within 10 days after the scheduled closing date for Company's purchase of the interest, or 30 days after Notice of Exercise is given, whichever occurs latter, or (ii) in all other cases, notice will be given 30 days following Company's receipt of the Third Party Offer (if any), all supporting information, and the application for consent.

(b) As a condition to issuing consent to a transfer, Company may require that all of the following conditions be satisfied:

(i) The proposed transferee must meet Company's then-current qualifications for new franchisees in the state where the Franchised Restaurant is operated, including qualifications pertaining to financial condition, credit rating, experience, moral character, and reputation.

(ii) As of the date consent is requested and through the date of closing of the proposed transfer and assignment, Franchisee may not be in default under this Agreement, the Lease, any software license agreement, or any other agreements with Company, and must be current with all monetary obligations owed to third parties.

(iii) Franchisee will remain subject to all obligations stated in this Agreement that expressly, or by their nature, survive the Effective Date of Termination, including the provisions prohibiting competition and disclosure of Confidential Information.

(iv) Franchisee must execute and deliver a general release, in form satisfactory to Company, of all claims against Company and its officers, directors, shareholders, employees, attorneys, and agents.

(v) Franchisee must have obtained all required third party consents to the transfer (such as consent from any landlord).

(vi) The proposed transferee must execute all other documents and agreements required by Company to consummate the assignment. If the proposed transferee is a corporation, LLC, or other entity, each person who at the time of the assignment, or later, owns or acquires, either legally or beneficially, 10% or more of the equity or voting interests of the proposed transferee must execute Company's then-current form of personal guaranty.

(vii) Franchisee's right to receive the sales proceeds from the proposed transferee in consideration of the transfer, or otherwise, will be subordinate to the proposed transferee's and Franchisee's duties owed to Company, Company's assignee, and Company's Affiliate under, or pursuant to, this Agreement or any other agreement, including under any Lease. All contracts by and between Franchisee and the proposed transferee will expressly include a subordination provision permitting payment of the sales proceeds to Franchisee only after any outstanding obligations owed to Company, Company's assignee, and Company's Affiliate are fully satisfied.

(viii) The proposed transferee and at least one person designated by the proposed transferee as its Approved Manager must successfully complete Company's next available initial training class. Company will not charge a fee for providing the initial training program to the proposed transferee and one designated Approved Manager, but all transportation, hotel, food, personal, and salary expenses incurred by any person to attends the initial training program will be the proposed transferee's sole obligation.

(ix) Unless the transfer is a Qualified Transfer, Franchisee must pay to Company, at the time Franchisee or the Individual Transferor applies to Company for its consent to transfer, a transfer fee of (A) 10% of the then-current Initial Franchise Fee if the assignment is to an existing franchisee of a POKÉ HOUSE, or (B) 25% of the then-current Initial Franchise Fee if the assignment is to a person who is not at that time a franchisee of a POKÉ HOUSE. If consent is denied, Company may retain an amount equal to the greater of 10% of the then-current Initial Franchise Fee, or $2,500, as compensation for its expenses in reviewing the proposed transfer application.

(x) Either:

(A) Franchisee must simultaneously transfer its rights under this Agreement, the Lease for the Franchise Location, any software license agreement, and any other contracts whose continuation is necessary for operation of the Franchised Restaurant, to the same proposed transferee and satisfy any separate conditions to obtain any third party consents required for the transfer of Franchisee's rights to the proposed transferee, with the proposed transferee entering into a written assignment and assumption agreement acceptable to Company, assuming and agreeing to be bound by all of the terms and conditions of the contracts being assigned; or

(B) At Company's option, the transferee executes Company's then-current form of Franchise Agreement, and its then-current form of any other contract to which Franchisee is a party, including any software license agreement, but with the term of the new forms of contract equal to the unexpired portion of the selling Franchisee's franchise term; in this case, the transferee will be excused from paying the Initial Franchise Fee stated in the new Franchise Agreement.

(xi) If the transfer occurs within 12 months before the date that the selling Franchisee would be required to commence work on Renovation Changes to the Franchise Location, Company may require that all, or specified, Renovation Changes be completed by the transferee within a reasonable period of time following the closing date.

15.5 **Closing of Sale to Third Party**.

(a) Should Company consent to a transfer to a third party, Franchisee or the Individual Transferor may only complete the transfer to the proposed transferee on the terms identified in the Third Party Offer or as otherwise stated in Franchisee's application for consent.

(b) If there is any material change in the terms of the Third Party Offer, Company has a right of first refusal to accept the new terms subject to the conditions stated in this Section 15.

(c) If Company consents to the transfer to a third party, the transfer must close within 60 days from the date the Third Party Offer is first submitted to Company unless Company grants an extension of time in writing; otherwise, it must again be offered to Company.

15.6 **Corporate/Entity Franchisee**.

(a) If Franchisee is a corporation, LLC, partnership, or other entity, it will furnish to Company, upon execution of this Agreement or at such other time as transfer to the entity is permitted, a copy of its articles of incorporation, by-laws, operating agreement, partnership agreement, or other governing agreements, and a list of all persons owning an interest in the equity or voting interests of the entity. Additionally, Franchisee will promptly provide Company with a copy of any amendments to, or changes in, the information during the Term.

(b) During the Term, each person who now or later owns or acquires, either legally or beneficially, 10% or more of the equity or voting interests of Franchisee must execute Company's form of personal guaranty in the form attached as Exhibit B.

(c) Franchisee must maintain stop transfer instructions against the transfer on its records of any equity or ownership interests. Each certificate representing an ownership interest in Franchisee will bear a legend, in the form stated in the Manuals, that it is held, and further assignment or transfer thereof is, subject to all restrictions imposed upon transfer set forth in this Agreement.

(d) The chief financial officer of Franchisee must deliver a certificate to Company annually, when Franchisee's annual financial statements are delivered, that lists all owners of record and all beneficial owners of any interest in the equity or voting interests of Franchisee and identifies all transfers of equity or voting interests in Franchisee that have occurred during the period covered by the annual financial statement.

15.7 **Death or Incapacity**.

(a) In the event of the death or Incapacity of Franchisee or any person satisfying the definition of Franchisee's Principal, the spouse, heirs, or personal representative of the deceased or incapacitated person, or the remaining shareholders, members, partners, or owners (collectively referred to as the "**Successor**") will have 180 days from the date of death or Incapacity in which to (i) purchase the interest of the deceased or incapacitated person in this Agreement or in Franchisee, or (ii) complete the sale or assignment of the interest to a qualified, approved third party, provided, in either case, the purchase or assignment complies with the conditions for transfer stated in this Section 15.

(b) During the period that the Successor operates the Franchised Restaurant, the Successor will perform all of the obligations of Franchisee under this Agreement. At the end of the 180-day period, if the Successor has not purchased the franchise or obtained Company's consent to a transfer to a third party, Company may, at its election, terminate this Agreement.

(c) For purposes of this Agreement, the term "**Incapacity**" means an inability due to medical reasons to devote full time and attention to operation of the Franchised Restaurant for at least four months in the aggregate during any consecutive 12-month period during the Term, based upon the examination and findings of a physician selected by Company. A period of Incapacity will be deemed to continue without interruption unless and until the person suffering the Incapacity resumes his or her duties under this Agreement on a full time basis for 30 consecutive days.

16. RELATIONSHIP OF PARTIES; INDEMNIFICATION.

16.1 **Independent Contractor**.

(a) This Agreement does not create a fiduciary relationship between the parties, nor does it make either party a general or special agent, joint venturer, partner, or employee of the other for any purpose.

(b) With respect to all matters, Franchisee's relationship to Company is as an independent contractor.

(c) Franchisee acknowledges that it is the independent owner of the Franchised Restaurant and in sole control of all aspects of its operation, and will conduct its business using its own judgment and discretion, subject only to the provisions of this Agreement.

(d) Franchisee will conspicuously identify itself in all advertising and all dealings with customers, suppliers, and other third parties as the owner of the Franchised Restaurant operating under a franchise from Company.

16.2 **Indemnification by Franchisee**.

(a) Franchisee will indemnify Company and Company's officers, directors, shareholders, employees, agents, attorneys, and successors and assigns, against all costs, expenses, losses, liabilities, damages, causes of action, claims, and demands whatsoever, arising from or relating to Franchisee's operation of the Franchised Restaurant, whether or not arising from bodily injury, personal injury, or property damage, or any other violation of the rights of others, or in any other way.

(b) Franchisee's indemnification obligations will extend, without limitation, to all claims and obligations arising from the design, construction, and development of the Franchised Restaurant and from the business conducted by Franchisee pursuant to this Agreement, actual and consequential damages, and Company's costs and expenses incurred in defending any third party claim covered by Franchisee's indemnification, including attorneys' and other professional fees, court costs, and travel and living expenses. Company may retain its own counsel to defend any third party claim asserted against it which is covered by this indemnification agreement.

(c) Franchisee's indemnification obligation will survive the expiration or termination of this Agreement for any reason.

17. PERSONAL GUARANTY.

17.1 **Scope**. If Franchisee is a corporation, LLC, or other entity, each person who owns or at any time during the Term acquires, either legally or beneficially, 10% or more of the equity or voting interests of Franchisee will furnish any financial information reasonably required by Company and execute Company's form of personal guaranty attached to this Agreement as Exhibit B.

17.2 **Default**. An event of default under this Agreement will occur if any guarantor fails or refuses to deliver to Company, within 10 days after Company's written request: (a) evidence of the due execution of the personal guaranty, and (b) current financial statements of guarantor as may from time to time be requested by Company.

18. DISPUTE RESOLUTION.

18.1 **Agreement to Mediate Disputes**. Except as provided in Section 18.2, no party may bring a civil action seeking enforcement of, or any other legal remedy founded on, this Agreement unless either the dispute has been submitted to mediation conducted in accordance with the Franchise Mediation Program administered by the CPR International Institute for Conflict Prevention and Resolution (formerly known as the Center for Public Resources) with offices in New York, New York, or mediation has been waived n writing by the other party. The parties will follow the rules and procedures of that mediation program. If mediation is not waived:

(a) The parties will participate in good faith in the mediation with the intention of resolving the dispute, if at all possible. The parties recognize and agree, however, that the mediator's recommendations and decision will not be binding on the parties.

(b) The mediation proceeding will be treated as a compromise settlement negotiation. All offers, promises, conduct, and statements, whether oral or written, made in the course of the mediation proceeding by any party or their agents, experts, counsel, employees, or representatives, and by the mediator are confidential. Such offers, promises, conduct and statements may not be disclosed to any third party and are privileged and inadmissible for any purpose, including impeachment, under applicable federal and state laws or rules of evidence; provided however, that evidence otherwise discoverable or admissible will not be rendered not discoverable or inadmissible as a result of its use in the mediation. If a party informs the mediator that information is conveyed in confidence by the party to the mediator, the mediator may not disclose the information.

18.2 **Exceptions to Duty to Mediate Disputes**. The obligation to mediate will not apply to:

(a) Any claim by either party seeking interim relief, including requests for temporary restraining orders, preliminary injunctions, writs of attachment, appointment of a receiver, for claim and delivery, or any other orders which a court may issue when deemed necessary in its discretion to preserve the status quo or prevent irreparable injury, including the claim of either party for injunctive relief to preserve the status quo pending the completion of a mediation proceeding. The party awarded interim or injunctive relief will not be required to post bond; or

(b) Any claim by Company or the holder of rights under any lease or sublease for unlawful detainer or similar remedies available to a landlord or for the enforcement of Company's other rights under the Addendum to Lease.

18.3 **Judicial Relief**.

(a) The parties agree that (i) all disputes arising out of or relating to this Agreement which are not resolved by negotiation or mediation, and (ii) all claims described in Section 18.2, will be brought in the Superior Court of California for the County of Santa Clara, unless the subject matter of the dispute arises exclusively under federal law, in which event the dispute will be submitted to the United States District Court of the Northern District of California. The parties agree to submit to the jurisdiction of those courts.

(b) To the fullest extent that it may effectively do so under applicable law, Franchisee waives the defense of an inconvenient forum to the maintenance of an action in the courts identified in this Section and agrees not to commence any action of any kind against Company or any of its officers, directors, employees, agents, or property arising out of or relating to this Agreement except in the courts identified in this Section 18.3.

18.4 **Choice of Law**. Except as otherwise provided in Section 10.12, the parties agree that California law will govern the construction, interpretation, validity, and enforcement of this Agreement and will be applied in any mediation or judicial proceeding to resolve all disputes between them, except to the extent the subject matter of the dispute arises exclusively under federal law, in which event the federal law will govern.

18.5 **Punitive or Exemplary Damages**. Company and Franchisee, and their respective directors, officers, shareholders and guarantors, as applicable, each hereby waive to the fullest extent permitted by law, any right to, or claim for, punitive or exemplary damages against the other and agree that, in the event of a dispute between them, each is limited to recovering only the actual damages proven to have been sustained by it.

19. **ATTORNEYS' FEES**. Except as expressly provided in this Agreement, in any action or proceeding brought to enforce any provision of this Agreement or arising out of or in connection with the relationship of the parties under this Agreement, the prevailing party will be entitled to recover against the other its reasonable attorneys' fees and costs in addition to any other relief awarded by the court. As used in this Agreement, the "prevailing party" is the party who recovers greater relief in the action.

