



FRESH ASIAN GRILL

FRANCHISE DISCLOSURE DOCUMENT



M. H. Franchise Company Inc.

A Colorado Corporation

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www.teriyakimadness.com

Teriyaki Madness businesses operate fast casual restaurants that make and sell Japanese-style teriyaki dishes and other specialty food items, beverage items, and other items (“Teriyaki Madness Business(es)”).

The total investment necessary to begin operation of a single Teriyaki Madness franchise is between \$312,500 and \$731,260. This includes \$72,500 that must be paid to the franchisor or its affiliate(s).

If you enter into a Development Agreement, you will obtain the right to open and operate a designated number of Teriyaki Madness Businesses within a geographic region. The total investment necessary to begin operation of 3 to 5 Teriyaki Madness franchises under the Development Agreement is between \$846,500 and \$3,471,300. This includes \$126,500 to \$177,500 that must be paid to the franchisor or its affiliate(s).

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment in connection with, the franchise sale. **Note 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 Michael Haith at 950 S. Cherry Street, Suite 850, Denver, Colorado 80246 and 303-997-0730.

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

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

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

ISSUANCE DATE: March 15, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B includes the franchisor's 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 Teriyaki Madness 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 Teriyaki Madness franchisee?	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments be made in 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 Colorado. 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 Colorado than in your own state.
2. **Financial Condition.** The Franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the Franchisor's financial ability to provide services and support to you.

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

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ITEM 1.

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, “we”, “our”, and “MH Franchise Company” means M. H. Franchise Company Inc., which is the franchisor. “You” and “your” means the person who buys the franchise from M.H. Franchise Company, and its owners if such person is a business entity.

The Franchisor and Parent

We are a Colorado corporation formed on February 12, 2016. We have a parent entity and predecessors. Our principal business address is 950 S. Cherry Street, Suite 850, Denver, Colorado 80246. Our predecessor began offering franchises for Teriyaki Madness Businesses in June 2005 (“Teriyaki Madness Franchise” or “Franchises”). We began offering Franchises in March 2016. We conduct business under our corporate name and under the licensed trademarks. We do not conduct business under any other name. We do not conduct business and have not conducted business in any other line of business. We do not offer franchises in any other line of business. We do not conduct, and have never conducted, a business of the type described in this Franchise Disclosure Document.

M.H. Enterprises, Inc. (“MH”) is our parent entity. In connection with the acquisition described below, MH owns and has licensed us the right to use the know-how, recipes, trademarks, and other intellectual property involved in operating Teriyaki Madness Businesses. MH’s principal business address is 950 S. Cherry Street, Suite 850, Denver, Colorado 80246.

Our agent for service of process in Colorado is Michael Haith at 950 S. Cherry Street, Suite 850, Denver, Colorado 80246. Our other agents for service of process are disclosed in Exhibit A. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

Predecessors and Affiliates

On January 28, 2016 (“Acquisition Date”), our parent, MH, acquired all of the assets of Teriyaki Madness LLC, a Colorado limited liability company formed on May 30, 2012 (“Acquisition”). As part of the Acquisition, MH also purchased all of the assets of Teriyaki Madness LLC’s subsidiaries: Teriyaki Madness Franchising LLC, a Colorado limited liability company that was formed on June 6, 2012, Teriyaki Madness International LLC, a Colorado limited liability company that was formed on June 6, 2012, and Teriyaki Madness Marketing LLC, a Colorado limited liability company that was formed on June 6, 2012 (collectively, “TM”, which will also be referred to as our “Predecessor”). The principal place of business for all of these entities is 950 S. Cherry Street, Suite 850, Denver, Colorado 80246.

As part of the Acquisition, Teriyaki Madness Franchising LLC assigned the then existing franchise agreements (“Existing Franchise Agreements”) to M.H. Enterprises Franchising, Inc (“MHE”). MHE assigned the Existing Franchise Agreements to us in February 2016 (“Assignment Date”). MHE previously offered Maui Wowi franchises from 2002 until November 2015, but no longer offers Maui Wowi franchises or franchises in any other line of business and was dissolved in June 2016. Maui Wowi franchises sold fresh fruit smoothies, Hawaiian coffee and related espresso beverages, a variety of Hawaiian products, and other beverage and food items. As of December 31, 2015, there were 181 Maui Wowi franchises (175 franchises within the United States plus six international franchises).

TM operated under the name of Teriyaki Madness until we acquired all of its assets on the Acquisition Date. TM did not conduct business under any other name or in any other line of business, nor did it offer franchises in any other line of business.

Teriyaki Madness Franchising LLC's non-operational predecessor was Madness Worldwide, LLC ("MW"), a Nevada limited liability company. MW offered franchises similar to the type being offered under this Franchise Disclosure Document from June 2005 until April 2011 and sold approximately five franchises during this time. Its principal business address was 8430 W. Lake Mead Blvd., Suite 100, Las Vegas, Nevada 89128. MW operated under the name of Teriyaki Madness until Teriyaki Madness Franchising LLC acquired all of its assets in June 2012. MW did not conduct business under any other name or in any other line of business, nor did it offer franchises in any other line of business. MW does not conduct, and has never conducted, a business of the type described in this Franchise Disclosure Document.

We have three other affiliates:

M. H. Enterprises Marketing Inc.	("MH Marketing")
M.H. Enterprises International, Inc.	("MH International")
Restaurant Sherpas LLC	("Restaurant Sherpas")

MH International, MH Marketing, and Restaurant Sherpas all have their principal business addresses at 950 S. Cherry Street, Suite 850, Denver Colorado 80246. MH International provides initial and ongoing support to our franchisees. MH Marketing provides marketing support to franchisees and operates the Teriyaki Madness marketing fund. Restaurant Sherpas provides optional management services to certain of our franchisees. MH International, MH Marketing, and Restaurant Sherpas have never offered franchises in this line of business or any other line of business.

The Teriyaki Madness Business

Overview

We offer Teriyaki Madness Franchises which use of the "TERIYAKI MADNESS" trademarks, trade names, service marks and logos ("Marks") for the operation of Teriyaki Madness Businesses. The Franchise is operated under a business format per a unique system, including our valuable know-how, information, trade secrets, training methods, confidential operations manual (the "Manual"), standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of Teriyaki Madness Businesses ("System"). We reserve the right to change or otherwise modify the System at any time in our sole discretion. Each Teriyaki Madness Franchise operates a fast casual restaurant that makes and sells Japanese-style teriyaki dishes, and other specialty food items, beverage items, and other items. Teriyaki Madness Businesses feature grilled high-quality meats marinated and served with our proprietary, signature teriyaki sauces. Teriyaki Madness Businesses offer generous portion sizes at reasonable prices. All meals are cooked to order and served promptly. You will operate your Teriyaki Madness Businesses from approved retail shops (each, a "Teriyaki Shop").

Franchisee Referral Program

We may pay a referral fee of \$10,000 to our franchisees that introduce a new, unrelated third-party prospective franchisee directly to us, if we approve the new prospect and we and the prospect sign a Franchise Agreement and the prospective franchisee pays us the full Initial Franchise Fee (as defined in Item 5). These referred prospective franchisees cannot be bound by any existing franchise broker or franchise referral programs. The referral fee does not apply to transfers or purchases of existing franchises. If we pay the referral fee, we will do so after the referred prospective franchisee's Franchise Agreement is fully signed and the full Initial Franchise Fee is paid. You must be in full compliance with all Franchise Agreements between you and us in order to receive a referral fee. We reserve the right to terminate, cancel, or modify such referral program at any time without prior notice to you (but we will let you know once any changes have been implemented).

Operation

You must operate your Teriyaki Madness Franchise in accordance with our standard business operating practices and sign our form of franchise agreement attached to this Franchise Disclosure Document as Exhibit C ("Franchise Agreement"). Your Teriyaki Madness Business must offer only those services and products that we have authorized. We reserve the right to add, modify, or delete any services or products that you must offer or sell at your Teriyaki Madness Business at any time at our sole discretion.

Traditional Franchise Packages

We offer three different traditional franchise packages (the "Traditional Franchises").

The "Single Franchise" package, which is granted on a case-by-case basis, gives you the right to open a single Teriyaki Madness Business from a specific approved location ("Approved Location") within a determined Area of Protection under a Franchise Agreement. Upon determination of your Approved Location and Area of Protection, you will execute the Teriyaki Shop Approved Location Acceptance attached to the Franchise Agreement as Attachment A. Single Franchises are granted on a case-by-case basis, and once your Teriyaki Shop is open and operating, you will have no further development rights or obligations.

The "Standard Franchise" package gives you the right to open three Teriyaki Madness Businesses under a Development Agreement, in the form attached to this Disclosure Document as Exhibit D and described below ("Development Agreement").

The "Platinum Franchise" package gives you the right to open five Teriyaki Madness Businesses under a Development Agreement.

Under the Development Agreement for a Standard or Platinum Franchise package, you will receive a non-exclusive Primary Search Area ("Primary Search Area") in which you will establish individual Franchised Shops under separate Franchise Agreements (which terms may materially differ from the Franchise Agreement attached to this Disclosure Document) according to a Development Schedule ("Development Schedule") by the dates specified on the Development Schedule. The Approved Locations for each Teriyaki Shop to be developed under the Development Agreement must be located within the Primary Search Area identified in the Development Agreement. You will sign the Franchise Agreement for your first Teriyaki Shop at the same time you sign the Development Agreement. You will sign our then current Franchise Agreement for each additional Teriyaki Shop to be opened under the Development Agreement upon the execution of your real estate lease for each Teriyaki Shop. However, you must pay us all of the Initial Franchise Fees described in Item 5 for all of the Teriyaki Shops that you commit to open

under the Development Agreement at the time you sign the Development Agreement. If you fail to open the Teriyaki Shops in accordance with the terms of the Development Agreement, you will forfeit the right to open any remaining undeveloped Teriyaki Madness Businesses.