20. **ACKNOWLEDGEMENTS.** Franchisee represents to Company, to induce Company to enter into this Agreement, that:

20.1 **Acceptance of Conditions**. Franchisee has read this Agreement and Company's Franchise Disclosure Document and understands and accepts the terms, conditions, and covenants contained in this Agreement as being reasonably necessary to maintain Company's standards of service and quality and the uniformity of those standards at all Restaurants in order to protect and preserve the Franchise System and the goodwill of the Marks.

20.2 **Independent Investigation**. Franchisee has conducted an independent investigation of the business contemplated by this Agreement. Franchisee recognizes that the Franchise System may evolve and change over time; that an investment in this franchise involves business risks; and that the success of the investment depends upon Franchisee's business ability and efforts.

20.3 **Reliance**. Franchisee has not received or relied upon any promise or guaranty, express or implied, about the revenues, profits, or success of the business venture contemplated by this Agreement.

20.4 **No Representations; Status of Franchisee**.

(a) No representations have been made by Company, or by its officers, directors, shareholders, employees, or agents, that are contrary to statements made in the Franchise Disclosure Document previously received by Franchisee or to the terms contained in this Agreement.

(b) Franchisee (if an individual) or each person executing a guaranty of Franchisee's obligations, is a United States citizen or a lawful resident alien of the United States. If Franchisee is a corporation, LLC, partnership, or other entity, it will remain duly organized and in good standing for as long as this Agreement is in effect and it owns the franchise rights. All financial and other information provided to Company in connection with Franchisee's application is true and correct and no material information or fact has been omitted that is necessary in order to make the information disclosed not misleading.

21. MISCELLANEOUS.

21.1 **Notices**.

(a) All communications required or permitted to be given to either party in connection with this Agreement will be in writing and will be deemed duly given on the earlier of (i) the date when delivered by hand; (ii) one business day after delivery to a reputable national overnight delivery service for prepaid next-day delivery; or (ii) four business days after being placed in the United States Mail and sent by certified or registered mail, postage prepaid, return receipt requested.

(b) All notices will be addressed to Franchisee at the street address of the franchised location, as shown in Exhibit A; and to Company at its headquarters at 1905 Park Ave., San Jose CA 95126, *Attention*: President.

(c) Either party may change its address for receiving notices by appropriate written notice to the other.

(d) All payments and reports required to be delivered to Company will be directed to Company at the above address.

(e) Notwithstanding the parties' agreement regarding when notices will be deemed to be given, any required payment or report not actually received by Company during regular business hours on the date it is due will be deemed delinquent.

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

21.3 **Withholding of Consent**. Except where this Agreement expressly obligates Company to reasonably approve or not unreasonably withhold its approval of any action or request by Franchisee, Company has the absolute right to refuse any request by Franchisee or to withhold its approval of any action by Franchisee. Further, whenever the consent or approval of Company is required under this Agreement that consent or approval must be in writing unless this Agreement specifies otherwise.

21.4 **Waiver**.

(a) Any waiver granted by Company to Franchisee excusing or reducing any obligation or restriction imposed under this Agreement will be in writing and will be effective upon delivery of the writing by Company to Franchisee or upon another effective date specified in the writing, and only to the extent specifically allowed in the writing.

(b) No waiver granted by Company, and no action taken by Company, with respect to any third party will limit Company's discretion to take action of any kind, or not to take action, with respect to Franchisee. Any waiver granted by Company to Franchisee will be without prejudice to any other rights Company may have. The rights and remedies granted to Company are cumulative.

(c) No delay on the part of Company in the exercise of any right or remedy will operate as a waiver of that right or remedy, and no single or partial exercise by Company of any right or remedy will preclude Company from fully exercising that right or remedy or any other right or remedy.

(d) Company's acceptance of any payments made by Franchisee after a breach of this Agreement will not be, nor be construed as, a waiver by Company of any breach by Franchisee of any term, covenant, or condition of this Agreement.

21.5 **Section Headings; Language**.

(a) The Section headings used in this Agreement are inserted for convenience only and are not deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

(b) The language used in this Agreement will in all cases be construed simply according to its fair meaning and not strictly for or against Company or Franchisee. The term "Franchisee" as used in this Agreement is applicable to one or more persons, corporations, partnerships, or entities, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time the "Franchisee" under this Agreement, whether or not as partners or joint venturers, their obligations and liabilities to Company will be joint and several.

(c) Nothing in this Agreement is intended, nor will it be deemed, to confer any rights or remedies upon any person or entity not a party to this Agreement.

(d) Whenever this Agreement refers to "business days," it means weekdays only, excluding Saturdays, Sundays and holidays.

21.6 **Binding on Successors**. The covenants, agreements, terms, and conditions contained in this Agreement are binding upon, and will inure to the benefit of, the successors, assigns, heirs, and personal representatives of the parties to this Agreement.

21.7 **Validity; Conformity with Applicable Law**.

(a) Wherever possible, each provision of this Agreement will be interpreted in a manner that will make it valid under applicable law, but if any provision of this Agreement would be invalid or prohibited under applicable law, that provision will be ineffective only to the extent of the prohibition or invalidity without invalidating the remainder of that provision or the remaining provisions of this Agreement.

(b) To the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, non-renewal, or the like other than in accordance with applicable law, those provisions will be deemed to be automatically amended to conform them to the provisions of applicable law.

(c) To the extent any provision of this Agreement is deemed unenforceable by virtue of its scope in terms of geographic area, business activity prohibited, or duration, but could be enforceable by reducing any or all thereof, the parties agree that the provision will be enforced to the fullest extent permissible under the laws of the jurisdiction in which enforcement is sought.

21.8 **Amendments**. No amendment, change, modification, or variance to or from the terms and conditions set forth in this Agreement will be binding on any party unless it is set forth in writing and executed: (a) on behalf of Franchisee, by Franchisee if Franchisee is an individual, and, if not, by an authorized agent or officer of Franchisee; and (b) on behalf of Company, by any duly authorized officer of Company.

21.9 **Complete Agreement**. This Agreement, including all exhibits and addendums attached to this Agreement, sets forth the entire agreement between the parties, fully superseding any and all prior agreements or understandings between them pertaining to the subject matter of this Agreement. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. The parties acknowledge and agree that if Franchisee is also party to a current Multi-Unit Development Agreement with Company, specific provisions of this Agreement may be amended by the terms of the parties' Multi-Unit Development Agreement, but only to the extent expressly set forth in the Multi-Unit Development Agreement.

[The remainder of this page was intentionally left blank.]

21.10 **Covenant and Condition**. Each provision of this Agreement performable by Franchisee will be construed to be both a covenant and a condition.

21.11 **Submission of Agreement**. The submission of this Agreement to Franchisee does not constitute an offer to Franchisee, and this Agreement will become effective only upon execution by Company and Franchisee.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date stated on page 1.

POKE HOUSE, INC., a California corporation	[**NAME OF FRANCHISEE** (if corporation or partnership – revise for individual)]
By: ________________________________	By: ________________________________
Its: ________________________________	Its: ________________________________

EXHIBIT "A"
FRANCHISE LOCATION AND TERRITORY

1. **Franchise Location.** If the Franchise Location has been determined on the date of this Exhibit A, then the street address of the Franchise Location is as follows:

____

____

If the Franchise Location has not been determined as of the date of this Exhibit A, then the Franchise Location will be determined in accordance with Section 5.2 of the Franchise Agreement. The geographic area in which the Franchisee must find the Franchise Location described below (the "**Designated Area**"). Franchisee may select and submit possible sites only within the Designated Area for Franchisor's evaluation in accordance with Section 5.2. Franchisor may require Franchisee to use the services of a real estate broker who is an Approved Supplier to assist in locating possible sites. When the Approved Location is determined, a revised version of this Exhibit A will be completed with the address of the Franchise Location inserted, the revised Exhibit A will be signed by Franchisee and Franchisor, and the Designated Area will lapse. The failure to insert the address of the Franchise Location in a revised Exhibit A will not affect the enforceability of this Agreement. The Designated Area is delineated for the sole purpose of site selection and does not confer any territorial exclusivity or protection. A description of the geographic area or boundaries of the Designated Area is:

____

____

____

2. **Territory.** The Territory is:

Franchisee Initials	**Franchisor Initials**	
________	________	A two-mile radius surrounding the Franchise Location, with the center of the circle located at the center of the front door of the Franchised Restaurant.
________	________	The area outlined on the map attached as Exhibit A-1. Only areas to the "inside" of the border are part of the Territory; in particular, at any point where the border of the Territory is a street, the dividing line is the center of the street, and only buildings on the "interior" side of the street are within the Territory.

Dated: ______________________, 20__

POKE HOUSE, INC., a California corporation	[**NAME OF FRANCHISEE** (if corporation or partnership – revise for individual)]
By: __________________________________	By: __________________________________

Its: ___________________________ Its: ___________________________

EXHIBIT “B”
PERSONAL GUARANTY

POKÉ HOUSE

MULTI-UNIT DEVELOPMENT AGREEMENT

POKÉ HOUSE
MULTI-UNIT DEVELOPMENT AGREEMENT

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POKÉ HOUSE
MULTI-UNIT DEVELOPMENT AGREEMENT

THIS MULTI-UNIT DEVELOPMENT AGREEMENT ("**MUDA**") is entered on ____________________, 201__, between Poke House, Inc., a California corporation, with its principal place of business at 1161 Ringwood Court, Suite 100, San Jose, CA 95134 ("**Franchisor**"), and ____, a _____________(type of legal entity)_____________________________with its principal place of business at ____ ("**Developer**").

WHEREAS, Franchisor has expended time, skill, effort, and money to develop a distinctive format and system (the "**System**") for the establishment and operation of POKÉ HOUSE restaurants (the "**Restaurants**"), and Franchisor continues to refine and further develop the System.

WHEREAS, the Restaurants currently feature and offer for sale to the public food and beverages including Hawaiian-style poke (a fish salad made with cut fish, served over rice or greens, with soy sauce, green onions, sesame oil, and a variety of toppings) (the "**Products and Services**"), under the trade name POKÉ HOUSE."

WHEREAS, the distinguishing characteristics of the System include recipes for food products, distinctive exterior and interior designs and décor; uniform standards; specifications and procedures for operations; training and assistance to franchisees; the Products and Services; and advertising and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time;

WHEREAS, the System and the Restaurants are identified by means of a variety of trade names, service marks, trademarks, logos, emblems, and indicia of origin, including the trade name "POKÉ HOUSE," (collectively, the "**Proprietary Marks**") as now designated and as may in the future be designated by Franchisor in writing for use in connection with the System.

WHEREAS, Franchisor continues to develop, use, and control the use of the Proprietary Marks in order to identify for the public the source of services and products marketed under the Proprietary Marks and under the System, and to represent the System's high standards of quality, appearance, and service.

WHEREAS, Developer wishes to obtain rights to develop and operate Restaurants under the System and Proprietary Marks, and wishes to obtain franchises from Franchisor for that purpose;

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth in this MUDA, agree as follows:

1. GRANT

1.1 **Development of Restaurants**. Franchisor grants to Developer the right, and Developer undertakes the obligation, pursuant to the terms and conditions of this MUDA, to establish and operate _____[number]____ Restaurants in the Development Area described in

Exhibit A, and to use the System solely in connection with the operation of those Restaurants. The Restaurants will be developed in accordance with the development schedule ("**Development Schedule**") attached as Exhibit B. Each Restaurant will be located at the specific location to be designated in a separate POKÉ HOUSE Franchise Agreements (each, a "**Franchise Agreement**") to be executed as provided in Section 3.1.

1.2 **Not a Franchise**. This MUDA is not a Franchise Agreement, and does not grant to Developer any right to use in any manner the Proprietary Marks or System.

1.3 **No Subfranchising**. Developer will have no right under this MUDA to license or franchise others to use in any manner the Proprietary Marks or System.

1.4 **Limited Exclusivity**. Except as otherwise provided in this MUDA or in an individual Franchise Agreement, during the term of this MUDA, Franchisor may not license any unrelated third party other than Developer to establish or operate any Restaurants in the Development Area that are not in existence on the date of this MUDA. Developer acknowledges and agrees, however, that Franchisor retains the following rights, among others:

1.4.1 *Within* the Development Area, Franchisor may: (a) directly or through its affiliates, develop and operate Restaurants anywhere; (b) sell to, solicit, or direct advertising or promotional materials to customers located in the Development Area; (c) establish and operate, and license others to establish and operate, any business of any kind under different proprietary marks at any location; (d) sell, distribute, or otherwise provide, directly or indirectly, or license to others to sell, distribute, or otherwise provide, directly or indirectly, any products and services, *other than* Products and Services that are substantially similar to those offered at Restaurants operating under the System and the Proprietary Marks; (e) acquire, merge with, or otherwise affiliate with, and thereafter own and operate, and franchise or license others to own and operate, any business of any kind, including any business that offers products or services similar to those offered by Developer under the System and Proprietary Marks, *other than* a Restaurant that uses the Proprietary Marks.

1.4.2 *Outside* the Development Area, Franchisor may: (a) establish and operate, and license others to establish and operate, a Restaurant using the System and the Proprietary Marks, regardless of proximity to the Development Area; (b) establish and operate, and license others to establish and operate, any business of any kind under different proprietary marks; (c) sell, distribute, or otherwise provide, directly or indirectly, or license others to sell, distribute, or otherwise provide, directly or indirectly, any products and services from any location, including sales made at or through retail locations, catalogs, mail order, or electronic means (for example, the Internet); and (d) acquire, merge with, or otherwise affiliate with, and thereafter own and operate, and franchise or license others to own and operate, any business of any kind, including any business that offers products or services similar to those offered by Developer under the System and Proprietary Marks.

2. DEVELOPMENT FEE

2.1 Simultaneously with execution of this MUDA, Developer has delivered to Franchisor a check in the amount of $__________________, in consideration of the development rights granted in this MUDA (the "**Development Fee**"); Franchisor acknowledges receipt of the Development Fee. The Development Fee is nonrefundable and has been fully earned by Franchisor on the date of this Agreement by reason of Franchisor conducting market and trade area analyses; performing personal and corporate background investigations; deferring development opportunities as a result of the rights granted Developer in this MUDA; incurring administrative and other expenses; and undertaking other related activities. Developer acknowledges that all of Franchisor's duties and obligations under this Agreement have been fully performed and completed before Developer's execution of this Agreement and before Developer's payment of the Development Fee; accordingly, for tax purposes, Franchisor recognizes the Development Fee, in full, upon receipt.

2.2 Except as otherwise provided in this MUDA, at the time Developer executes each Franchise Agreement pursuant to this MUDA, Franchisor will credit against the initial franchise fee under that Franchise Agreement the portion of the Development Fee associated with that Franchise Agreement (as shown in Exhibit B).

3. DEVELOPMENT OBLIGATIONS AND DEVELOPMENT SCHEDULE

3.1 The Franchise Agreement for each Restaurant to be developed in accordance with this MUDA will be executed by Developer and Franchisor at least ______ months before the opening deadline for the Restaurant as set forth in the Development Schedule. The franchise agreement for the first Restaurant to be developed will be in the form attached to this MUDA as Exhibit C. The franchise agreement for each subsequent Restaurant to be developed by Developer pursuant to the Development Schedule will be in the form of franchise agreement being offered by Franchisor to franchisees at the time the franchise agreement is to be executed by Developer, the terms of which may differ from the terms of the franchise agreement attached as Exhibit C.

3.2 In accordance with the franchise agreement, before Developer acquires (whether by lease or purchase) any site for a Restaurant, Developer will submit to Franchisor, in the form specified by Franchisor in the Franchise Agreement, a completed site review form, a letter of intent or other evidence satisfactory to Franchisor that confirms Developer's favorable prospects for obtaining the proposed site, and any other information or materials that Franchisor reasonably requires. Recognizing that time is of the essence, Developer agrees that Developer must submit a proposed site, together with the information and materials required by this Section 3.2, to Franchisor for its approval within 60 days after execution of the Franchise Agreement. Franchisor will have 15 days after receipt of the information and materials from Developer to approve or disapprove, in Franchisor's sole discretion, the site as a location for the Restaurant. No proposed site will be deemed approved unless it has been expressly approved in writing by Franchisor.

3.3 Developer will acquire or lease the site for each Restaurant in accordance with the procedures set forth in the site selection addendum attached to the franchise agreement for the proposed Restaurant. Developer may not open a POKÉ HOUSE Restaurant at a site unless and until the site has been approved by Franchisor as an approved location in accordance with the applicable site selection addendum.

3.4 Recognizing that time is of the essence, Developer covenants to satisfy the Development Schedule. Failure by Developer to adhere to any of the deadlines in the Development Schedule will constitute a default under this MUDA, as provided in Section 8.4.

3.5 After Developer (or its affiliate) begins operation of the final Restaurant to be developed in accordance with this MUDA, Franchisor may, in its sole discretion, grant franchise agreements to unrelated third parties for additional Restaurants within the Development Area.

4. TERM

Unless sooner terminated in accordance with the provisions of this MUDA, the term of this MUDA and all rights granted by this MUDA will expire on the earlier of: (a) the deadline specified in the Development Schedule by which Developer has agreed to open the last of its the POKÉ HOUSE Restaurants specified in the Development Schedule; or (b) the date when Developer has open and in operation all of the Restaurants required by the Development Schedule.

5. DUTIES OF THE PARTIES

5.1 With respect to each Restaurant to be developed pursuant to the Development Schedule, Franchisor's obligations will be limited to those set forth in the franchise agreement for that Restaurant.

5.2 Developer accepts the following obligations:

5.2.1 If Developer is a corporation, Developer will comply with the following requirements throughout the term of this MUDA:

a. Developer will furnish Franchisor with its Articles (or Certificate) of Incorporation, Bylaws, other governing documents, and any other documents Franchisor may reasonably request, and any amendments thereto;

b. Developer will confine its activities, and its governing documents will at all times provide that its activities are confined, exclusively to the management and operation of the business contemplated by this MUDA, including the establishment and operation of the POKÉ HOUSE Restaurants to be developed in accordance with this MUDA;

c. Developer will maintain stop transfer instructions against the transfer on its records of any securities; and will issue no securities upon the face of which the following printed legend does not legibly and conspicuously appear:

> The transfer of ownership of shares represented by this Certificate is subject to the terms and conditions of a Multi-Unit Development Agreement with Poké House, Inc., dated _______________ ____, 201__. Reference is made to the provisions of the Multi-Unit Development Agreement and to the Articles and Bylaws of this Corporation.

d. Developer will maintain a current list of all owners of record and all beneficial owners of any class of voting stock of Developer, and Developer will cause its shareholders to complete and update as necessary the Disclosure of Owners attached as Exhibit D.

5.2.2 If Developer is a partnership, limited liability company, or other legal entity, Developer will comply, except as otherwise approved in writing by Franchisor, with the following requirements throughout the term of this MUDA:

a. Developer will furnish Franchisor with a copy of its organizational documents, as well as all other documents that Franchisor reasonably requests, and any amendments to those documents, which will contain a restriction on transfer of any ownership interest in Developer without the prior written consent of Franchisor; and

b. Developer will cause its partners, members, or other owners to complete the Disclosure of Owners attached as Exhibit D.

5.2.3 Developer may not enter into any agreement that would result in Developer being a subfranchisor, franchise sales agent, or any similar entity.

5.2.4 Developer will comply with all terms and conditions set forth in this MUDA.

5.2.5 Developer will comply with all requirements of federal, state, and local laws, rules, and regulations.

6. OPERATING STANDARDS; CONFIDENTIAL INFORMATION

6.1 Franchisor will provide Developer with access to Franchisor's Confidential Operations Manual, which contains, among other things, Franchisor's operating standards for the construction and operation of POKÉ HOUSE Restaurants (the "**Operating Standards**"). The Operating Standards may be conveyed to Developer in one or more printed volumes, or electronically (for instance, through a password-protected section of Franchisor's Web site).

In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the Proprietary Marks, Developer will conduct its business in accordance with the Operating Standards, to which Developer acknowledges having been granted access by Franchisor for the term of this MUDA. With respect to Franchisor's Operating Standards, Developer agrees to be bound by the provisions referring to and setting forth the obligations regarding the operations of the Restaurants and business that are contained in the applicable Franchise Agreement executed or to be executed for each Restaurant established pursuant to the Development Schedule.

6.2 For purposes of this MUDA, (a) "**Trade Secrets**" has the meaning assigned to that term in the California Uniform Trade Secrets Act (Cal. Civ. Code § 3426, *et seq.*); and (b) "**Confidential Information**" means any confidential information, knowledge, know-how, or techniques (other than Trade Secrets, but including information that was formerly a Trade Secret) that are communicated to Developer, or of which Developer may be appraised, by virtue of Developer's operation under the terms of this MUDA. If any part of Franchisor's Confidential Operations Manual is not a Trade Secret, that part (together with all other data that Franchisor designates as confidential) will be deemed to constitute Confidential Information for purposes of this MUDA.

Developer may not communicate, divulge, or use for the benefit of any other person, persons, partnership, association, or corporation, any Trade Secrets or Confidential Information belonging to Franchisor. Developer may not, without Franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce any Trade Secrets or Confidential Information belonging to Franchisor, in whole or in part, nor otherwise make the same available to any unauthorized person. The restrictions of this paragraph will apply to Franchisor's Trade Secrets for as long as they remain Trade Secrets and thereafter for the period that Franchisor's Confidential Information continues to be protected. The restrictions of this paragraph will cease to apply to Franchisor's Confidential Information five years after the expiration or other termination of the last of Developer's franchise agreements executed pursuant to this MUDA.

Developer may divulge, to those of Developer's employees that must have access to the Trade Secrets or Confidential Information in connection with their employment, only those portions of the Trade Secrets or Confidential Information belonging to Franchisor that are necessary to allow those employees to do their jobs.

7. TRANSFER OF INTEREST

7.1 Franchisor may transfer or assign this MUDA and all or any part of its rights or obligations under this MUDA to any person or legal entity.

7.2 The rights and duties set forth in this MUDA are personal to Developer, and are granted in reliance on Developer's (or, if Developer is a corporation, partnership, or limited liability company, its principals', partners' or members') business skill, financial capacity, and personal character. Accordingly, neither Developer nor any immediate or remote successor to any part of Developer's interest in this MUDA, nor any individual, partnership, corporation, or other legal entity which directly or indirectly owns any interest in Developer, this MUDA, or the assets of Developer's business, may sell, assign, transfer, convey, or give away any direct or indirect interest in the Developer, this Develop Agreement, or all or substantially all of the assets of Developer's business without the prior written consent of Franchisor, which Franchisor may grant or withhold in its sole discretion. This restriction is independent of the restrictions on transfer contained in the individual franchise agreements entered into by Franchisor and Developer, which may be assigned in accordance with their respective terms.

8. DEFAULT AND TERMINATION

8.1 The rights granted to Developer in this MUDA have been granted in reliance on Developer's representations and assurances that Developer will comply with the terms and conditions contained in this MUDA, including Developer's assurances that the conditions set forth in Section 1 and Section 3 of this MUDA will be met by Developer in a timely manner.

8.2 Developer will be in default under this MUDA, and all rights granted by this MUDA will automatically terminate without notice to Developer, if Developer becomes insolvent or makes a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Developer or such a petition is filed against and not opposed by Developer; if Developer is adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer; if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any party thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law are instituted by or against Developer; if a final judgment remains unsatisfied or of record for 30 days or longer; if Developer is dissolved; or if execution is levied against Developer's business or property.

8.3 Except as provided in Section 8.4, if Developer fails to comply with any term or condition of this MUDA, or if Franchisor terminates, or has the right to terminate, any franchise agreement executed by Developer in accordance with this MUDA, Franchisor may, at its option, terminate this MUDA and all rights granted by this MUDA, effective immediately upon written notice to Developer, and without affording Developer any opportunity to cure the default (provided, however, that the termination of a franchise agreement by mutual, written agreement of the parties will not, by itself, constitute grounds for termination of this MUDA).

8.4 If Developer fails to comply with the development obligations described in Sections 1.1 and 3.5 of this MUDA or any of the deadlines set forth in the Development Schedule, that failure or action will constitute a default under this MUDA. Upon that type of default, Franchisor may, in its sole discretion:

8.4.1 If Developer is more than 30 days behind any deadline set forth in the Development Schedule, terminate the territorial protection granted in Section 1.3, and thereafter license others to establish and operate, POKÉ HOUSE Restaurants within the Development Area; and

8.4.2 If Developer is more than one year behind any deadline set forth in the Development Schedule, terminate this MUDA and all rights granted by this MUDA without affording Developer any further opportunity to cure the default, effective immediately upon receipt by Developer of written notice.

8.5 Upon termination of this MUDA, Developer will have no right to establish any POKÉ HOUSE Restaurants for which a franchise agreement has not been executed by the parties before termination; and Franchisor may franchise others to establish, POKÉ HOUSE Restaurants in the Development Area except as otherwise provided under any other agreement then in effect between Franchisor and Developer.

8.6 Default under this MUDA will constitute a default under any other MUDA between the parties. However, a default under this MUDA will not constitute a default under any franchise agreement between the parties.

8.7 No right or remedy conferred upon or reserved to Franchisor in this MUDA is exclusive of any other right or remedy provided or permitted by law or in equity.

9. COVENANTS

9.1 Developer covenants that, during the term of the MUDA, except as otherwise approved in writing by Franchisor, Developer (or, if Developer is a corporation, partnership or limited liability company, a principal, general partner or member of Developer) or Developer's manager will devote full time, energy, and best efforts to the management and operation of the business contemplated hereunder, including the establishment and operation of the POKÉ HOUSE Restaurants to be developed hereunder.