Custom Franchise Packages

We also offer custom franchise packages (“Custom Franchises”) designed to accommodate prospective franchisees who meet our qualifications to open 10, 25 or any other number of Teriyaki Madness Businesses. The terms of these packages will be determined by us on a case-by-case basis. Each of the Teriyaki Madness Businesses purchased under a Custom Franchise package will have a development area and will require you to sign the Development Agreement. If you sign a Development Agreement to develop a set number of Teriyaki Shops, we may, in our sole discretion, offer a reduced Initial Franchise Fee for each Teriyaki Shop that you develop. You must pay us all of the Initial Franchise Fees for all of the Teriyaki Shops that you commit to develop at the time you sign the Development Agreement. If you fail to develop any of the Teriyaki Shops by the deadlines set forth in the Development Agreement, you will not receive a refund of any Initial Franchise Fees that you have paid.

The Custom Franchises, Standard Franchises and Platinum Franchises are sometimes collectively referred to as, the “Multi-Unit Franchises”.

General Market and Competition

The primary market for the services and items offered by the Teriyaki Madness Business are customers seeking high-quality, quick-service meals at reasonable prices. Most customers are between 18 and 49 years old. The products and services offered by Teriyaki Madness Businesses are not seasonal. The fast-casual restaurant market, as a whole, is well developed and highly competitive, and includes retail restaurants, mobile food trucks, and kiosks selling various types of food. You may have to compete with numerous other independent and chain-affiliated restaurants, some of which may be franchised. Many fast casual restaurant franchise systems, in particular, have already established national and international brand recognition.

Industry-Specific Laws and Regulations

The restaurant industry is heavily regulated. A wide variety of federal, state and local laws, rules and regulations have been enacted that may impact the operation of your Teriyaki Madness Business, and may include those that: (a) establish general standards, zoning, permitting restrictions and requirements and other specifications and requirements for the location, construction, design, maintenance and operation of the Teriyaki Madness Business’s premises; (b) set standards pertaining to employee health and safety; (c) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for restaurants and laws and regulations relating to access by persons with disabilities; employee practices concerning the storage, handling, cooking and preparation of food; restrictions on smoking; availability of and requirements for public accommodations and requirements for fire safety and general emergency preparedness; (d) establish requirements for food identification and labeling; and (e) regulate advertisements. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Teriyaki Madness Business and you should consider both their effect and cost of compliance, including any local, state, and federal restrictions that may be imposed as a result of the COVID-19 pandemic.

You must identify, investigate, satisfy, and comply with all laws, ordinances and/or regulations applicable to your Teriyaki Madness Business, including employment, workers’ compensation insurance,

and corporate, tax, public health and similar laws and regulations, because they vary from place to place, can change over time, and may affect the operation of your Teriyaki Madness Business. You must also obtain all necessary permits, licenses, and approvals to operate your Teriyaki Madness Business. You should independently research and review the legal requirements of the food service industry with your own attorney before you sign any binding documents or make any investments, as you are solely responsible for compliance and adherence to the rules, regulations, and laws in your area.

ITEM 2. BUSINESS EXPERIENCE

Chief Executive Officer, Chairman: Michael Haith

Mr. Haith has served as the founding principal, our Chief Executive Officer and Chairman of our Board of Directors in Denver, Colorado since February 2016.

President, Board Member: Erin Hicks

Ms. Hicks has served as our President since August, 2022 and continues to be a member of our Board of Directors. She was our Chief Operating Officer and a member of our Board of Directors in Denver, Colorado since April 2018, and served as our Executive Vice President and a member of our Board of Directors in Denver, Colorado from February 2016 until April 2018.

Chief Financial Officer: Joseph Cohen

Mr. Cohen has served as our Chief Financial Officer in Denver, Colorado since his promotion October 2022, Mr. Cohen served as our Vice President of Finance from April 2020 until his promotion to Chief Financial Officer. Prior to that he owned and operated Cohen Consulting Company in Littleton, Colorado from January 2018 until April 2020.

Chief Marketing Officer: Jodi Boyce

Ms. Boyce has served as our Chief Marketing Officer in Denver, Colorado since February 2021, and served as our Executive Vice President of Marketing from September 2016 until February 2021.

Vice President of Training: Kevin McCarthy

Mr. McCarthy has served as our Vice President of Training in Denver, Colorado since August 2020, and served as our Director of Training and Field Training from February 2019 until July 2020. Mr. McCarthy previously held the position of Market Partner for Smashburger in Denver, Colorado from May 2007 until January 2019.

Vice President of Real Estate: Ryann Frost

Ms. Frost has served as our Vice President of Real Estate in Denver, Colorado since September 2022. She was our Director of Real Estate in Denver, CO from June 2022 until the time of her promotion in September. Ms. Frost served as the Director of Franchise Development in for uBreakiFix in Orlando, FL from February 2014 until June 2022.

Vice President of Operations Integration: Shanlee Kasson

Ms. Kasson has served as our Vice President of Operations Integration in Denver, Colorado since July 2022. Prior to that, Ms. Kasson served as our Director of Operations Integration from March 2021 to July 2022. Ms. Kasson served as our Operations and Construction Project Manager in Denver, Colorado from February 2019 until March 2021. Ms. Kasson served as our Senior Training Manager in Denver, Colorado from September 2015 until March 2019.

Vice President of Franchise Relations: Elizabeth Sapp

Ms. Sapp has served as our Vice President of Franchise Relations in Denver, Colorado since March 2020. Prior to that, Ms. Sapp was the Founder of ESapp Communications, LLC in Denver, Colorado from December 2016 until February 2020.

Executive Director of Development Marketing: Alison Satriana

Ms. Satriana has served as our Executive Director of Development Marketing since September 2021, served as our Director of Development from January 2018 until September 2021, and served as our Director of Development Marketing and Office Manager from February 2016 until January 2018.

Director of Supply Chain: John Zane Paschal

Mr. Paschal has served as our Director of Supply Chain since November 2021 in Denver, Colorado and served as our Supply Chain Manager from March 2021 to November 2021. Prior to that, Mr. Paschal served as Senior Merchandiser for Buckhead Meat, a Division of Sysco foods from November 2019 until August of 2020. Mr. Paschal served as a buyer for Vistar in Englewood, CO from March 2019- November 2019. Prior to that he was a Produce Buyer for Safeway from May 2015 until March 2019.

Franchise Development Manager: Patrick Pounders

Mr. Pounders has served as our Franchise Development Manager in Denver, Colorado since August 2021. Prior to that, he served as Chief Development Officer for With a Twist Franchise in Golden, Colorado from November 2018 until January 2021, and served as the Chief Development Officer for Franchise by Design in Golden, Colorado from January 2017 until January 2021.

Development Marketing Manager: Austin Werths

Mr. Werths has served as our Development Marketing Manager in Denver, Colorado since January 2021. Prior to that, Mr. Werths served as Franchise Marketing Development Specialist for ProSource Wholesale in Earth City, MO from March 2021 until January 2022. Mr. Werths served as a Marketing Manager for Jimmy John's LLC in Champaign, IL from September 2016 until February 2021.

Development Coordinator: Matthew Gosselin

Mr. Gosselin has served as our Senior Development Coordinator since October 2021, and served as our Development Coordinator from February 2021 until October 2021. Prior to that, Mr. Gosselin held the position of Sales Manager at Fusion Sport in Boulder, Colorado from November 2019 until October 2020. He held the position of Sales Manager for Dish Network in Tulsa, Oklahoma from June 2015 until June 2019.

Development Coordinator: Nathan Weitzl

Mr. Weitzl has served as our Development Coordinator since December 2022 in Sioux City, IA. Prior to joining us, Mr. Weitzl served as an Account Executive for Trakstar in Seattle, WA from February 2022 until October 2022. Prior to that, Mr. Weitzl was a Service Manager for Orkin in Sioux City, IA from August 2019 until January 2022. Mr. Weitzl served as an Account Executive for OnDeck Capital in Denver, CO from December 2014 until July 2019.

**ITEM 3.
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4.
BANKRUPTCY**

On May 22, 2017, Patrick Pounders, who serves as our Franchise Development Manager, filed a bankruptcy petition in the United States District Court for the District of Colorado under the case name *In re: Pounders, No. 17-14737-JGR (D. Colo. 2017)* to reorganize under the provisions of Chapter 13 of the U.S. Bankruptcy Code. Mr. Pounders' plan of reorganization was confirmed on September 13, 2017 and dissolved in September 2022.

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

**ITEM 5.
INITIAL FEES**

Initial Franchise Fee

The Initial Franchise Fee ("Initial Franchise Fee") for traditional franchise packages are as follows:

Franchise Type	Number of Teriyaki Madness Businesses	Initial Franchise Fee
Platinum Franchise	5	\$150,000
Standard Franchise	3	\$99,000
Single Franchise	1	\$45,000

The Initial Franchise Fee for our Custom Packages is determined on a case by case basis.