9.2 Developer specifically acknowledges that, pursuant to this MUDA, Developer will receive valuable Confidential Information, including information regarding the site selection and marketing methods and techniques of Franchisor and the System, and that Developer has the exclusive right and obligation to identify sites and develop the Development Area for the benefit of the System. Developer covenants that, except as otherwise approved in writing by Franchisor, Developer may not, during the term of this MUDA, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation:

9.2.1 Divert or attempt to divert any present or prospective business or customer of any POKÉ HOUSE Restaurant operating under the System 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 System; or

9.2.2 Without Franchisor's prior approval, own, maintain, operate, engage in, be employed by, provide any assistance or advice to, or have any interest in (as owner or otherwise) any business that is involved in the development or operation of restaurants or other businesses that offer or sell Hawaiian poke or other products, merchandise, or services that are the same as or similar to the products, merchandise, and services being offered by POKÉ HOUSE restaurants operating under the System if any or all of those products comprise 10% or more of the business's products as measured by gross sales of the products sold by the other business.

9.3 Section 9.2.2 will not apply to ownership by Developer of a less than 5% beneficial interest in the outstanding securities of any publicly held corporation.

9.4 Developer acknowledges that Franchisor may, in its sole discretion, reduce the scope of, or sever, any covenant set forth in Section 9.2 of this MUDA, or any portion thereof, without Developer's consent, effective immediately upon receipt by Developer of written notice, and Developer covenants that it will comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of Section 16.

9.5 Developer expressly agrees that the existence of any claims it may have against Franchisor whether or not arising from this MUDA, will not constitute a defense to the enforcement by Franchisor of the covenants in this Section 9. Developer agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 9.

9.6 Developer acknowledges that Developer's violation of the terms of this Section 9 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Developer accordingly consents to the issuance of an injunction prohibiting any conduct by Developer in violation of the terms of this Section 9.

9.7 The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this MUDA. If all or any portion of a covenant in this Section 9 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Developer expressly agrees to be bound by any lesser covenant which is expressly or implicitly included within the terms of the covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 9.

9.8 At Franchisor's request, Developer will require and obtain execution of covenants similar to those set forth in this Section 9 from any or all of the following persons: (a) all managers of Developer; (b) all officers, directors, and holders of a beneficial interest of 5% or more of the securities of Developer, and of any corporation directly or indirectly controlling Developer, if Developer is a corporation; and (c) the general partners (including any corporation, and the officers, directors, and holders of a beneficial interest of 5% or more of the securities of any corporation which controls, directly or indirectly, any general partner), if Developer is a Partnership. Every covenant required by this Section 9.8 will be in a form satisfactory to Franchisor, including specific identification of Franchisor as a third party beneficiary of the covenants with the independent right to enforce them. Failure by Developer to obtain execution of a covenant required by this Section 9.8 will constitute a default under Section 8.3.

10. NOTICES

All notices required or permitted under this MUDA will be in writing and will be personally delivered, sent by registered mail, or sent by other means that afford the sender evidence of delivery or rejected delivery (including private delivery or courier service), 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:	**Poke House, Inc.** *Attn:* James Deng 1161 Ringwood Court, Suite 100 San Jose, CA 95134
Notices to Developer:	______________________________ *Attn:* _________________________ ______________________________ ______________________________

Any notice by a means that affords the sender evidence of delivery or rejected delivery will be deemed to have been given and received at the date and time of receipt or rejected delivery.

11. MISCELLANEOUS PROVISIONS

11.1 Developer and its owners represent and warrant to Franchisor that (a) all statements, documents, materials, and information submitted to Franchisor, including the application for the rights granted by this MUDA, are true, correct and complete in all material respects, and there have been no material omissions; and (b) Developer and its owners agree to comply with and/or to assist Franchisor to the fullest extent possible in its efforts to comply with Anti-Terrorism Laws (as defined below). In connection with that compliance, Developer and its owners certify, represent and warrant that none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Developer and it owners are not otherwise in violation of any of the Anti-Terrorism Laws. "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Developer agrees to promptly advise Franchisor of any material change in the information or statements submitted to Franchisor. Developer acknowledges and understands that Franchisor has entered into this MUDA in reliance on the statements and information submitted to Franchisor by Developer and its owners, and that any material breach, inaccuracy or omission is grounds for Franchisor to terminate this MUDA.

11.2 Our consent to a transfer of any interest in Developer, this MUDA, or all or substantially all of the assets of Developer's business will not constitute a waiver of any claims Franchisor may have against the transferring party, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms of this MUDA by the transferor or transferee.

12. PERMITS AND COMPLIANCE WITH LAWS

12.1 Developer will comply with all federal, state, and local laws, rules, and regulations, and will timely obtain all permits, certificates, or licenses necessary for the full and proper conduct of the franchised businesses, including licenses to do business, health certificates, fictitious name registrations, sales tax permits, and fire clearances.

12.2 Developer will notify Franchisor in writing within five days 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 any of the businesses franchised under this MUDA.

13. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

13.1 This MUDA does not create a fiduciary relationship between the parties to this MUDA. Developer is an independent contractor, and nothing in this MUDA is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

13.2 During the term of this MUDA and any extensions of it, Developer will hold itself out to the public as an independent contractor operating pursuant to this MUDA. Developer agrees to take such action as may be necessary to do so, including exhibiting a notice of that fact in a conspicuous place in the premises of each franchised business, the content of which Franchisor reserves the right to specify.

13.3 Nothing in this MUDA authorizes Developer 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 will in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor will Franchisor be liable by reason of any act or omission of Developer in Developer's operations hereunder or for any claim or judgment arising therefrom against Developer or Franchisor. Developer will indemnify Franchisor and Franchisor's officers, directors, and employees against all claims arising directly from, as a result of, or in connection with Developer's activities under this MUDA, as well as the costs, including attorneys' fees, of defending against them.

14. APPROVALS AND WAIVERS

14.1 Whenever this MUDA requires the prior approval or consent of Franchisor, Developer will make a timely written request to Franchisor for that approval or consent, and the approval or consent must be obtained in writing.

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

14.3 No delay, waiver, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Developer under any of the terms, provisions, covenants, or conditions of this MUDA, will constitute a waiver by Franchisor to enforce any such right, option, duty, or power as against Developer, or as to subsequent breach or default by Developer. Subsequent acceptance by Franchisor of any payments due to it under this MUDA will not be deemed to be a waiver by Franchisor of any preceding breach by Developer of any terms, provisions, covenants, or conditions of this MUDA.

15. SEVERABILITY AND CONSTRUCTION

15.1 Except as expressly provided to the contrary in this MUDA, each portion, section, part, term, covenant, and provision of this MUDA will be considered severable; and if, for any reason, any portion, section, part, term, covenant, or provision of this MUDA 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, that determination will not impair the operation of, or have any other effect upon, any other portions, sections, parts, terms, covenants or provisions of this MUDA that remain otherwise intelligible; and the latter will continue to be given full force and effect and bind the parties; and the invalid portions, sections, parts, terms, covenants, and provisions will be deemed not to be a part of this MUDA.

15.2 Except as expressly provided to the contrary in this MUDA, nothing in this MUDA is intended, nor will be deemed, to confer upon any person or legal entity other than Developer, Franchisor, Franchisor's officers, directors, and employees, and those of Developer's and Franchisor's respective successors and assigns as may be contemplated (and, as to Developer, permitted) by Section 7, any rights or remedies under or by reason of this MUDA.

15.3 Developer expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is expressly or implicitly included within the terms of any provision of this MUDA, as though it were separately articulated in and made a part of this

MUDA, 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 unenforceable in a 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.

15.4 All provisions of this MUDA which, by their terms or intent, are designed to survive the expiration or termination of this MUDA, will so survive the expiration or other termination of this MUDA.

16. ENTIRE AGREEMENT

This MUDA and the documents referred to in it constitute the entire, full, and complete agreement between Franchisor and Developer concerning its subject matter, and supersede all prior agreements, no other representations having induced Developer to execute this MUDA. Except for those permitted to be made unilaterally by Franchisor under this MUDA, no amendment, change, or variance from this MUDA will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this Agreement or in any related agreement between Franchisor and Developer is intended to disclaim the representations in Franchisor's Franchise Disclosure Document. Nothing in this Agreement or in any related agreement between Franchisor and Developer is intended to disclaim the representations in Franchisor's Franchise Disclosure Document.

17. APPLICABLE LAW AND DISPUTE RESOLUTION

17.1 This MUDA takes effect upon its acceptance and execution by Franchisor, and will be interpreted and construed under the laws relating to the construction and interpretation of contracts of the State of California, without regard to any conflict of law statute or doctrine applicable in that state. Any provision of this MUDA that would not be enforceable under the laws of the State of California, but would be enforceable under the laws of a state in which Developer's activities under this MUDA are conducted, will be governed by the laws of that other state. Nothing in this Section 17.1 is intended by the parties to subject this MUDA to any law, rule, or regulation, to which it would not otherwise be subject, of the state where Developer's activities under this MUDA are conducted, or of the State of California.

17.2 Except as otherwise provided in this MUDA, if a dispute arises out of or relates to this MUDA, the parties agree first to try in good faith to settle the dispute by mediation administered by a mediation provider selected by Franchisor ("**Mediator**") before resorting to arbitration, litigation, or some other dispute resolution procedure. Any mediation will take place before a single mediator at the Mediator's office located in the principal city closest to Franchisor's principal place of business or at another location determined by Franchisor in its sole discretion. The parties will each bear all of their own costs of mediation, except that the fees of the Mediator will be divided equally between Franchisor and Developer. The parties agree that mediation will not be required with respect to: (a) any claim or dispute involving any payment obligation of Developer that is more than 45 days past due; (b) any claim or dispute involving actual or threatened disclosure or misuse of Franchisor's Trade Secrets or Confidential Information; (c) any claim or dispute involving the ownership, validity, or use of the Proprietary

Marks; (d) any claim or dispute involving the insurance or indemnification provisions of this MUDA; or (e) any action by Franchisor to enforce the covenants set forth in Section 9.

17.3 Developer agrees that any action brought by Developer against Franchisor in any court, whether federal or state, will be brought in the judicial district or circuit in which Franchisor has its principal place of business. Franchisor will have the right to commence an action against Developer in any court of competent jurisdiction. Developer waives all questions of personal jurisdiction or venue for the purpose of carrying out this provision. The parties agree that nothing in this MUDA will be deemed to prevent the removal of an action from state court to federal court.

17.4 **WAIVER OF RIGHTS.**

17.4.1 **Developer and Franchisor knowingly, voluntarily, and intentionally agree to waive any claim for punitive, multiple, and/or exemplary damages, except that Franchisor may bring an action for willful trademark infringement and, if successful, may receive an award of multiple damages as provided by law.**

17.4.2 **Developer agrees that all claims by Developer against Franchisor arising out of, or relating to, this MUDA may not be commenced by Developer unless brought before the earlier of: (a) the expiration of one year after the act, transaction, or occurrence upon which the claim is based; or (b) one year after this agreement expires or is terminated for any reason. Developer agrees that any claim or action not brought within the periods required under this Section 17.4.2 will forever be barred as a claim, counterclaim, defense, or set off.**

17.4.3 **Any dispute between Franchisor and Developer must be resolved in an individual proceeding, and may not be resolved via a class action or similar multi-party proceeding.**

17.5 **No right or remedy conferred upon or reserved to Franchisor or Developer by this MUDA is intended to be, nor will be deemed, exclusive of any right or remedy provided or permitted in this MUDA or by law or equity, but each will be cumulative of every other right or remedy.**

17.6 **Nothing contained in this MUDA will bar Franchisor's right to obtain injunctive relief from a court of competent jurisdiction against threatened conduct that might cause it loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions.**

18. ACKNOWLEDGMENTS

18.1 Developer acknowledges that it has conducted an independent investigation of the business contemplated by this MUDA, recognizes that the business venture contemplated by this MUDA involves business risks, and that its success will be largely dependent upon the ability of Developer and its owners as independent businesspeople. Franchisor expressly disclaims the making of, and Developer 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 MUDA.

18.2 Developer represents that, except as provided below, Developer received Franchisor's Franchise Disclosure Document (with all its exhibits and this MUDA with all its exhibits) at least 14 calendar days before signing this MUDA or the payment of any monies to Franchisor under this Agreement, or earlier upon Developer's reasonable request. Developer further represents that it received a completed copy of this MUDA and all related agreements with any changes to those agreements unilaterally and materially made by Franchisor at least seven calendar days before executing this MUDA.

18.3 Developer acknowledges that it has read and understood this MUDA, the Exhibits to this MUDA, and all related agreements, and that Franchisor has accorded Developer ample time and opportunity to consult with advisors of Developer's own choosing about the potential benefits and risks of entering into this MUDA.

IN WITNESS WHEREOF, the parties hereto have duly executed this MUDA in duplicate.

FRANCHISOR: **Poke House, Inc.**

______________________________ By: ______________________________

Witness/Attest

Name: ______________________________

Title: ______________________________

Date: ______________________________

DEVELOPER: ______________________________

______________________________ By: ______________________________

Witness/Attest

Name: ______________________________

Title: ______________________________

Date: ______________________________

EXHIBIT A
TO
POKÉ HOUSE
MULTI-UNIT DEVELOPMENT AGREEMENT

DEVELOPMENT AREA

The Development Area (see Section 1.1) will be the following:

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Initials of Franchisor: ________________ Initials of Developer: ________________

EXHIBIT B
TO
POKÉ HOUSE
MULTI-UNIT DEVELOPMENT AGREEMENT

DEVELOPMENT SCHEDULE

Recognizing that time is of the essence, Developer will have executed a Franchise Agreement for, and opened, each POKÉ HOUSE restaurant within the Development Area in accordance with the following Development Schedule (see Sections 1.1 and 3.4):

Location Number	Deadline for Receipt of Executed Franchise Agreement by Poke House, Inc.	Deadline for Opening Location	Associated Portion of Development Fee
			$
			$
			$
			$
			$

Initials of Franchisor: ________________ Initials of Developer: _________________

EXHIBIT C
TO
POKÉ HOUSE
MULTI-UNIT DEVELOPMENT AGREEMENT

FORM OF FRANCHISE AGREEMENT

The form of Franchise Agreement currently offered by Franchisor is attached.

EXHIBIT D
TO
POKÉ HOUSE
MULTI-UNIT DEVELOPMENT AGREEMENT

DISCLOSURE OF OWNERS

1. **Developer Owners.** Each of the undersigned represents that the following is a complete list of all of the shareholders, partners, or members of Developer (the "Owners") and the percentage interest of each individual as of the date of the MUDA:

Name	Position	Percent interest

2. **Changes in Developer Owners.** Each Owner covenants to notify Franchisor in writing of any changes to identity or ownership percentage of the shareholders, partners, or members of Developer.

IN WITNESS WHEREOF, each Owner has executed this Exhibit D on the same date as the MUDA.

Print name Signature

Print name Signature

Print name Signature

Print name Signature

EXHIBIT D

FINANCIAL STATEMENTS

POKE HOUSE, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

AND

INDEPENDENT AUDITORS' REPORT

POKE HOUSE, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder
of Poke House, Inc.
San Jose, California

Qualified Opinion

We have audited the accompanying financial statements of Poke House, Inc. (a California corporation), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of loss, changes in stockholder's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of Poke House, Inc. 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 Qualified Opinion

We did not observe the physical count of inventories at December 31, 2023 and 2022, since those dates were prior to the time we were engaged as the Company's auditors. We were unable to obtain sufficient appropriate audit evidence about inventory quantities by other auditing procedures.

In addition, depreciation expense was calculated and reported using a combination of Modified Accelerated Cost Recovery System required for federal income tax purposes, over the tax useful life, and Section 179 as specified in the Internal Revenue Code, which is a departure from accounting principles generally accepted in the United States of America. The effects of this departure have not been determined.

Accounting principles generally accepted in the United States of America require finance and operating leases with lease terms of more than 12 months and that permit the use of an asset without transferring ownership, to be recorded on the balance sheet as an asset and a corresponding liability for the rights and obligations created by such lease. The Company has not recorded the lease assets and liabilities in the accompanying financial statements. Management has not determined the effect of this departure on the financial statements.

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Poke House, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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, including omissions, 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 Poke House, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Poke House, Inc.'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.

Johanson & Yau Accountancy Corporation

Campbell, California
June 3, 2024

POKE HOUSE, INC.
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

ASSETS

	2023	2022
Current assets		
Cash	$ 19,914	$ 126,638
Accounts receivable	388,248	211,476
Inventory	288,067	231,105
Other current assets	67,273	35,447
Total current assets	763,502	604,666
Property and equipment		
Machinery and equipment	85,572	85,572
Furniture and fixture	49,733	49,733
Vehicles	46,083	46,083
Leasehold improvements	1,690,908	1,432,688
Warehouse improvements	22,694	22,694
	1,894,990	1,636,770
Less accumulated depreciation	790,432	455,972
	1,104,558	1,180,798
Other assets		
Loan to related parties - Note 8	335,000	510,000
Loan to stockholder - Note 8	918,170	1,056,128
Due from related party - Note 8	157,379	-
Deposits	48,998	59,055
Deferred tax assets - Note 6	298,000	262,000
Total other assets	1,757,547	1,887,183
	$ 3,625,607	$ 3,672,647

See accompanying notes to financial statements

POKE HOUSE, INC.
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

LIABILITIES AND STOCKHOLDER'S EQUITY

	2023	2022
Current liabilities		
Accounts payable	$ 615	$ 615
Other current liabilities - Note 3	419,879	426,268
Notes payable - current - Note 5	110,779	48,759
Deferred revenue	107,375	-
Total current liabilities	638,648	475,642
Notes payable - noncurrent - Note 5	1,962,819	1,972,390
Total liabilities	2,601,467	2,448,032
Stockholder's equity		
Common stock, no par value, 1,000,000 shares authorized, 706,992 shares issued and outstanding	706,992	706,992
Retained earnings	317,148	517,623
	1,024,140	1,224,615
	$ 3,625,607	$ 3,672,647

See accompanying notes to financial statements

POKE HOUSE, INC.
STATEMENTS OF LOSS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Revenue		
Sales, net	$ 7,863,319	7,818,192
Franchise fees and royalties	909,080	249,768
Franchise product sales	726,582	742,287
Business to business sales	87,749	-
	9,586,730	8,810,247
Cost of sales	3,496,809	3,708,135
Gross profit	6,089,921	5,102,112
Expenses		
Auto	40,256	81,318
General and administration	616,990	638,995
Credit card fees	131,417	143,468
Utilities	141,583	117,180
Commissions	711,648	658,978
Advertising	368,678	260,332
Labor and benefits	2,830,760	2,430,575
Packaging	17,821	408,202
Taxes, licenses and fees	10,230	13,583
Legal and professional	128,766	219,426
Rent and lease - Note 7	813,235	843,897
Repair and maintenance	56,479	57,815
Depreciation and amortization	334,460	93,628
Total operating expenses	6,202,323	5,967,397
Loss from operations	(112,402)	(865,285)
Other income (expense)		
Interest income	2	2031
Interest expense	(129,164)	(12,797)
PPP loan forgiveness - Note 4	-	469,641
Other income	5,889	39,685
	(123,273)	498,560
Loss before taxes	(235,675)	(366,725)
Income tax benefit - Note 6	(35,200)	(258,420)
Net loss	$ (200,475)	$ (108,305)

See accompanying notes to financial statements

POKE HOUSE, INC.
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022

	Common Stock			
	No. of Shares	Amount	Retained Earnings	Total
Balance, December 31, 2021	706,992	$ 706,992	$ 625,928	$ 1,332,920
Net loss	-	-	(108,305)	(108,305)
Balance, December 31, 2022	706,992	706,992	517,623	1,224,615
Net loss	-	-	(200,475)	(200,475)
Balance, December 31, 2023	706,992	$ 706,992	$ 317,148	$ 1,024,140

See accompanying notes to financial statements

POKE HOUSE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash flows from operating activities		
Net loss	$ (200,475)	$ (108,305)
Adjustments to reconcile net loss to net cash used for operating activities		
Depreciation and amortization	334,460	93,628
Deferred income taxes	(36,000)	(259,000)
Gain on sale of fixed assets	-	(39,033)
PPP loan forgiveness	-	(469,641)
(Increase) decrease in		
Accounts receivable	(176,772)	(87,338)
Inventory	(56,962)	309,219
Other current assets	(31,826)	(35,447)
Other assets	10,057	(10,057)
Due from related party	(157,379)	-
Increase (decrease) in		
Other current liabilities	(6,687)	129,880
Income tax payable	298	(502)
Deferred revenue	107,375	-
Net cash used for operating activities	(213,911)	(476,596)
Cash flows from investing activities		
Repayments from loans to stockholder	137,958	-
Repayments from loans to related party	175,000	-
Payments for loans to stockholder	-	(1,094,458)
Acquisition of fixed assets	(258,220)	(359,216)
Proceeds from sale of fixed assets	-	15,973
Net cash provided by (used for) investing activities	54,738	(1,437,701)

See accompanying notes to financial statements

POKE HOUSE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Continued)

	2023	2022
Cash flows from financing activities		
Proceeds from notes payable	60,000	1,500,000
Payments for notes payable	(7,551)	(139,403)
Net cash provided by financing activities	52,449	1,360,597
Net decrease in cash	(106,724)	(553,700)
Cash, beginning of year	126,638	680,338
Cash, end of year	$ 19,914	$ 126,638
Supplemental disclosures		
Cash payment made for interest	$ 129,164	$ 12,797
Cash payments made for income taxes	$ -	$ 1,302

See accompanying notes to financial statements

POKE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - ORGANIZATION AND OPERATIONS

Poke House, Inc. (the Company), a California corporation formed in 2015, operates restaurants offering Hawaiian Poke and beverages. The Company had five locations in the San Francisco Bay Area at December 31, 2023 and 2022.

The Company began to offer franchises in September 2016, under which franchisees have the right to operate within a specified geographic area using the "Poke House" name and trademark. Under the franchise agreement, the Company will provide ingredients and assistance in franchise operation and will also provide certain training, promotion and other operational support. The Company had seven and four franchises in operation at December 31, 2023 and 2022, respectively.

As the date of this report, the Company is in the process of adding three additional franchises.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable - The Company extends credit to its customers in the normal course of business. An allowance for credit losses is estimated and recorded based on the Company's historical bad debt experience and management's judgment. There was no allowance for credit losses at December 31, 2023 and 2022.

Property and Equipment - Property and equipment are recorded at cost. Depreciation is computed using income tax basis over useful lives ranging from five to fifteen years in accordance with the Internal Revenue Code, which is a departure from the accounting principles generally accepted in the United States of America. Depreciation expense for the years ended December 31, 2023 and 2022 was $334,460 and $93,628, respectively. Repairs and maintenance are expensed as incurred.

Inventories - Inventories are comprised primarily of food and beverage products and are stated at the lower of cost (first in, first out) or market.

Fair Value of Financial Instruments - The carrying value of cash, receivables and accounts payable approximates fair value due to the short maturity of these instruments. None of the financial instruments are held for trading purposes.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition - Company's sales include revenues generated by the operation of Company-owned restaurants, including in-store, catering and online sales. Revenues from food and beverage sales at Company-owned restaurants are recognized upon delivery to the customer. Revenue from sales of gift cards are deferred and recognized upon redemption. The balance of deferred gift card revenue was $1,043 and $1,484 as of December 31, 2023 and 2022, respectively.

The Company recognizes revenue from the franchise contracts. Upon execution of franchise agreements, the franchisee is required to pay a nonrefundable pre-determined initial franchise fee to the Company. The performance obligation related to franchise revenue is delivered over time. The Company recognizes franchise fee over the initial period of the franchise agreement, commencing when all material services or conditions have been substantially performed. This occurs when a franchise-operated restaurant opens for business or when a franchise agreement is canceled or terminated after it has been determined that the franchised restaurant will not open.

The Company also receives monthly royalties from its franchise-operated restaurants. The revenue from royalties is recognized when it is earned in accordance with the franchise and license agreements. In addition, the franchise product revenues are recognized upon delivery to the franchisees.

The Company also recognizes revenue from development fee when multi-unit development agreement is executed. The developer is required to pay a nonrefundable development fee to the Company in exchange for the rights to develop restaurants under the system and trade name in the development area described in the agreement. The Company makes the accounting policy election to recognize pre-opening development as a single performance obligation. The development fee is considered earned as performance obligations are satisfied as defined in the agreement. The Company signed two and one multi-unit development agreements in 2023 and 2022, respectively.

Income Taxes - Income tax expense is based on reported income before income taxes. Deferred income taxes are provided to reflect timing differences between book and taxable income, which are primarily related to net operating loss carryforwards. These deferred taxes are measured by applying currently enacted tax laws.

Advertising - Advertising costs are expensed when the advertisement first occurs. Advertising expenses for the years ended December 31, 2023 and 2022 were $368,678 and $260,332, respectively.

Sales Taxes - Sales are presented net of sales tax. Sales tax obligations are included in other current liabilities until the taxes are remitted to the appropriate taxing authorities.

New Accounting Pronouncements - In February 2016, the Financial Accounting Standards Board issued new accounting guidance for leases. The new guidance requires lessees to recognize lease assets and lease liabilities for all leases with terms more than 12 months in the statement of financial position and disclose key information about leasing agreements. This new guidance is effective for annual reporting periods beginning after December 15, 2021 and interim periods with fiscal years beginning after December 15, 2022 with early adoption permitted. The Company has not adopted this new standard in the accompanying financial statements. Management has not determined the effect of this departure on the financial statements.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued) - Effective January 1, 2023, the Company adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Company adopted this new guidance utilizing the modified retrospective transition method. Topic 326 requires measurement and recognition of expected versus incurred losses for financial assets held. Financial assets held by the Company that are subject to ASU 2016-13 include trade accounts receivable. The adoption of this ASU did not have a material impact on the Company's financial statements but did change how the allowance for credit losses is determined.

Reclassifications - Certain reclassifications have been made to the 2022 financial statement presentation to conform to the 2023 presentation.