If you sign a Development Agreement for Multi-Unit Franchises, then we may, in our sole discretion, offer a reduced Initial Franchise Fee for each Teriyaki Shop you commit to development. You must pay us all of the Initial Franchise Fees for all of the Teriyaki Shops that you commit to develop at the time you sign the Development Agreement.

During our last fiscal year, we collected Initial Franchise Fees ranging from \$38,250 to \$150,000.

The Initial Franchise Fee is fully earned by us and payable when you sign your Franchise Agreement and is non-refundable under any circumstances, even if you fail to open any Teriyaki Madness

Businesses. The Initial Franchise Fee is payment for and also offsets some of our franchisee recruitment expenses. Unless otherwise agreed to, by way of example, through a franchise sales promotion, or otherwise indicated above, the Initial Franchise Fee is uniform.

Discounts and Reductions

We currently offer a 15% discount to individuals who are either active-duty service members or honorably discharged veterans from any branch of the military of the country of which they are a citizen. The discount is \$6,750 for a Single Franchise based on our current \$45,000 Initial Franchise Fee for a Single Franchise, it is \$14,850 for a Standard Franchise based on our current \$99,000 Initial Franchise Fee for a Standard Franchise, and it is \$22,500 for a Platinum Franchise based on our current \$150,000 Initial Franchise Fee for a Platinum Package. In order to qualify, you must: (a) maintain at least a 51% ownership interest in the franchise (or at least a 51% ownership interest in the entity that is the franchisee, if the franchisee is a legal entity); and (b) provide us with a copy of your active-duty identification or form DD-214 or similar form reflecting your military status, before the Franchise Agreement is signed.

We reserve the right to reduce the Initial Franchise Fee under certain circumstances, including: (i) as an economic incentive for a franchisee to open a certain location, with the determination made on a case-by-case review of all relevant economic factors; (ii) as an inducement for existing operators to open additional Teriyaki Shops; (iii) as an inducement for someone to reopen a closed Teriyaki Shop; (iv) as an inducement for someone to take over an operating Teriyaki Shop; (v) as an inducement for a professional multi-unit operator to open several Teriyaki Shops; or (vi) to allow a franchisee to have additional money to spend on shop improvements and marketing during the first 12 months of operation. The amount of any reduction will be made on an individual basis and may depend on the condition of the premises, the need for upgrades and remodeling, any special circumstances that we may consider appropriate, and/or other considerations. In addition, we may allow a new franchisee to apply part of their Initial Franchise Fee to the cost of needed improvements or equipment.

Teriyaki Shop Opening Assistance Fee

In addition to the Initial Franchise Fee, you must pay our affiliate, MH International, a “Shop Opening Assistance Fee” of \$27,500 for the first Teriyaki Shop that you develop, which offsets the costs in all of our pre-opening assistance and training that we provide to assist you in supporting your efforts to find, develop, and open the Teriyaki Shop (“Shop Opening Assistance”). You will pay the Shop Opening Assistance Fee when you sign the Franchise Agreement and it is fully earned by us when paid and are not refundable under any circumstances.

If you purchase Multi-Unit Franchises, the Shop Opening Assistance Fee for the second and each additional Teriyaki Shop is optional and will be payable only if you request that we provide Shop Opening Assistance for the applicable shop.

Shop Opening Assistance Fees are fully earned by us when paid and are not refundable under any circumstances. Unless otherwise agreed to, by way of example, through a franchise sales promotion, or otherwise, all Shop Opening Assistance Fees are uniform.

Opening Extension Fee

If you fail to open your Teriyaki Shop within 53 weeks of the effective date of the Franchise Agreement, you will be required to pay us an “Opening Extension Fee” of \$250 per week until the Teriyaki Shop is open or we will have the right to terminate the Franchise Agreement. In our sole discretion, we may waive the extension fee if requested in writing no less than 90 days prior to the date your Teriyaki

Shop is required to open if we believe in our sole discretion that you are making a satisfactory attempt to comply with the terms of the Franchise Agreement. This fee is uniform and non-refundable under any circumstances.

Technology Fee

We charge a monthly Technology Fee of \$99.95 per month starting the first month after the effective date of the Franchise Agreement until your first Teriyaki Shop opens to cover the cost of our application development, maintenance, support and service and your use of online systems, email, data sharing, loyalty program, restaurant management platform, online training program, and other Internet related functions. This fee is uniform and non-refundable under any circumstances.

Grand Opening Promotion Fee

You must pay us or our affiliate a \$10,000 Grand Opening Promotion Fee at the signing of the lease for your Teriyaki Shop that will be used for an opening advertising, marketing and promotional campaign for your location. This fee is uniform and non-refundable under any circumstances.

All fees (Initial Franchise Fees, Opening Assistance Fees, Opening Extension Fee, Technology Fees and Grand Opening Promotion Fee) outlined above are not refundable. There are no other payments to or purchases from us or our affiliates that you must make before your Teriyaki Shop opens.

ITEM 6. OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee ⁽¹⁾	6% of Net Sales ⁽²⁾	Thursday of each week based on Net Sales during the previous week.	Your Royalty Fee is an ongoing payment that allows you to use the marks and the intellectual property of the System and pays for our ongoing support and assistance. Payments are made via electronic funds transfer (“ <u>EFT</u> ”) or other manner we designate.
Marketing Fund Contribution	3% of Net Sales	Payable at the same time and in the same manner as the Royalty Fee.	Payable directly to the Marketing Fund (“ <u>Marketing Fund</u> ”) which is discussed in more detail in Item 11. Payments are made via electronic funds transfer (“ <u>EFT</u> ”) or other manner we designate.

Type of Fee	Amount	Due Date	Remarks
Grand Opening Advertising	Minimum of \$10,000, including upon a transfer or relocation	As Incurred	To be spent within the 4 weeks prior to opening and 4 weeks after opening your Teriyaki Shop. Grand Opening Advertising is paid to us, our affiliate, or third-parties as we instruct.
Technology Fee	Up to \$600 per month per Teriyaki Shop (currently \$99.95 per month until your first Teriyaki Shop opens and then \$302.50 per month per opened Teriyaki Shop)	Monthly on the first Tuesday of each month	To cover the cost of our application development, maintenance, support and service and your use of online systems, email, data sharing, loyalty program, restaurant management platform, online training program, and other Internet related functions. This does not include the Online Ordering Fees which are paid directly to our approved vendors. We collect this fee on the first Tuesday of each month. We reserve the right to increase this fee upon 30 days written notice. If you purchase Multi-Unit Franchises, you are only required to pay a total of \$99.95 per month until your first Teriyaki Shop opens. In addition, franchisees may be responsible for paying our approved third-party vendors directly for certain technology (see Item 11). Paid by EFT or other manner we designate.

Type of Fee	Amount	Due Date	Remarks
Continuing, Refresher, Additional Training or Assistance Fees ⁽³⁾	An amount set by us (currently \$500 per person per day for additional training plus all travel expenses)	Payable in advance of the training or assistance	We provide the initial training and hands-on training program at no cost for your first Teriyaki Shop and for any initial Designated Manager for any additional Teriyaki Shops under a Development Agreement. We may charge you for training newly hired personnel, refresher training courses, and additional consultations or special assistance or training you need or request or we require we determine is necessary or appropriate in our sole discretion to protect the quality, integrity and reputation of the Teriyaki Madness System. The fee amount will depend on the training required. If we provide additional training at your Teriyaki Shop, you may be required to pay for our instructors' travel expenses as well. Any in-person location selection assistance is provided at our sole discretion and subject to our availability. Paid by EFT or other manner we designate.

Type of Fee	Amount	Due Date	Remarks
Conference Fee ⁽⁴⁾	An amount designated by us (for the annual convention, currently \$2,000 for up to two attendees plus expenses; and \$1,000 for each additional attendee, plus expenses. You will receive a \$500 royalty credit if at least one of your required participants attends the annual convention.)	As incurred	The “<u>Conference Fee</u>” is payable to us to help defray the cost of your attendance at any conference(s) including the cost of the hotel (based on double occupancy). We reserve the right to charge this fee whether or not you attend the conference. Paid by EFT or other manner we designate.
Transfer Fee	\$25,000	At time of approved transfer	Payable in connection with the transfer of your Teriyaki Shop, a transfer of ownership of your legal entity, or a transfer of the Franchise Agreement.
Renewal Franchise Fee	\$5,000	At the time you sign the renewal franchise agreement	This fee is payable if you qualify for a renewal Franchise and choose to enter into a renewal franchise agreement. If you have signed a Development Agreement and have fulfilled your Development Schedule as agreed upon, we will waive all renewal fees for your Teriyaki Shops.
Relocation Fee	\$5,000 per Teriyaki Shop	Upon submission of request to relocate	Payable if you submit a request to relocate your Teriyaki Shop.

Type of Fee	Amount	Due Date	Remarks
Food Safety Audit	Cost of audit (estimated to be approximately \$300)	As incurred	If you fail a food safety audit, we will require you to undergo an additional food safety audit at your own expense within 45 days. You will pay the third-party auditor directly upon invoicing.
Audit	Cost of audit, plus lesser of the daily equivalent of 15% per year simple interest or the highest rate allowed by law (we estimate this cost to be between \$1,000 and \$15,000)	Upon demand	Payable only if audit shows an understatement of any Royalty Fees, Marketing Fund Contributions or other fees owed to us for any month or if you fail to fully cooperate with our third-party auditors or inspectors, as determined by our third party auditors or inspectors.
Taxes	Amount assessed by federal, state and local tax authorities on any payments you make to us	Upon demand	Payable if we are assessed any taxes on any payments you make to us (including sales, gross receipt, excise, use or similar taxes, but not income taxes).
Indemnification	Varies under circumstances	As incurred	You must indemnify and reimburse us for any expenses or losses that we or our representatives incur related in any way to your Teriyaki Madness Business or the operation of your Teriyaki Madness Business.
Legal Costs and Professional Fees	Will vary under circumstances	As incurred	You will be required to pay any costs that we incur as a result of any operational non-compliance, breach or termination of your Franchise Agreement. This fee will include a minimum administrative cost of \$250 to cover our expenses.