Subsequent Events - Subsequent events were evaluated through June 3, 2024, the date which the financial statements were available to be issued.

NOTE 3 - OTHER CURRENT LIABILITIES

Other current liabilities consisted of the following as of December 31, 2023 and 2022:

	2023	2022
Payroll and payroll tax liabilities	$ -	$ 665
Sales tax payable	37,604	42,999
Gift cards outstanding	1,043	1,484
Credit card payables	270,878	280,977
Other current liabilities	9,566	155
Income tax payable	100,788	99,988
Total other current liabilities	$ 419,879	$ 426,268

NOTE 4 - PAYCHECK PROTECTION PROGRAM (PPP) LOAN

In January 2021, the Company entered into the 2nd loan agreement with GBC International Bank, pursuant to the PPP. The Company was advanced $469,641 in January 2021. The loan bears an interest rate of 1%. Principal and interest payments are deferred during the first ten months. Under the terms of the PPP, the loan may be subject to partial or full forgiveness, if the funds are used for qualifying expenses as described in the CARES Act. The forgiveness portion is dictated by the SBA and federal rules, regulations and laws. The loan was forgiven in full in March 2022.

NOTE 5 - NOTES PAYABLE

At December 31, 2023 and 2022, notes payable consisted of the following:

	2023	2022
Note payable to Ford Motor Credit, secured by automobile, payable in monthly installments of $715, including interest at 5.79%, due in August 2025.	$ 13,598	$ 21,149
Note payable to Small Business Administration pursant to the EIDL, monthly payment of principal and interest of $9,861, interest at 3.75%, due in June 2050, unsecured.	2,000,000	2,000,000
Note payable to WebBank, monthly payment of principal and interest of $5,629, interest at 22.5%, due in December 2024, unsecured.	60,000	-
	2,073,598	2,021,149
Less current maturities	110,779	48,759
	$ 1,962,819	$ 1,972,390

Maturities of long-term debt for the years ended December 31 are as follows:

2024	$ 110,779
2025	$ 50,023
2026	$ 46,113
2027	$ 47,872
2028	$ 49,699

NOTE 6 - INCOME TAXES

The provision for income taxes consists of the following as of December 31, 2023 and 2022:

	2023	2022
Current tax provision	$ 800	$ 580
Deferred tax benefit	(36,000)	(259,000)
	$ (35,200)	$ (258,420)

NOTE 6 - INCOME TAXES (Continued)

Deferred income taxes are provided for timing differences relating primarily to state income taxes and net operating loss carryforwards for financial statement and income tax reporting purposes.

At December 31, 2023 and 2022, deferred tax assets and liabilities include the following:

	2023	2022
Federal		
Assets	$ 235,000	$ 182,000
Liabilities	-	-
State		
Assets	63,000	80,000
Liabilities	-	-
	$ 298,000	$ 262,000

At December 31, 2023, the Company has federal and state net operating loss carryforwards of approximately $1,115,000 and $903,000, respectively.

The Company complies with generally accepted accounting principles to account for uncertainty in income taxes. In evaluating the Company's tax provisions and accruals, future taxable income, and the reversal of temporary differences, interpretations, and tax planning strategies are considered. The Company believes their estimates are appropriate based on current facts and circumstances. The Company's income tax filings are subject to audit by various taxing authorities.

NOTE 7 - LEASE COMMITMENTS

The Company leases its restaurant locations, office and warehouse under operating lease agreements. Those lease agreements expire at various dates through 2032. During the years ended December 31, 2023 and 2022, there were two lease agreements in effect with related parties, owned by the sole stockholder of the Company. Also see Note 8.

Rent expense, including common area maintenance fees, was $813,235 and $843,897 for the years ended December 31, 2023 and 2022, respectively. Future minimum lease payments under non-cancelable operating leases are as follows:

2024	$ 439,678
2025	444,116
2026	352,336
2027	333,222
2028	337,217
Thereafter	680,088
	$ 2,586,657

NOTE 8 - RELATED PARTY TRANSACTIONS

The Company has several related party transactions with the stockholder and other entities owned by the stockholder.

In April 2022, the Company loaned a related party owned by the stockholder $510,000. There is no interest and no set payment terms. The amount is payable in full in April 2035. The balance at December 31, 2023 and 2022 was $235,000 and $510,000, respectively.

In June 2023, the Company advanced funds to a related party 50% owned by the stockholder for $30,000. There is no interest and no set payment terms. In addition, $127,379 was due from this related party at December 31, 2023 for various expenses that the Company paid on the related party's behalf. The total balance at December 31, 2023 was $157,379.

In September 2023, the Company loaned a related party owned by the stockholder $100,000. There is no interest and no set payment terms. The amount is payable in full in January 2030. The balance at December 31, 2023 was $100,000.

The Company has made various loans to the stockholder. At December 31, 2023 and 2022, loans to the stockholder totaled $918,170 and $1,056,128, respectively. There is no interest and no set payment terms with the exception of one loan totaling $146,767, which is payable in full in December 2025.

For the years ended December 31, 2023 and 2022, the Company made purchases from a related party owned by the stockholder totaling $57,450 and $71,000, respectively.

The Company leases facilities from entities owned by the stockholder. For the years ended December 31, 2023 and 2022, rent expense paid to related parties was $232,000 and $253,000, respectively.

NOTE 9 - CONCENTRATIONS OF CREDIT RISK

The Company often maintains deposits in banks in excess of federally insured limits.

Exhibit E
Current and Former Franchisees

Current Franchisees with open locations:

Franchisee Name	Unit Location
Jason Huang	411 South Shore Center Alameda, CA 94501 (408) 856-8015
Peter Wong	515 Del Monte Center Monterey, CA 93940 (831) 747-1603
Jon Wang	855 El Camino Real #9 Palo Alto, CA 94301 (650) 752-6000
RB Poke House LLC (Rolland Chiu and Benson Ngo)	9872 Hibert Street, Unit D-1 San Diego, CA 92131 (510) 882-8628 (R.Chiu) (415) 318-9105 (B.Ngo)
Jon Wang	5130 Cherry Ave #50 San Jose, CA 95118 (408) 809-4625
Peter Wong	1543 Pacific Ave Santa Cruz, CA 95060 (831) 316-5130

Agreement signed, but location(s) not open:

Franchisee Name	Proposed Unit Location
Roze CK LLC (David Kang and Andrew Cho)	10 locations in Los Angeles and Orange Counties, California (805) 260-4518
Dean Wang	3 locations in Atlanta, Georgia, area (949) 302-0889

Former Franchisees:

None (Poke House does not have any franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with the franchisor within 10 weeks of the disclosure document issuance date).

EXHIBIT F
CONFIDENTIALITY, NON-DISCLOSURE, AND NON-COMPETITION AGREEMENT

WHEREAS, the undersigned:

CHECK AND COMPLETE APPROPRIATE BOX:

____ is an officer, director, member, manager, partner, or owner of an interest in the equity or voting interests of ____________________________, the Franchisee under, and signatory to, a Franchise Agreement dated _________________ the "**Franchise Agreement**") entered into with Poke House, Inc. ("**Company**") granting Franchisee the right to own and operate one Franchised Restaurant on the terms and conditions stated therein.

____ is an employee of ______________________, the entity which executed the Franchise Agreement as Franchisee.

____ is associated in the following capacity with Franchisee: ___________________________.

WHEREAS, the undersigned acknowledges and agrees that, in order to induce Company to enter into the Franchise Agreement, Franchisee must cause certain persons owning an interest in, or who are employed by or associated with, Franchisee to execute this Confidentiality and Non-Disclosure Agreement ("**Agreement**") for the benefit of Company.

NOW, THEREFORE, the undersigned, having read this Agreement and understanding its terms, hereby agrees as follows:

1. Nondisclosure of Confidential Information. The undersigned agrees not to disclose, duplicate, sell, reveal, divulge, publish, furnish, or communicate, either directly or indirectly, any Confidential Information (as defined below) to any other person, firm or entity, unless authorized in writing by Company.

b. The undersigned agrees not to use any Confidential Information for his or her own personal gain or to further the purposes of others, whether or not the Confidential Information has been conceived, originated, discovered, or developed, in whole or in part, by the undersigned or represents the undersigned's work product. To the extent the undersigned has assisted in the preparation of any information which Company considers to be Confidential Information or has prepared or created such information by himself or herself, the undersigned hereby assigns any rights that he or she may have in such information as creator to Company, including all ideas made or conceived by the undersigned.

c. The undersigned acknowledges and agrees that the use, publication, or duplication of the Confidential Information for any purpose not authorized by this Agreement constitutes an unfair method of competition by the undersigned.

d. The provisions of this Section 1 will apply forever, surviving the expiration or termination of all contracts between Company and Franchisee.

e. The provisions concerning non-disclosure of Confidential Information will not apply if disclosure of Confidential Information is legally compelled in a judicial or administrative proceeding, provided the undersigned has used its best efforts, and has afforded Company the opportunity, to obtain an appropriate protective order or other assurance satisfactory to Company of confidential treatment for the information required to be disclosed.

f. The term "**Confidential Information**:"

(1) Means any information or knowledge concerning the methods for constructing, equipping, or operating a Restaurant; knowledge about pricing, sales or profit performance at any Restaurant, including Franchisee's Franchised Restaurants; knowledge about sources and suppliers of goods, services, equipment, fixtures, furnishings, and other items used in operating Restaurants; knowledge regarding ingredients, recipes, and food preparation processes; demographic data for determining sites and territories; the results of customer surveys and promotional programs; and, in general, methods, specifications, customer data, pricing, and cost data, procedures, information systems, and knowledge about the operation of Restaurants or the Franchise System, whether it is now known or exists or is acquired or created in the future, and whether or not the information is included in the Manuals.

(2) But excludes (i) information that Franchisee or the undersigned can demonstrate came to its, his, or her attention independent of the rights granted by Company, and before Company's disclosure of the information in the Manuals or otherwise, and (ii) information that Company agrees is, or has become, generally known in the public domain, except where public knowledge is the result of wrongful disclosure (whether or not deliberate or inadvertent).

2. Return of Proprietary Materials. Upon expiration or termination of the Franchise Agreement, the undersigned will surrender to Franchisee, or, if directed by Company, directly to Company, all materials in the possession of the undersigned relating or concerning any Confidential Information. The undersigned expressly acknowledges and agrees that all those materials are and will remain the sole property of Company.

3. Agreements Regarding Competition. For as long as Franchisee is a party to any Franchise Agreement with Company, the undersigned agrees that he or she will not, directly or indirectly, own, engage in, or render services to, either as an investor, partner, lender, director, officer, manager, employee, consultant, representative, or agent, any business located anywhere in the world that manufactures or predominantly sells or serves Hawaiian poke or similar items; provided, however, that the restrictions stated in this Section 3.a will not apply to the undersigned after two years from the date that the undersigned ceases to be an officer, director, shareholder, member, manager, trustee, owner, general partner, employee, or otherwise associated in any capacity with Franchisee.

b. For a period of two years after expiration or termination of the last Franchise Agreement between Franchisee and Company, or after Franchisee sells and assigns all of its contractual rights concerning Franchised Restaurants, the undersigned agrees that he or she will not, directly or indirectly, own, engage in, or render services to, either as an investor, partner, lender, director, officer, manager, employee, consultant, representative, or agent, any business located within the "Covered Area" (as defined below) which manufactures or predominantly sells or serves Hawaiian poke or similar items; provided, however, the restrictions stated in this Section 3.b will not apply to the undersigned after two years from the date that the undersigned ceases to be an officer, director, shareholder, member, manager, trustee, owner, general partner, employee, or otherwise associated in any capacity with Franchisee .

The "**Covered Area**" is anywhere within a radius of 5 miles from: (a) any Franchised Restaurant owned by Franchisee; and (b) each POKÉ HOUSE restaurant anywhere in the world (regardless of whether the Restaurant opens before or after the date of this Agreement, or is opened by another franchisee, Company, or Company's Affiliate).

c. Except as specifically provided in the subparagraphs above, the provisions of this Section 3 will apply forever, surviving the expiration or termination of all contracts between Company and Franchisee.

d. This Agreement does not prohibit the undersigned from owning 5% or less of the voting stock of a Publicly Held Corporation (as that term is defined in the Franchise Agreement) that manufactures or predominately sells or serves Hawaiian poke or similar items.

e. If any provision of this Section 3 is void or unenforceable under California law, but would be enforceable as written or as modified under the laws of any state having jurisdiction over the undersigned (the "**Local Laws**"), the parties agree that the Local Laws will govern any dispute concerning or involving the construction, interpretation, validity, or enforcement of the provisions of this Agreement regarding competition, but only with respect to the subjects covered in this Section 3.

f. The parties acknowledge that the undersigned may engage in any activities not expressly prohibited by this Agreement. However, in connection with permitted activities, the undersigned may not (i) use the Confidential Information or any of the Proprietary Marks (as that term is defined in the Franchise Agreement); (ii) engage in any conduct or activity that suggests or implies that Company endorses, or authorizes, the undersigned's activities; (iii) induce any person to engage in conduct prohibited by this Agreement; or (iv) divert customers away from any Restaurant.