Type of Fee	Amount	Due Date	Remarks
De-Identify Premises	Will vary under circumstances	As incurred	If you do not de-identify your Teriyaki Shop following expiration or termination of the Franchise Agreement, you will be required to reimburse us the cost to re-enter the premises and perform de-identification.
Insurance	Reimbursement of our costs plus a 20% administration charge	On demand	If you fail to obtain or maintain insurance, we have the right, but not the obligation, to obtain insurance for you and you must reimburse us for the cost of insurance obtained plus twenty percent (20%) of the premium for an administrative cost of obtaining the insurance.
Liquidated Damages ⁽⁵⁾	Will vary under the circumstances	30 days after notice of termination of the Franchise Agreement	Payable to us if we terminate the Franchise Agreement for cause.
Maintenance Fee ⁽⁶⁾	Varies under circumstances	As incurred	Payable to us or our vendors.
Approval of General Contractor or Architect	\$1,000	Upon written request from you to us	Payable to our affiliate if you request us to qualify a General Contractor or Architect that is not currently approved by us.
Failure to Submit Required Reports	\$100 per occurrence and \$100 per week	Your bank account will be debited for failure to submit any requested report within five days of request	Fines collected are paid to the Marketing Fund.

Type of Fee	Amount	Due Date	Remarks
Supplier and Product Evaluation Fee	Cost of inspection (estimated to be approximately \$100 to \$500)	As incurred	Payable if we inspect or test product samples from proposed suppliers nominated by you. We currently do not charge this fee, but reserve the right to do so in the future.
Customer Satisfaction Reimbursement	Varies under circumstances	As incurred	We may, in our sole discretion, remedy any issues with customers of your Teriyaki Madness Business, including full reimbursement of any revenue paid to you. You are required to reimburse us for any amounts incurred by us to remedy a customer issue.
Interim Manager Fee	\$500 per day plus the Interim Manager's direct out-of-pocket costs and expenses	As incurred	Payable if we or our affiliate manages the Teriyaki Madness Business after you materially breach the Franchise Agreement, or upon you or your Designated Manager's absence, termination, death, or disability.
Broker Fees	Our actual cost of the brokerage commissions, finder's fees, or similar charges	As incurred	If you transfer your Teriyaki Madness Business to a third party or purchaser, you must reimburse us for all of our actual costs for commissions, finder's fees and similar charges, if any.

Notes to Item 6 Table:

The Item 6 table describes other recurring or isolated fees or payments that you must pay to us or our affiliates, or approved suppliers which we or our affiliates may impose or collect on behalf of a third party, in whole or in part.

1. Unless otherwise indicated above, all fees paid to us or our affiliates are uniform for all franchisees purchasing the same type of franchise offering, and not refundable under any circumstances once paid (see footnote 4 below regarding the credit for the Conference Fee). Fees paid to vendors or other suppliers may or may not be refundable depending on the vendors and suppliers. You will be required to establish a designated bank account ("Designated Account") that shall be used exclusively for the operation of the Teriyaki Shops, and to complete the Automated Clearing House Payment Authorization Form attached to the Franchise Agreement as Attachment D and any other documents necessary to facilitate your payment of amounts due under the Franchise Agreement within 30 days of execution of the Franchise Agreement. On Tuesday of each week (your "Weekly Billing Day"), you will receive an electronic invoice for the amounts

due, we will debit your Designated Account on Thursday for all Royalty Fees and Marketing Fees required based on your Net Sales for the preceding business week (Monday through Sunday). If we are unable to access your Teriyaki Madness Franchise's Net Sales for any reporting period, then we shall be authorized, at our option, to debit your account for the higher of: (a) the fees transferred from your account for the last reporting period for which a report of your Teriyaki Madness Franchise's Net Sales was provided to us, or (b) an estimated amount due. All other fees and payments due to us will be made to us at our headquarters in Denver, Colorado, or as we otherwise specify in writing. We have the right to periodically specify (in the Manual or otherwise in writing) different payees, payment timing, and/or payment methods for any fees due under the franchise agreement, such as, but not limited to, weekly/biweekly/monthly payment, payment by auto-draft, credit card and payment by check. You must promptly comply with any such changes.

2. "Net Sales" means the revenues you receive from the sale of food, beverages, services and other items from in-store dining, carry-out, online orders, delivery, third party voucher sales, catering, and otherwise, including the sale of food and beverages, redemption of gift cards, and merchandise and all other income and consideration of every kind and nature related to the Teriyaki Madness Business or Teriyaki Madness Business operations (including all proceeds from any business interruption insurance), whether for cash or credit, and regardless of collection in the case of credit, but not including any sales taxes or other taxes you collect from customers for, and thereafter paid directly to, the appropriate taxing authority, any discounts provided to customers, any bona fide refunds you make to customers, any fees paid to third-party delivery services or aggregators, or any supplier rebates. Net Sales are deemed received by you at the time the services or products from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on an account receivable) has been received by you. On your Weekly Billing Day, we will initiate an electronic funds transfer of all Royalty Fees, and Marketing Fees based on your Net Sales for the preceding business week (Monday through Sunday).

3. You will at all times be responsible for complying with the obligations of the Franchise Agreement, including training and supervision. You will also need to pay for the cost of travel, room and board, and other personal expenses for each person attending the initial, supplement, additional and recurring training programs.

4. Your Managing Owner and Designated Manager (as defined in Item 15), if applicable, must use best efforts to attend conferences at locations that we designate, and you must pay other expenses of each person attending, including any conference fees, travel expenses, meals, and personal expenses. Currently, our only regular conference is the annual convention. For the annual convention, you will pay us a Conference Fee of \$2,000 at least 90 days before the conference via EFT. If at least one of your required attendees attends the annual convention, we will credit \$500 of the \$2,000 back to you. The Conference Fee is in addition to other expenses of each person attending, including any conference fees, travel expenses, meals, and personal expenses. If you wish to send more than two individuals to our annual conference, you must pay, in addition to expenses, a fee of \$1,000 per additional individual. We may choose to waive the Conference Fee for some convention speakers, members of the franchise advisory council, or for any reason in our discretion. If we establish additional conferences, we will designate each conference as "required" or "optional." If a conference is designated as "required," we reserve the right to charge you a conference fee in the amount we designate regardless of whether you attend.

5. Liquidated damages are determined by multiplying the combined monthly average of Royalties and Marketing Fund contributions (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with the date you open your Teriyaki Shop through the date of early termination, multiplied by the lesser of: (i) 36, or (ii) the number of full months remaining in the Term, except that Liquidated Damages will not, under any circumstances, be less than \$30,000.

6. You must affect reasonable maintenance of your Teriyaki Shops to ensure that the image of the Teriyaki Shop is consistent with Company's System Standards (as defined in Item 8). Acceptable "Maintenance" includes (i) a procedure for replacement of worn out or obsolete fixtures and signs, (ii) repair of the exterior and interior of the Teriyaki Shop and (ii) redecorating and other trade dress upgrades. If you fail to affect this Maintenance and maintain your premises as required, after 30 days notice and opportunity to cure, then we have the right, but not the obligation, to enter the premises to make necessary repairs, painting, decorating or replacements of equipment, signage or fixtures on your behalf. You must pay the entire cost of this maintenance to us upon demand. This remedy is in addition to any other rights under the Franchise Agreement, including termination.

7. Our affiliate will provide you with a list of Architects and General Contractors currently approved by us to use for the development of your Teriyaki Shop. If you choose to use a non-approved Contractor, we will require you to fill out a Contractor Approval request and pay the required evaluation and approval fee.