4. Irreparable Harm to Company. The undersigned acknowledges and agrees that Company will suffer irreparable injury not capable of precise measurement in monetary damages if it discloses or misuses any Confidential Information, or if the undersigned breaches the covenants set forth in this Agreement. Accordingly, in the event of a breach of this Agreement by the undersigned, the undersigned consents to entry of interim relief, including the entry of a temporary restraining order, preliminary injunction, permanent injunction, writ of attachment, appointment of a receiver, and any other equitable relief that the court deems necessary in order to prevent irreparable injury, all without the requirement that bond be posted.

b. The undersigned agrees that the award of equitable remedies to Company in the event of a breach or threatened breach is reasonable and necessary for the protection of the business and goodwill of Company.

5. Validity; Conformity With Applicable Law. Wherever possible, each provision of this Agreement will be interpreted in a manner as to be valid under applicable law, but if any provision of this Agreement is invalid or prohibited under applicable law, the provision will be ineffective only to the extent of the prohibition or invalidity without invalidating the remainder of this Agreement.

6. Judicial Relief. All disputes arising out of or relating to this Agreement will be brought in the California Superior Court for the County of Santa Clara unless the subject matter of the dispute arises exclusively under federal law, in which event the dispute will be submitted to the United States District Court of the Northern District of California. The undersigned agrees to submit to the jurisdiction of those courts.

b. To the fullest extent that it may effectively do so, the undersigned waives the defense of an inconvenient forum to the maintenance of an action in the courts identified in this Section 6 and agrees not to commence any action of any kind against Company or any of its affiliates, or its officers, directors, employees, agents, or property arising out of or relating to this Agreement, except in the courts identified in this Section 6.

7. Choice of Law. Except as provided in Section 3.e, California law will govern the construction, interpretation, validity, and enforcement of this Agreement and will be applied in all judicial proceeding to resolve any disputes between the undersigned and Company, except to the extent the subject matter of the dispute arises exclusively under federal law, in which event federal law shall govern.

8. Attorneys' Fees. Except as expressly provided in this Agreement, in any action or proceeding brought to enforce any provision of this Agreement or arising out of or in connection with the relationship of Company and the undersigned, the prevailing party will be entitled to recover against the other its reasonable attorneys' fees and costs in addition to any other relief awarded by the court; provided, however, the total attorneys' fees and costs awarded to the prevailing party may not exceed the total monetary relief the prevailing party recovers. As used in this Agreement, the "prevailing party" is the party who recovers greater relief in the action.

9. Miscellaneous.

a. Any waiver granted to the undersigned by Company excusing or reducing any obligation or restriction imposed under this Agreement must be evidenced by a writing executed by Company in order to be effective and will only be effective to the extent specifically allowed in the writing. No waiver granted by Company will constitute a continuing waiver. Any waiver granted by Company will be without prejudice to any other rights Company may have. The rights and remedies granted to Company are cumulative. No delay on the part of Company in exercising any right or remedy will preclude Company from fully exercising that right or remedy or any other right or remedy.

b. This Agreement sets forth the entire agreement made by the undersigned pertaining to the subject matter of this Agreement, fully superseding any and all prior agreements or understandings that may exist between the undersigned and the Company pertaining to the same subject matter. No amendment, change, modification, or variance to or from the terms and conditions set forth in this Agreement will be binding on the undersigned unless it is set forth in a writing and duly executed by the undersigned and Company.

c. This Agreement will be binding on the undersigned's heirs, executors, successors, and assigns as though originally executed by those persons.

d. The parties agree that all capitalized terms that are used in this Agreement without being defined in this Agreement will have the same meaning assigned to them in any Franchise Agreement between Company and Franchisee, and incorporate those definitions in this Agreement.

IN WITNESS WHEREOF, the undersigned has entered into this Agreement as of the date shown above the undersigned's signature.

DATED: ____________________________

____
[Signature]

____
[Print Name]

EXHIBIT G
PERSONAL GUARANTY

THIS GUARANTY AGREEMENT (this "**Agreement**") is made as of ____________________, 20____, by ____, an individual ("**Guarantor**") in favor of Poke House, Inc., a California corporation ("**Franchisor**"), subject to the following recitals:

RECITALS

A. Guarantor's company, ____, a ____________ corporation/partnership/limited liability company ("**Debtor**") has applied to purchase franchise rights from Franchisor.

B. As a condition to Franchisor entering into a Franchise Agreement with Debtor, Franchisor requires that Guarantor personally guarantee Debtor's obligations.

AGREEMENT

NOW, THEREFORE, in order to induce Franchisor to enter into the franchise agreement(s) with Debtor, Guarantor covenants and agrees with Franchisor as follows:

Section 1. Guaranty.

a. Guarantor unconditionally and irrevocably guarantees to Franchisor the full and punctual payment and performance of all present and future amounts, liabilities, and obligations of Debtor to Franchisor or to any successor or transferee thereof, whether those amounts, liabilities, or obligations are liquidated or unliquidated, now existing or hereafter arising, in principal, interest, delinquency charges, costs, or attorneys fees, as therein stipulated, and under and pursuant to all amendments, supplements, and restatements thereto, including the Franchise Agreement referred to above (collectively, the "**Indebtedness**").

b. If, at any time, more than one person has delivered a guaranty similar to this Agreement with respect to the Indebtedness, the liability of all those persons will be joint and several.

c. Payments made on the Indebtedness will not discharge or diminish the obligations and liability of Guarantor under this Agreement for any remaining and succeeding Indebtedness.

d. The guarantee provided for in this Agreement is an absolute, unconditional, continuing guarantee of payment and is in no way conditioned upon or limited by: (i) any attempt to collect from Debtor; (ii) any attempt to collect from, or the exercise of any rights and remedies against, any person other than Debtor who may at any time now or hereafter be primarily or secondarily liable for any or all of the Indebtedness, including any other maker, endorser, surety, or guarantor of all or a portion of the Indebtedness; or (iii) any resort or recourse to or against any security or collateral now or hereafter pledged, assigned, or granted to otherwise assigned or conveyed to it.

e. If Debtor fails to pay any of the Indebtedness, when and as the same becomes due and payable (whether by acceleration, declaration, extension, or otherwise), Guarantor will on demand pay the same to Franchisor in immediately available funds, in lawful money of the United States of America, at its address specified in or pursuant to this Agreement.

Section 2. Solidary Obligation.

Guarantor hereby binds and obligates Guarantor and Guarantor's heirs, successors, and assigns *in solido* with Debtor for the full and punctual payment and performance of all of the Indebtedness precisely as if the same had been contracted and were due and owing by Guarantor personally.

Section 3. Obligations Absolute.

a. The obligations and liabilities of Guarantor under this Agreement (i) are primary obligations of Guarantor, (ii) are continuing, absolute, and unconditional, (iii) are not subject to any counterclaim, recoupment, set-off, reduction, or defense based upon any claim that Guarantor may have against Debtor, (iv) are independent of any other guaranty or guaranties at any time in effect with respect to all or any part of the Indebtedness, and (v) may be enforced regardless of the existence of any other guaranty or guaranties.

b. The obligations and liabilities of Guarantor under this Agreement will not be affected, impaired, lessened, modified, waived, or released by the invalidity or unenforceability of the Indebtedness or any ancillary or related document, or by the bankruptcy, reorganization, dissolution, liquidation, or similar proceedings affecting Debtor or the sale or other disposition of all or substantially all of the assets of Debtor.

c. Guarantor hereby consents that at any time and from time to time, Franchisor may, without in any manner affecting, impairing, lessening, modifying, waiving, or releasing Guarantor's obligations or liabilities under this Agreement, do any one or more of the following, all without notice to, or further consent of, Guarantor:

(1) renew, extend, or otherwise change the time or terms for payment of the principal of, or interest on, any of the Indebtedness or any renewals or extensions thereof,

(2) extend or change the time or terms for performance by Debtor of any other obligations, covenants, or agreements;

(3) amend, compromise, release, terminate, waive, surrender, or otherwise deal with: (i) any or all of the provisions of the Indebtedness, (ii) any or all of the obligations and liabilities of Debtor or Guarantor, or (iii) any or all property or other security given at any time as collateral by Guarantor or Debtor;

(4) sell, assign, collect, substitute, exchange, or release any or all property or other security now or hereafter serving as collateral for any or all of the Indebtedness;

(5) receive additional property or other security as collateral for any or all of the Indebtedness;

(6) fail or delay to enforce, assert, or exercise any right, power, privilege, or remedy conferred upon any of Franchisor under the provisions of any Indebtedness or under applicable laws;

(7) grant consents or indulgences or take action or omit to take action under, or in respect of, the Indebtedness; and

(8) apply any payment received from Debtor or from any source, other than Guarantor, to the Indebtedness in whatever order and manner Franchisor elects, and any payment received from Guarantor for or on account of this Agreement may be applied by Franchisor to any of the Indebtedness in whatever order and manner Franchisor may elect.

Section 4. Waiver by Guarantor.

Guarantor unconditionally waives, to the extent permitted by applicable laws:

a. notice of acceptance of and reliance on this Agreement or of the creation of any of the Indebtedness;

b. presentment, demand, dishonor, protest, notice of non-payment, and notice of dishonor of the Indebtedness;

c. notice of transfer or assignment of the Indebtedness and this Agreement; and

d. all notices required by statute or otherwise to preserve any rights against Guarantor, including any demand, proof, or notice of non-payment of any of the Indebtedness by Debtor and notice of any failure or default on the part of Debtor to perform or comply with any term of the Indebtedness.

Section 5. Subrogation.

Until the Indebtedness has been paid and performed in full and the provisions of this Agreement are no longer in effect, Guarantor may not exercise any right to subrogation, reimbursement, or contribution against Debtor or any other guarantor of the Indebtedness, nor any right to subrogation, reimbursement, or indemnity against any property or other security serving at any time as collateral for any or all of the Indebtedness, all of which rights of subrogation, reimbursement, contribution, and indemnity Guarantor subordinates to the full and punctual payment and performance of the Indebtedness.

Section 6. Subordination.

Should Guarantor for any reason advance or lend monies to Debtor, whether or not the funds are used by Debtor to reduce the Indebtedness, Guarantor agrees that all rights that Guarantor may have or acquire to collect from, or be reimbursed by, Debtor will be subordinate to the rights of Franchisor to collect and enforce the payment and performance of the Indebtedness, until the Indebtedness has been fully paid and performed and the provisions of this Agreement are no longer in effect.

Section 7. Remedies.

Upon the failure to pay or perform any of the Indebtedness when due (whether by acceleration or otherwise) Franchisor, subject to the provisions of Section 15 of this Agreement, may institute a judicial proceeding for the collection of the sums or the performance of the Indebtedness so due and unpaid or unperformed, and may prosecute the proceeding to judgment for final decree, and may enforce the same against Guarantor and collect the monies adjudged or decreed to be payable in the manner provided by law out of the property of Guarantor, wherever situated. In the event of such a failure, Franchisor shall have the right to proceed first and directly against Guarantor without proceeding against Debtor or any other person, without exhausting any other remedies which it, or they, may have and without resorting to any other security held by Franchisor.

Section 8. Enforcement Expenses.

Guarantor agrees to indemnify and hold Franchisor harmless against any loss, liability, or expense, including their reasonable attorneys fees, accounting fees, and other costs and disbursements that may result from Debtor's failure to pay or perform any of the Indebtedness when and as due and payable or that may be incurred in enforcing any obligation of Debtor or Guarantor.

Section 9. Notices.

All communications required or permitted to be given to either party hereunder shall be in writing and shall be deemed duly given on the earlier of (a) the date when delivered by hand; (b) one business day after delivery to a reputable national overnight delivery service; or (c) ten business days after being placed in the United States Mail and sent by certified or registered mail, postage prepaid, return receipt requested. Notices shall be addressed in the manner shown on Exhibit A, provided either party may change its address for receiving notices by appropriate written notice to the other.

Section 10. Amendment.

Neither this Agreement nor any provisions hereof may be changed, waived, discharged, or terminated orally or in any manner other than by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge, or termination is sought.

Section 11. Waivers.

No course of dealing on the part of any of Franchisor, its officers, employees, consultants, or agents, nor any failure or delay by any of Franchisor with respect to exercising any of rights, powers, or privileges under this Agreement will operate as a waiver thereof.

Section 12. Cumulative Rights.

The rights and remedies of Franchisor under this Agreement, the Indebtedness, and any ancillary or related document will be cumulative, and the exercise or partial exercise of any right or remedy shall not preclude the exercise of any other right or remedy.

Section 13. Titles of Articles, Sections, and Subsections.

All titles or headings to articles, sections, subsections, or other divisions of this Agreement are only for the convenience of the parties and will not be construed to have any effect or meaning with respect to the other content of the articles, sections, subsections, or other divisions, that other content being controlling as to the agreement between the parties.

Section 14. Singular and Plural.

Words used in the singular, where the context so permits, will be deemed to include the plural and vice versa. The definitions of words in the singular will apply to the words when used in the plural where the context so permits and vice versa.

Section 15. Judicial Relief.