**ITEM 7.
YOUR ESTIMATED INITIAL INVESTMENT**

TABLE A – SINGLE FRANCHISE

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee ⁽¹⁾	\$45,000	\$45,000	Lump Sum	Upon signing the Franchise Agreement	Us
Shop Opening Assistance Fee ⁽²⁾	\$27,500	\$27,500	Lump Sum	Upon signing the Franchise Agreement	Our Affiliate
Site Survey ⁽³⁾	\$2,000	\$6,500	Lump Sum	30 calendar days prior to lease signing	Approved Suppliers
Rent, Security Deposit, Utility Deposit ⁽⁴⁾	\$7,000	\$18,000	As incurred	As agreed	Landlord, Utility Companies
Permit Expeditor ⁽⁵⁾	\$0	\$3,000	Lump Sum	10 days after lease signing	Approved Suppliers

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Leasehold Improvements ⁽⁶⁾	\$98,000	\$328,000	As incurred	As agreed	Landlord, Contractors, Other Suppliers
Furniture, Fixtures and Equipment ⁽⁷⁾	\$58,800	\$146,000	As incurred	As agreed	Approved Suppliers
Architect ⁽⁸⁾	\$11,500	\$23,000	As incurred	As agreed	Approved Suppliers
Initial Inventory and Supplies ⁽⁹⁾	\$10,000	\$13,000	As incurred	As agreed	Approved Suppliers
Insurance ⁽¹⁰⁾	\$1,500	\$5,000	As incurred	As agreed	Insurance Carriers
Business Licenses and Permits ⁽¹¹⁾	\$500	\$9,860	As incurred	As agreed	Third Parties
Professional Fees ⁽¹²⁾	\$2,500	\$4,000	As incurred	As agreed	Attorney, Accountant, Advisors
Exterior Signage ⁽¹³⁾	\$9,000	\$23,900	As incurred	As agreed	Approved Suppliers
Interior Branding/Graphics ⁽¹⁴⁾	\$4,800	\$9,000	As incurred	As agreed	Approved Suppliers
Security and Music System ⁽¹⁵⁾	\$1,600	\$2,000	As incurred	As agreed	Approved Suppliers
Point of Sale System ⁽¹⁶⁾	\$10,000	\$15,000	As incurred	As agreed	Approved Suppliers
Office Equipment and Supplies ⁽¹⁷⁾	\$1,000	\$4,000	As incurred	As agreed	Approved Suppliers

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Grand Opening Promotion ⁽¹⁸⁾	\$10,000	\$10,000	As incurred	As agreed	Us
Uniforms ⁽¹⁹⁾	\$600	\$1,000	As incurred	As agreed	Approved Suppliers
Initial and Hands-On Training Expenses ⁽²⁰⁾	\$1,200	\$4,500	As incurred	As agreed	Airline, Hotel, Restaurants, Travel Vendors
Opening Extension Fee ⁽²¹⁾	\$0	\$3,000	As incurred	As agreed	Us
Additional Funds –3 Months ⁽²²⁾	\$10,000	\$30,000	As incurred	As agreed	Third Parties
Total Estimated Initial Investment⁽²³⁾	\$312,500	\$731,260			

Notes to Item 7A Table:

All expenditures paid to us or our affiliates are non-refundable under any circumstances once paid. Fees paid to vendors, suppliers, or other third parties may or may not be refundable depending on their policies or your arrangements with them.

1. Initial Franchise Fee. Please see Item 5 on page 7.
2. Shop Opening Assistance Fee. The Shop Opening Assistance fee is \$27,500 for the first Teriyaki Shop that you purchase. If you purchase Multi-Unit Franchises, the Shop Opening Assistance Fee for the second and each additional Teriyaki Shop is optional and will be payable only if you request that we provide Shop Opening Assistance for the applicable shop.
3. Site Survey. All sites are required to have a CAD format site plan and PDF format 'As Built' drawings provided to our Design & Construction Department at least 30 calendar days prior to lease signing or will require a full site survey prior to lease signing. Estimated cost for a Site Survey is between \$2,000 and \$6,500 per location, if these costs are not supplied by your landlord.
4. Rent, Security Deposit, Utility Deposit. The low estimate anticipates that your rent commencement date will start approximately 120 to 150 days after you receive permits for your Teriyaki Shop and provides for rent payment for one month, an initial security deposit and a utility deposit. The

high estimates a higher rental rate and provide for one month of rent, an initial security deposit of one month and a utility deposit. We estimate that a typical Teriyaki Madness Business will need between 1,200 and 1,800 square feet of space, and we estimate lease rates to range between \$2.00 and \$4.25 per square foot per month. There are a variety of factors that can affect lease rates, the most prominent being location and market conditions. In addition, most leases are triple net leases which require the tenant to pay rent plus all taxes, insurance and maintenance expenses, while other leases may also charge a variable rent based on a percentage of your income, with no fixed minimum rental charge. This estimate does not account for triple net expenses or other amounts beyond the base rental rate. You should investigate lease rates in your own area.

5. Permit Expediter. You may choose to use a permit expeditor within to expedite your permit process. The estimated cost is between \$0.00 and \$4,250 per location.

6. Leasehold Improvements. The low estimate shown assumes that the space does not require additional HVAC, ventilation, plumbing, electrical, gas, restrooms, or grease traps. You may be able to negotiate with your landlord for a significant landlord contribution for these expenses. In a build-to-suit lease, the landlord typically includes some or all of the improvements and fixtures in your lease payments. The costs may go up if the landlord does not provide what we request in our standard work letter or does not provide an adequate allowance to cover these improvements. The high estimate is a new space with no landlord contributions for tenant improvements reflected in the estimate. The estimates involve expenses associated with the design and buildout of the Teriyaki Shop, such as plumbing, electrical and remodeling work and are based on our experience with existing franchisees. These costs may vary significantly depending on the size, condition and location of the leased premises, supply and demand for materials and labor in your local area, local building and fire code requirements, and requirements of the lease regarding such matters as construction, signage, and inflation. The costs vary with factors such as Teriyaki Madness Business size and type, configuration, remodeling needs, and location.

7. Furniture, Fixtures and Equipment. This estimate involves the furniture, fixtures, and equipment you will need to open a Teriyaki Madness Business, such as chairs, tables, casework, refrigerators, freezers, grills, a range, deep fryer, exhaust hood, lighting and other items. Some of these expenses will depend on the size of your Teriyaki Madness Business, shipping distances, whether any equipment in the space can be utilized, and your credit history.

8. Architect. You must prepare architectural and construction drawings, designs, and site plans using a selection of our approved Teriyaki Madness experienced architects. The estimated cost is between \$11,500 and \$23,000 per location.

9. Initial Inventory and Supplies. You must have our required opening inventory and supply items on hand, including small wares and other service items, when you begin the on-site training of your Teriyaki Madness Business. You must purchase the initial inventory and supplies from our approved suppliers. Some of this inventory will be used during our on-site training in order to provide simulations for you and your staff before serving to the public.

10. Insurance. You must obtain and maintain certain types and amounts of insurance. See Item 8 for a description of the required coverages.

11. Business Licenses and Permits. You must obtain all necessary permits and licenses required by applicable law before you begin operation of the Teriyaki Madness Business.

12. Professional Fees. We strongly recommend that you hire a lawyer, accountant or other professional to advise you on this franchise offering. Rates for professionals can vary significantly based on area and experience.

13. Exterior Signage. The estimate is the cost of the interior and exterior signs you will need for your Teriyaki Madness Business. This cost can vary depending on signage requirements for your city, landlord policies and available space on the building.

14. Interior Branding/Graphics. This estimate includes the cost of menu boards, murals and all interior signage including installation. The cost will vary based on the size of your Teriyaki Shop.

15. Security and Music Systems. You must purchase and install a security system that meets our standards and specifications (\$375-\$675); a camera and monitoring system that meets our standards and specifications (\$1,200-\$1,600); and a music and speaker system that meets our standards and specifications (\$380-\$700). The costs in the chart above reflect the cost to procure and install the required equipment. The range of costs depends on the size and layout of the location.

16. Point of Sale System. You must purchase our approved point of sale system from our approved supplier. You are further required to have the system installed by our approved supplier.

17. Office Equipment and Supplies. You may purchase a computer, business stationery, and certain other related items necessary to operate and manage the Teriyaki Madness Business. See Items 6 and 11 for additional information.

18. Grand Opening Promotion. You must pay us or our affiliate \$10,000 upon lease signing to be used for opening advertising campaign, as our marketing department specifies for your Teriyaki Shop.

19. Uniforms. You are required to have at least one clean apron per employee per shift. You are also required to have one hat per employee, two shirts for each part-time employee and four shirts for each full-time employee. You must purchase uniforms from our approved suppliers.

20. Initial and Hands-On Training Expenses. This estimates the expense you will incur in sending two individuals to our initial training and hands-on training programs, including travel expenses. We do not charge a fee for initial training or hands-on training. These estimates do not include any salary or wages you may pay to any of your trainees for the time they spend in training. See Item 11 for additional details regarding training.

21. Opening Extension Fee. If you fail to open your Teriyaki Shop within 53 weeks of the effective date of the Franchise Agreement, you will be required to pay us an Opening Extension Fee of \$250 per week until the Teriyaki Shop is open. The low estimate assumes you open within 53 weeks, and the high estimate assumes a 12-week extension. See Item 5 for more details.

22. Additional Funds – 3 Months. This estimates your initial startup expenses (other than the items identified separately in the above table) and is based on our experience, the experience of our affiliates, and our current requirements for Teriyaki Madness Franchises. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the Teriyaki Madness Businesses. Your costs depend on how closely you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for your services and products; the prevailing wage rate; competition; and the sales level reached during the initial period. These estimates are based on an initial period of three months.

23. **Total Estimated Initial Investment.** We have relied on the experience of our affiliates, and officers to arrive at these estimates. Your actual costs may vary. You should review these figures carefully with a business advisor before deciding to acquire the Franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral and lending policies of financial institutions from which you request a loan.

TABLE B – DEVELOPMENT AGREEMENT
YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure (1)	Amount		Method of payment	When due	To whom payment is to be made
	Low	High			
Development Deposit (2)	\$126,500	\$177,500	Lump Sum	At Signing of Development Agreement	Us
Costs to Open Three Teriyaki Shops (3)	\$720,000	\$3,293,800	As needed	As arranged	Lessor, Vendors, Approved Suppliers, etc.
TOTAL (4)	\$846,500	\$3,471,300			

Notes to Table 7B:

1. We do not make any representation regarding whether any amounts paid to third parties are refundable. All amounts paid to us are non-refundable unless otherwise noted. Neither we nor any of our affiliates finance any of the initial investment.