(a) All disputes arising out of or relating to this Agreement will be brought in the California Superior Court for the County of Santa Clara unless the subject matter of the dispute arises exclusively under federal law, in which event the dispute will be submitted to the United States District Court of the Northern District of California. Guarantor agrees to submit to the jurisdiction of those courts.

(b) To the fullest extent that it may effectively do so, Guarantor waives the defense of an inconvenient forum to the maintenance of an action in the courts identified in this Section 15 and agrees not to commence any action of any kind against Franchisor or any one of its affiliates, or any of their respective officers, directors, employees, agents, or property arising out of or relating to this Agreement, except in the courts identified in this Section 15.

Section 16. Choice of Law.

California law shall govern the construction, interpretation, validity, and enforcement of this Agreement and will be applied in any mediation or judicial proceeding to resolve all disputes , except to the extent the subject matter of the dispute arises exclusively under federal law, in which event such federal law shall govern.

Section 17. Attorneys' Fees.

Except as expressly provided in this Agreement, in any action or proceeding brought to enforce any provision of this Agreement or arising out of or in connection with the relationship of Guarantor to Franchisor, the prevailing party shall be entitled to recover against the other its reasonable attorneys' fees and costs in addition to any other relief awarded by the court; provided, however, the total attorneys' fees and costs awarded to the prevailing party may not exceed the total monetary relief the prevailing party recovers. As used in this Agreement, the "prevailing party" is the party who recovers greater relief in the action.

Section 18. Successors and Assigns.

a. All covenants and agreements by or on behalf of Guarantor in this Agreement will bind Guarantor's heirs, successors, and assigns and will inure to the benefit of Franchisor and each of their successors and assigns.

b. This Agreement is for the benefit of Franchisor and for any other persons who from time to time become the holders of any of the Indebtedness, and this Agreement will be transferable and negotiable, with the same force and effect and to the same extent as the Indebtedness may be transferable, it being understood that any holder of the Indebtedness will have under this Agreement, upon the transfer of the Indebtedness, all of the rights granted to Franchisor.

IN WITNESS WHEREOF, Guarantor has caused this Agreement to be duly executed as of the date first written above.

Guarantor: ______________________________________

Print Name: ______________________________________

SCHEDULE A
ADDRESSES FOR NOTICES

Debtor: ______________________________
c/o ____________________________
____
____
____

Guarantor: ______________________________
____
____
____
____

Franchisor: Poke House, Inc.
Attn: President
1161 Ringwood Ct., #100
San Jose, CA 95131

EXHIBIT H
GENERAL RELEASE

This GENERAL RELEASE (this "**Release**") is made __________________________ 20__ , by _____________________________ ("**Releasor**"), with respect to a Franchise Agreement dated _____________________, 20___, (the "**Franchise Agreement**") entered into between Poke House, Inc., as Franchisor ("**Company**") and _________________________________, as Franchisee, permitting Franchisee to use the Franchise System and Marks in operating a Franchised Restaurant on the terms and conditions stated in the Franchise Agreement (all capitalized terms in this Release have the same meaning given to them in the Franchise Agreement).

A. The undersigned, Releasor [INITIAL APPROPRIATE LINE]:

______is the Franchisee under the Franchise Agreement .

______is an employee, officer, director, member, manager, partner, or owner of an interest in the equity or voting interests of Franchisee .

B. This Release is being executed either pursuant to the requirements of the Franchise Agreement or otherwise as a condition of the rights granted, or to be granted, by Company to Franchisee and for other good and valuable consideration, the receipt of which is acknowledged by the parties.

NOW, THEREFORE, RELEASOR AGREES AS FOLLOWS:

1. **General Release.**

Releasor, for itself, himself, or herself, and, if applicable, additionally, for its, his, or her respective officers, directors, shareholders, members, managers, trustees, partners, employees, attorneys, heirs, and successors (Releasor and those other persons are collectively referred to as the "**Releasing Parties**"), hereby releases and forever discharges Company and Company's officers, directors, shareholders, agents, employees, representatives, attorneys, successors, and assigns, and each of them, from any and all claims, demands, obligations, liabilities, actions, causes of action, suits, proceedings, controversies, disputes, agreements, promises, allegations, costs, and expenses, at law or in equity, of every nature, character, or description whatsoever, whether known or unknown, suspected or unsuspected or anticipated or unanticipated, which any of the Releasing Parties ever had, now has, or may or can hereafter have or acquire (collectively referred to as "**Claims**"). This Release includes, but is not limited to, all Claims arising out of, concerning, pertaining to or connected with any agreement, tort, statutory violation, representation, nondisclosure, act, omission to act, fact, matter, or thing whatsoever, occurring as of or prior to the date of this Release, so that after the date of this Release, none of the Releasing Parties will have any claim of any kind or nature whatsoever against Company or its officers, directors, shareholders, agents, employees, representatives, attorneys, successors, or assigns, directly or indirectly, or by reason of any matter, cause, action, transaction, or thing whatsoever done, said, or omitted to have been done or said at any time before the date of this Release.

2. **Waiver of Civil Code Section 1542.**

This Release is intended by Releasor to be a full and unconditional general release, as that phrase is used and commonly interpreted, and to constitute a full, unconditional, and final accord and satisfaction, extending to all claims of any nature, whether or not known, expected, or anticipated to exist in favor of Releasor or any of the other Releasing Parties against Company regardless of whether any unknown, unsuspected, or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. Releasor, for itself, himself, or herself, and for each of the other Releasing Parties, expressly, voluntarily and knowingly waives, relinquishes, and abandons each and every right, protection, and benefit to which Releasor or any of the Releasing Parties would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to Section 1542, whether now or in the future existing under the laws of California or any other applicable federal and state law with jurisdiction over the parties' relationship. Releasor, for itself, himself, or herself, and for each of the other Releasing Parties, acknowledges that Section 1542 of the Civil Code of the State of California provides 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.

In making this voluntary express waiver, Releasor acknowledges that claims or facts in addition to or different from those which are now known or believed to exist with respect to the matters mentioned in this Release may later be discovered and that it is Releasor's intention to fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. This Release is and will remain a full, complete, and unconditional general release. Releasor acknowledges and agrees that the foregoing waiver of Section 1542 is an essential, integral, and material term of this Release.

3. **Judicial Relief.**

(a) All disputes arising out of or relating to this Release will be brought in the California Superior Court for the County of Santa Clara unless the subject matter of the dispute arises exclusively under federal law, in which event the dispute will be submitted to the United States District Court of the Northern District of California. Releasor (on Releasor's own behalf and on behalf of the Releasing Parties) agrees to submit to the jurisdiction of those courts.

(b) To the fullest extent that it may effectively do so, Releasor (on Releasor's own behalf and on behalf of the Releasing Parties) waives the defense of an inconvenient forum to the maintenance of an action in the courts identified in this Section 4 and agrees not to commence any action of any kind against Company or any one of its affiliates, or any of its officers, directors, employees, agents, or property arising out of or relating to this Release, except in the courts identified in this Section 4.

4. **Choice of Law.** California law will govern the construction, interpretation, validity, and enforcement of this Release and will be applied in any judicial proceeding to resolve all disputes between Releasor, the Releasing Parties, Company, and their respective affiliates, except to the extent the subject matter of the dispute arises exclusively under federal law, in which event the federal law will govern.

5. **Attorneys' Fees.**

Except as expressly provided in this Release, in any action or proceeding brought to enforce any provision of this Release or arising out of or in connection with the relationship of the parties, the prevailing party will be entitled to recover against the other its reasonable attorneys' fees and costs in addition to any other relief awarded by the court; provided, however, the total attorneys' fees and costs awarded to the prevailing party may not exceed the total monetary relief the prevailing party recovers. As used in this Release, the "**prevailing party**" is the party who recovers greater relief in the action.

6. **Authority of Parties.**

Each person executing this Release on behalf of a party warrants and represents that he or she is duly authorized to execute this Release on behalf of the party.

7. **No Prior Assignments.**

Releasor (on Releasor's own behalf and on behalf of the Releasing Parties) represents and warrants that neither Releasor nor any Releasing party has previously assigned or transferred, or attempted to assign or transfer, to any third party any of the Claims that are the subject of this Release, all of those Claims being released.

IN WITNESS WHEREOF, Releasor has executed this Release on the date first shown above.

Releasor:

____

[IF APPLICABLE]

By:_________________________________

Its:_________________________________

EXHIBIT I TO THE FRANCHISE DISCLOSURE DOCUMENT

POKE HOUSE, INC.

ADDITIONAL STATE DISCLOSURES

If the franchise is located in or if franchisee is a resident of any of the following states, then the designated provision in the Franchise Disclosure Document ("FDD") will be amended as follows:

(remainder of page intentionally left blank)

CALIFORNIA

California Corporations Code, Section 31125 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.

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 FRANCHISE DISCLOSURE DOCUMENT.

Neither Poke House, Inc., nor any person identified in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or nation 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.

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

1. Item 17 is amended by the addition of the following language to the original language:

A. The following language is added as a 2nd Section before the chart/columns.

THE FRANCHISE AGREEMENT REQUIRES FRANCHISEE TO EXECUTE A GENERAL RELEASE OF CLAIMS UPON RENEWAL OR TRANSFER OF THE FRANCHISE AGREEMENT. CALIFORNIA CORPORATIONS CODE SECTION 31512 PROVIDES THAT ANY CONDITION, STIPULATION OR PROVISION PURPORTING TO BIND ANY PERSON ACQUIRING ANY FRANCHISE TO WAIVE COMPLIANCE WITH ANY PROVISION OF THAT LAW OR ANY RULE OR ORDER THEREUNDER IS VOID.

B. California Business and Professions Code Sections 20000 through 20043 provide rights to you 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.

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

D. 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.

E. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

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

2. 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.

3. The Department has determined that we, the franchisor, have not demonstrated 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 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.

4 The RECEIPT Pages ("LAST PAGE"), are amended to add the following language:

> THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF BUSINESS OVERSIGHT NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.
>
> 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 FRANCHISE DISCLOSURE DOCUMENT.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this California-specific Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective on ______________________ (date) 20___.

FRANCHISOR: **Poke House, Inc.**	FRANCHISEE: ___________________________________
By: _______________________________ Authorized Officer	By: ________________________________
	Name: ______________________________
	Title: ____________________________

Exhibit J

Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If the franchisor offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If the franchisor 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 state agency listed in Exhibit A.

The franchisor is Poke House, Inc., located at 1905 Park Ave, San Jose CA 95126. Its telephone number is: 408-406-3418.

Issuance date: June 24, 2024, as amended July 24, 2024.

The franchise seller(s) for this offering is/are:

√	Name and Title	Address	Telephone
[_]	Yun (James) Deng, President	1905 Park Ave, San Jose CA 95126	408-406-3418
[_]	______________________	1905 Park Ave, San Jose CA 95126	408-406-3418
[_]	______________________	___________________________________	______________

We authorize the respective agencies identified in Exhibit A to receive service of process for us in the particular state.

I received a disclosure document dated **June 24, 2024, as amended July 24, 2024** (the effective dates of this disclosure document in states with franchise registration laws are listed on the State Cover Page) that included the following exhibits:

Exhibit A:	State Regulators and Agents for Service	**Exhibit F:**	Confidentiality, Non-Disclosure, and Non-Competition Agreement
Exhibit B:	Franchise Agreement		
Exhibit C:	Multi-Unit Development Agreement	**Exhibit G:**	Personal Guaranty
Exhibit D:	Financial Statements	**Exhibit H:**	General Release
Exhibit E:	Current and Former Franchisees	**Exhibit I:**	State Addendums
		Exhibit J:	Receipts

Date of Receipt: ___________________

Signature: ___________________________________

Printed Name: ________________________________

Company Name (if any): ___________________

Address: ____________________________________

____

YOUR COPY—Complete this copy, and retain for your records.

Exhibit J

Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If the franchisor offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If the franchisor 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 state agency listed in Exhibit A.

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The franchise seller(s) for this offering is/are:

√	Name and Title	Address	Telephone
[_]	Yun (James) Deng, President	1905 Park Ave, San Jose CA 95126	408-406-3418
[_]	____________________	1905 Park Ave, San Jose CA 95126	408-406-3418
[_]	____________________	______________________________	____________

We authorize the respective agencies identified in Exhibit A to receive service of process for us in the particular state.

I received a disclosure document dated **June 24, 2024, as amended July 24, 2024** (the effective dates of this disclosure document in states with franchise registration laws are listed on the State Cover Page) that included the following exhibits:

Exhibit A:	State Regulators and Agents for Service	**Exhibit F:**	Confidentiality, Non-Disclosure, and Non-Competition Agreement
Exhibit B:	Franchise Agreement		
Exhibit C:	Multi-Unit Development Agreement	**Exhibit G:**	Personal Guaranty
Exhibit D:	Financial Statements	**Exhibit H:**	General Release
Exhibit E:	Current and Former Franchisees	**Exhibit I:**	State Addendums
		Exhibit J:	Receipts

Date of Receipt: ____________________

Signature: ____________________________________

Printed Name: __________________________________

Company Name (if any): ____________________

Address: ______________________________________

____

OUR COPY—Complete this copy, and return to Us.