2. **Development Deposit.** The Initial Franchise Fee and Shop Opening Assistance Fee is discussed in Item 5. The low end of this estimate is the Initial Franchise Fee and Shop Opening Assistance Fee for the right to open and operate three (3) Teriyaki Shops. The high end of this estimate is the Initial Franchise Fee and Shop Opening Assistance Fee for the right to open and operate five (5) Teriyaki Shops.

3. **Costs to Open Teriyaki Shops.** The low end figure represents the total estimated initial investment required to open the three Teriyaki Shops under your Development Agreement and Franchise Agreement, minus the Franchise Fee applicable to the Teriyaki Shops since that amount is included in the Initial Franchise Fee (see the Item 7(A) chart above for additional details). The high end figure represents the total estimated initial investment required to open the five Teriyaki Shops under your Development Agreement and Franchise Agreement, minus the Initial Franchise Fee and Shop Opening Assistance Fee applicable to the Teriyaki Shops since that amount is included in the Initial Franchise Fee (see the Item 7(A) chart above for additional details).

4. **Total.** This figure represents the total estimated initial investment to purchase a Development Area for three (3) to five (5) Teriyaki Shops, including the estimated initial investment to open your three Teriyaki Shops under the Development Agreement. These figures are estimates. We have relied on the experience of our affiliates, and officers to arrive at these estimates. Your actual costs may vary.

ITEM 8.

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We and our owners and affiliates have spent considerable time, effort and money to develop the System. You must conform to our high and uniform standards of Product quality, safety, cleanliness, appearance and service. We anticipate that our standards will change over time. You are expected to adhere to these changes.

To ensure that you maintain the highest degree of consistency, quality and service, you must operate and develop your Teriyaki Shop in strict conformance with our methods, standards and specifications and obtain certain ingredients, inventory, services, supplies, materials, equipment, menu boards, furnishings, fixtures and other products, including your uniforms, advertising materials, computer hardware, security and music systems, and software, in strict compliance with our specifications and only from us, our affiliate or the authorized manufacturers, distributors, suppliers, vendors, merchants or providers designated or approved by us. Our methods, standards and specifications (the “System Standards”) for all goods and services that we require you to obtain in establishing and operating your Teriyaki Madness Business are prescribed in our operations manuals and other written manuals, guides, instructions and communications whether on paper, Internet or in other electronic format (together, the “Manual”).

Purchases From Approved Suppliers

You will be required to purchase certain products and services only from suppliers that we approve including manufacturers, distributors, suppliers, vendors, merchants or providers of goods and services (including any professional services like accounting and bookkeeping) (“Approved Suppliers”). You must purchase all food items, beverage items, marketing materials, uniforms, logo apparel, and interior graphics from our Approved Suppliers.

You must prepare architectural and construction drawings, designs, and site plans using our required architects, and undertake the construction, build-out, and remodeling of the site using one of our required general contractors.

If you wish to propose a supplier for a product or service, you may submit a proposal in writing to us prior to use of any product or service not yet evaluated or approved by us including any information, specifications, and samples that we request. We do not make our specifications and/or standards generally available to franchisees or suppliers. We may need to inspect the proposed supplier’s facilities. We will notify you in writing within 90 days after receiving all requested information, fees, and materials whether or not you are authorized to use or sell the product or service or to purchase or lease the product or service from that supplier or provider. We reserve the right to charge you for expenses for testing and evaluating any proposed item. Our fee for evaluating architects or contractors that are not already Approved Suppliers is \$1,000. Please see Item 6. We may periodically re-inspect approved suppliers’ facilities and products and we reserve the right to revoke our approval of any supplier, provider, product, or service that does not continue to meet our specifications. We will notify you of any revocations within 10 days of our decision either in writing or by supplying you with a revised Manual.

All suppliers you wish to use must be approved by us in writing prior to use. We may negotiate purchase arrangements with suppliers for your benefit, although we are not obligated to do so. We may require you to purchase ingredients, supplies and materials only from distributors and manufacturers which meet our standards and specifications for quality and consistency.

We may add or change Approved Suppliers at any time.

Required Purchases From Us or Affiliates

We are currently not an Approved Supplier of any products or services. We may designate ourselves or any affiliates we may have as an Approved Supplier, or the only Approved Supplier, from which you may or must lease or purchase products or services in developing and operating your Teriyaki Madness Business. We reserve the right to earn a profit on any items sold to you.

Our affiliate, MH International, is the only approved supplier for Shop Opening Assistance. Some of our officers own an equity interest in MH International. Except through an interest in us or our affiliates, none of our officers owns any interest in any Approved Suppliers with whom you must or are required or recommended to do business. We and our affiliates may derive revenue from these services and may sell these services at prices exceeding our or their costs to include a profit margin.

During the last fiscal year, ended December 31, 2022, MH International's revenue from required purchases by franchisees was \$1,970,005 which equaled 24% of MH International's total revenue of \$ 8,249,154. Certain designated suppliers made payments to MH International based on percentage of franchisee purchases.

Purchases According to Our Specifications

All other purchases or leases of goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, mobile application services, online and digital ordering and delivery services, and real estate related to establishing and operating the Teriyaki Madness Franchise must be purchased according to our specifications and meet System Standards and must be purchased from suppliers we designate, or from suppliers that you select that meet our criteria for suppliers.

We require you to accept major credit cards (Visa, MasterCard, American Express, and Discover) for customer purchases, participate in our Gift Card and Loyalty Programs, and participate in our in-shop mobile and online ordering program. These programs may require that you invest in additional equipment and incur fees from the credit card processing vendors, gift card processing vendors, and other hardware and software vendors that we designate.

You must purchase the insurance coverage that we require for your Teriyaki Madness Franchise. You currently must have the following insurance coverage: (1) commercial general liability insurance with limits of at least \$1 million per occurrence, at least \$2 million aggregate, at least \$1 million per person, and at least \$1 million for hired non-owned auto coverage, with \$5,000 per person medical benefits and a maximum deductible of \$15,000; (2) all risks coverage insurance on all furniture, fixtures, equipment, inventory, supplies, and other property used in the operation of the Teriyaki Shop (including flood and/or earthquake coverage where there are known risks) for full replacement value; (3) employment practices liability insurance with limits of at least \$250,000 per occurrence covering wage and hour claims and third-party claims; (4) cyber liability insurance with limits of at least \$100,000 per occurrence; (5) commercial auto liability insurance in the amount we specify in the Manual; and (6) workers compensation insurance consistent with applicable law. The insurance policies must be purchased from a supplier rated A or better by A.M. Best & Company, Inc., or meet other criteria we may periodically establish. Our insurance requirements are subject to change, and you agree to promptly comply with each such change.

We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. All insurance policies must name us and any affiliates we designate as additional insured parties and provide for 30 days prior written notice to us of a policy's material modification, cancellation, or expiration. You must furnish us with a copy of your certificate of insurance within 10 days after the policy is issued or renewed.

You must use the computer hardware and software, including the point-of-sale system, that we periodically designate to operate your Teriyaki Madness Franchise. You must obtain the computer hardware, software licenses, point-of-sale system, maintenance and support services, and other related services from the suppliers we specify (which may be limited to us and/or our affiliates). You must also purchase and pay ongoing fees for any mobile applications and online and digital ordering and delivery services that we require from the suppliers we specify.

Rebates, Material Benefits, Cooperatives; Revenues from Restricted Purchases

We have negotiated price terms and other purchase arrangements with suppliers for some items, including food and drink products, that we require you to lease or purchase in developing and operating your Teriyaki Madness Franchise. There currently are no purchasing and distribution cooperatives. We do not provide material benefits (for example, renewal or granting additional franchises) to franchisees based on their use of designated or approved sources.

Our affiliate, MH International, provides supply chain, quality assurance, distribution, and logistics services for our franchise system. These services include negotiating with Suppliers for the sale of Goods and Proprietary Goods to distributors who will sell and distribute these items to the franchisees, appointing one or more distributors to service our franchisees (the “Appointed Distributors”), and managing the inbound distribution logistics associated with direct store delivery between distributors and franchisees. MH International recovers its costs in performing these services from a per-case distribution fee for all cases sold by the Appointed Distributors to our franchisees and from other logistics and fulfillment related programs.

We estimate that the required purchases and leases described in this Item will represent approximately 85% of your cost to establish your Teriyaki Madness Business and 75% of your cost to operate your Teriyaki Madness Business.

ITEM 9. FRANCHISEE’S OBLIGATIONS

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

Obligation	Section In Franchise Agreement or Development Agreement	Disclosure Document Item
(a) Site selection and acquisition / lease	Sections 5.1 and 5.2 in Franchise Agreement	Items 7 and 11
(b) Pre-opening purchases / leases	Sections 5.4 and 5.5 in Franchise Agreement	Items 6, 7 and 8
(c) Site development and other pre-opening requirements	Section 5.3 in Franchise Agreement; Section 3 in Development Agreement	Items 6, 7 and 11

Obligation	Section In Franchise Agreement or Development Agreement	Disclosure Document Item
(d) Initial and ongoing training	Sections 8.3, 8.4, 8.5, 8.6, 8.7 in Franchise Agreement	Items 6, 7, 11 and 15
(e) Opening	Section 5.6 in Franchise Agreement	Item 11
(f) Fees	Sections 3, 4, 7, 8, 14, 15 in Franchise Agreement; Section 2 in Development Agreement	Items 5, 6 and 7
(g) Compliance with standards and policies / operating Manual	Sections 6 and 10 in Franchise Agreement; Section 6 in Development Agreement	Items 8, 11, 14 and 16
(h) Trademarks and proprietary information	Sections 10, 11 and 12 in Franchise Agreement; Section 6 in Development Agreement	Items 13 and 14
(i) Restrictions on products / services offered	Section 6.2 in Franchise Agreement	Items 8 and 16
(j) Warranty and customer service requirements	Section 6.16 in Franchise Agreement	Item 8
(k) Territorial development and sales quotas	Section 1 in Development Agreement	Item 12
(l) Ongoing product / service purchases	Sections 5.5, 6.2, 6.7, 6.14 and 7.9 in Franchise Agreement	Item 8
(m) Maintenance, appearance and remodeling requirements	Sections 6.11, 6.13 and 6.14 in Franchise Agreement	Items 5, 6 and 7
(n) Insurance	Sections 14.1 and 14.2 in Franchise Agreement	Items 6, 7 and 8
(o) Advertising	Section 7 in Franchise Agreement	Items 6, 7 and 11
(p) Indemnification	Sections 14.3 and 14.4 in Franchise Agreement; Section 10 in Development Agreement	Item 6

Obligation	Section In Franchise Agreement or Development Agreement	Disclosure Document Item
(q) Owner's participation / management / staffing	Section 8.2 in Franchise Agreement; Section 8 in Development Agreement	Item 15
(r) Records and reports	Section 9 in Franchise Agreement	Items 6 and 11
(s) Inspections and audit	Sections 10.7, 10.8, 10.9, and 10.10 in Franchise Agreement	Item 6
(t) Transfers	Section 15 in Franchise Agreement	Items 6 and 17
(u) Renewals	Sections 3.2 and 3.3 in Franchise Agreement	Items 6 and 17
(v) Post-termination obligations	Section 17 in Franchise Agreement; Sections 7 and 8 in Development Agreement	Item 17
(w) Confidentiality and non-competition covenants	Sections 12 and 17.9 in Franchise Agreement; Sections 6, 8 and 13 in Development Agreement	Item 17
(x) Dispute resolution	Section 18 in Franchise Agreement; Section 16 in Development Agreement	Item 17
(y) Liquidated damages	Section 17.13 in Franchise Agreement; Section 16 in Development Agreement	Item 6

ITEM 10. FINANCING

We do not offer direct or indirect financing. We do not guarantee your notes, leases, or any other obligations. However, franchisees of the Teriyaki Madness Businesses are eligible for expedited and streamlined SBA loan processing through the SBA's Franchise Registry, www.franchiseregistry.com.

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

Except as listed below, M.H. Franchise Company is not required to provide you with any assistance.

Pre-Opening Obligations

Before you open your Teriyaki Madness Business, we (or our designee) will provide the following assistance and services to you:

1. Real Estate Assistance
 - (a) Provide you with our standard site selection criteria and provide you a list of approved brokers (See Franchise Agreement– Section 5.1)
 - (b) Provide you with assistance or consultation, at our discretion, on site selection, which may include visiting with you and your real estate broker to conduct on-site review of potential locations, upon reasonable request. (See Franchise Agreement – Section 5.1)
 - (c) Provide you with our letter of intent template, landlord work letter and additional templates to assist in letter of intent negotiations. (See Franchise Agreement – Section 5.2)
 - (d) Provide a reference list of licensed real estate attorneys to assist in your lease negotiations. (See Franchise Agreement – Section 5.2)
 - (e) Review your lease agreement for the Teriyaki Shop to ensure that its terms contain our required provisions and otherwise meet our minimum standards (See Franchise Agreement – Section 5.2 and Teriyaki Shop Lease Addendum as Attachment B to the Franchise Agreement). We generally do not own the premises and lease it to the franchisee.
2. Design and Construction Documentation.
 - (a) Create an initial floor plan either directly or through our affiliates or choose suppliers using CAD drawings provided by you (See Franchise Agreement – Section 5.3).
 - (b) Provide you a list of preferred architects to complete a set of construction documents for your Teriyaki Shop at your expense. Oversee and approve construction documents. (See Franchise Agreement – Section 5.3)
 - (c) Oversee the submission of completed documents to your landlord and all permitting authorities (you are responsible for all permit review and related fees). We retain the right to all construction plans and documents to utilize for approval and reference. (See Franchise Agreement – Section 5.3)
 - (d) Assist with appropriate response to all plan comments and requests for information. (See Franchise Agreement – Section 5.3)
 - (e) Identify qualified contractors for you to choose from. (See Franchise Agreement – Section 5.3)
 - (f) Assist you in bid qualifications. (See Franchise Agreement – Section 5.3)

- (g) Manage projects with weekly calls, site status photographs (provided by you and your approved contractor) and site visits, at our discretion. (See Franchise Agreement – Section 5.3)
 - (h) Manage vendor and delivery schedules. (See Franchise Agreement – Section 5.3)
 - (i) Review build out invoices, including invoices for general contractor, vendors materials and other items. (See Franchise Agreement – Section 5.3)
 - (j) Coordinate completion of punch list. (See Franchise Agreement – Section 5.3)
- 3. Manage job closeout including requiring lien releases for submission to your landlord. (See Franchise Agreement – Section 5.3)
- 4. Provide you with a complete list of required specifications from our Approved Suppliers for furniture, fixtures, equipment, inventory, and supplies required to operate your Teriyaki Madness Business. You must submit final construction plans and specifications to us for our approval before you begin construction at the Teriyaki Shop and must construct the Teriyaki Madness Business in accordance with those approved plans and specifications. (See Franchise Agreement – Sections 5.3, 5.4, and 6.6)
- 5. Counsel you on necessary pre-opening procedures and assist you with inventory ordering of products, equipment, and supplies, through our affiliate or other suppliers, as applicable, which are necessary for commencement of operations. (See Franchise Agreement – Sections 5.3, 5.4, 6.3, and 6.6)
- 6. Loan to you or make available to you one copy of the Manual, which may include electronic media, and/or written materials. The Manual contains mandatory and suggested specifications, standards, operating procedures, and rules. The Manual includes approximately 192 pages. The table of contents for the Manual is attached to this Franchise Disclosure Document as Exhibit E. (See Franchise Agreement – Section 10.1)
- 7. Provide you with a list of our approved items, services and suppliers, and consultation on required purchases as we deem necessary and appropriate. (See Franchise Agreement – Sections 5.3, 5.4, and 6.2)
- 8. Provide you with product information and suggested retail prices for approved items or services; however, you are not bound by our recommended prices. (See Franchise Agreement – Section 6.3)
- 9. Provide the Initial Training Program, Online Training Program and Hands-On Training Program (i) to your Managing Owner and Designated Manager at no charge for your first Teriyaki Shop, and (ii) for your initial Designated Manager for your second and any additional Teriyaki Shops authorized under the Development Agreement. You are responsible for all wages, travel, lodging, and other costs associated with your attendees' training. (See Franchise Agreement – Sections 8.3, 8.4 and 8.5)
- 10. Provide you with on-site assistance in connection with your opening. (See Franchise Agreement – Section 8.7)

11. Provide you with a required marketing campaign in connection with the grand opening marketing for your Teriyaki Madness Business (See Franchise Agreement – Section 8.7).
12. Provide you with other pre-opening consultation as we deem necessary and appropriate during normal business hours (See Franchise Agreement – Section 8.7).

We do not provide the above services to renewal franchisees or franchisees opening additional Teriyaki Shops and may not provide all of the above services to franchisees that purchase existing Teriyaki Madness Businesses. We are not obligated to provide or assist you in obtaining or installing any of the above items or services, conforming the premises to local ordinances and building codes or obtaining required permits, or constructing, remodeling, or decorating the premises, and/or hiring and training employees.

Continuing Obligations

During your operation of your Teriyaki Madness Business, we (or our designee) will provide the following assistance and services to you:

1. Advise you regarding the Teriyaki Madness Business operation based on your reports and our inspections. We also will guide you on standards, specifications, and operating procedures and methods that Teriyaki Madness Businesses use; required purchases and authorized operating assets and other items and arranging for their distribution to you from us or the suppliers; advertising and marketing materials and programs; newly hired personnel training; and administrative, bookkeeping, accounting, and inventory control procedures. We will guide you through the Manual, in bulletins or other written materials, through the use of electronic media, telephone conferences and/or meetings at our offices, or at your Teriyaki Shop. (See Franchise Agreement – Section 8.10)
2. Continue to loan you or make available to you on our website one copy of the Manual and online training for you and your employees. (See Franchise Agreement – Section 10.1)
3. Issue and modify System Standards for Teriyaki Madness Franchises. We may periodically modify System Standards, and those modifications may require you to invest additional capital in the Teriyaki Madness Business and/or incur higher operating expenses. (See Franchise Agreement – Section 8.10)
4. License to you for your use, confidential and proprietary information designed to assist you in the operation of the Teriyaki Madness Business. (See Franchise Agreement – Section 12.1)
5. License to you use of the Marks and copyrighted materials. (See Franchise Agreement – Sections 11.3 and 11.4)
6. Maintain and administer marketing programs and the Marketing Fund, described in greater detail immediately below in this Item 11. (See Franchise Agreement – Sections 7.1 and 7.2).
7. Maintain and administer one or more websites to advertise, market and promote Teriyaki Madness Businesses and the services and products offered (each a “System Website”). (See Franchise Agreement – Section 7.11)

8. Review requests for approval of additional items, services and/or suppliers, and notify you of our decision. (See Franchise Agreement – Section 6.5)
9. Review samples of all marketing materials and other materials bearing our Marks you submit to us for approval and notify you of our decision. (See Franchise Agreement – Section 11.3)
10. Provide you with additional training at our corporate headquarters or a designated location, if we determine that you require additional training, or if you request additional training. We may require you to undergo additional training if we determine that you are not operating your Teriyaki Madness Business in accordance with our standards and specifications. If we provide any additional training or assistance at a location other than our corporate headquarters, you will be charged our standard rate in effect at the time. As of the Issuance Date of this Franchise Disclosure Document, our standard rate is \$500 per day, payable in advance or as otherwise agreed. You will also pay the cost of travel, meals and accommodations for our representatives, if we provide on-site training or assistance. You will pay the cost of travel, meals and accommodations for you or your representatives associated with any additional training or assistance that is conducted at our corporate headquarters. (See Franchise Agreement – Section 8.6)
11. Provide you with access to an intranet system with additional materials to assist you in the operations of your Teriyaki Shop. (See Franchise Agreement – Section 8.11)

Site Development

Site Selection

We and MH International will provide you with our site selection criteria and assistance we deem necessary for you to select and acquire a site for your Teriyaki Madness Business which meets our site selection criteria. You may not lease or purchase a site for your Teriyaki Madness Business until after we have approved the site in writing. The factors we consider in approving sites include location, size, suitability, layout, access and visibility of the proposed location, proximity to other businesses, location and nature of any competitors, population density and demographics, vehicle traffic, pedestrian traffic, existing tenant mix, parking convenience, and other factors that may be relevant to your market.

Our approval only indicates that we believe that the site falls within our minimum site selection criteria. There are no deadlines for our approval or disapproval of your proposed site, although we will typically be able to respond within two weeks after you submit to us all of the required information. Once we have approved your location, the Franchise Agreement and Teriyaki Shop Approved Location Acceptance will automatically be amended to show the Approved Location as the only location where you are authorized to operate the Teriyaki Madness Business.

You must obtain our prior written approval of your lease. Your lease must meet our lease approval criteria. Our approval is conditioned on you and your landlord executing a Teriyaki Shop Lease Addendum, in the form attached to Attachment B to the Franchise Agreement which contains mandatory lease provisions that we require for our protection.

Although we will consult with you on your site, assist you in finding an acceptable location, and require that your site be subject to our final authorization, you have the ultimate responsibility in choosing, obtaining and developing the site for your Teriyaki Madness Business.

If we cannot agree on a site for your Teriyaki Madness Business and you do not open your Teriyaki Madness Business according to the deadline explained below or pay the Opening Extension Fee, we will have the right to terminate the Franchise Agreement without providing you a refund of any fees you paid to us. In our sole discretion, we may waive the extension fee if requested in writing within nine months of signing the Franchise Agreement.

Opening

You must open your Teriyaki Shop no more than 53 weeks of the effective date of the Franchise Agreement. The typical time between signing the Franchise Agreement and opening a Teriyaki Shop is between five and 11 months. Factors that affect this length of time include: securing any necessary financing; selecting the site; negotiating the lease; obtaining necessary permits; completing leasehold improvements; selecting, ordering and receiving delivery of equipment, inventory and supplies; completing our initial training program; and hiring and training a manager and other employees. If you do not open within 53 weeks of such date, you will be required to pay us an Opening Extension Fee until you open and we will have the right to terminate the Franchise Agreement without providing you a refund of any fees you pay to us. In our sole discretion, we may waive the extension fee if requested in writing no less than 90 days prior to the date your Teriyaki Shop is required to open if we believe in our sole discretion that you are making a satisfactory attempt to comply with the terms of the Franchise Agreement.

You may not open your Teriyaki Madness Business until: (1) we notify you in writing that all of your pre-opening obligations have been fulfilled; (2) you have completed the Initial Training Program, Online Training Program and Hands-On Training Program to our satisfaction and have commenced the On-Site Training Program; (3) all amounts due to us have been paid; (4) we have been furnished with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums that we request; (5) you notify us that all approvals and conditions set forth in the Franchise Agreement have been met; (6) you have received all required permits and licenses; (7) you have ordered, received and installed your equipment, supplies, inventory and computer system; and (8) you have signed the “Franchisee On-Site Training Agreement,” the form of which is attached to the Franchise Agreement as Attachment C. You must be prepared to begin operating your Teriyaki Madness Business after we state that it is ready for opening.

Advertising and Marketing

Grand Opening Marketing

You must complete the required opening marketing and advertising program (“Grand Opening Marketing Program”) in which you pay our affiliate \$10,000 upon the signing of your lease for the Approved be spent in full during the period beginning approximately four weeks prior to the opening of the Teriyaki Shop and ending approximately four weeks after the opening of the Teriyaki Shop. Currently, we collect the Grand Opening Promotion Fee when you sign a lease for your Teriyaki Madness Business location and conduct the Grand Opening Marketing Program on your behalf.

Local Advertising

In addition to the Marketing Fund Contributions and the Grand Opening Marketing Program described above, each Teriyaki Madness Business must engage in local advertising equaling 2% of net sales quarterly. You will be required to send documentation on your local marketing spend as requested by us in writing. All advertising, promotional, and marketing content must be clear, factual, not misleading, and must conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we may require from time to time. Before you conduct any advertising or marketing

you must send us or our designated agency samples of your proposed materials for review or obtain creative from the approved and provided content library. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved. You may not advertise via the Internet, including social media websites without attending our social media training in our Initial Training Program, unless we have authorized you to do so in writing. At our request, all local advertising materials must include certain language, such as “Franchises Available” and our website address and telephone number. You are prohibited from making press releases or contributions or donations associated with the Marks or the Teriyaki Madness Business without our consent.

Advertising/Marketing Cooperatives

We have not formed and do not require any participation in advertising councils or advertising cooperatives.

Marketing Fund

We have established an advertising and Marketing Fund for marketing, developing, and promoting Teriyaki Madness Franchises. You must contribute three percent (3%) of your Net Sales to the Marketing Fund. Your Marketing Fund Contribution will be due at the same time and in the same manner as the Royalty Fee. Teriyaki Madness Businesses owned by us or our affiliates are not obligated to contribute to the Marketing Fund, but may do so on a voluntary basis. The Marketing Fund may allocate resources to advertise locally, regionally, and/or nationally, in printed materials, on radio, on television, and/or on the Internet, in our sole discretion.

Use of Marketing Fund

We will direct all programs that the Marketing Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. We will account for the Marketing Fund separately from our other funds and not use the Marketing Fund for our general operating expenses.

We will hold all Marketing Fund Contributions for the benefit of the contributors and use contributions only for their permitted purposes. We have no fiduciary obligation to you for administering the Marketing Fund. The Marketing Fund may allocate in any fiscal year more or less than the total Marketing Fund Contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use any interest earned on Marketing Fund Contributions to pay costs before spending the Marketing Fund’s other assets. We will not use the Marketing Fund Contributions for advertising that is principally a solicitation for the sale of Franchises, but we reserve the right to include a notation in any advertisement indicating “Franchises Available” or similar phrasing. Upon written request, we will make available an unaudited annual accounting for the Marketing Fund that shows how the Marketing Fund proceeds have been spent for the previous year. We may, in our sole discretion, have the Marketing Fund audited annually, at the Marketing Fund’s expense, by an independent certified public accountant. We may incorporate the Marketing Fund or operate it through a separate entity, at our sole discretion. If the Marketing Fund is managed by a separate entity, then such entity will have all of the rights and obligations described in this Item 11.

We may forgive, waive, settle, and/or compromise all claims by or against the Marketing Fund. We assume no other direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Marketing Fund.

We may at any time defer or reduce a franchisee's Marketing Fund Contributions and, upon 30 days' prior written notice to you, reduce or suspend Marketing Fund Contributions and operations for one or more periods of any length and terminate and/or reinstate the Marketing Fund. If we terminate the Marketing Fund, we will distribute all unused contributions to contributing franchisees, and to us or our affiliates, in proportion to respective contributions during the preceding 24-month period (See Franchise Agreement – Section 7.2).

The Marketing Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining a website that promotes Teriyaki Madness Businesses, and/or related strategies; administering area and multi-area marketing and advertising programs, including purchasing trade journal, direct mail, and other media advertising, and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities. The Marketing Fund periodically will give you samples of advertising, marketing, and promotional formats and materials at no cost.

We may use the Marketing Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Marketing Fund, the Marketing Funds' other administrative costs, travel expenses of personnel while they are on business relating to the Marketing Fund, meeting costs, overhead relating to Marketing Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Marketing Fund and their programs, including, without limitation, conducting market research; public relations; preparing advertising, promotion, and marketing materials; and collecting and accounting for Marketing Fund Contributions.

The Marketing Fund is designed to maximize recognition of our Marks and increase business for Teriyaki Madness Businesses. Although we will try to use the Marketing Fund to develop advertising and marketing materials and programs that will benefit all Teriyaki Madness Businesses, we do not ensure that the money from the Marketing Fund used in or affecting any geographic area will be proportionate or equivalent to Marketing Fund Contributions by contributors operating in that geographic area, or that any contributor benefits directly or in proportion to its Marketing Fund Contributions. We are not required to spend any amount for advertising in your Area of Protection. We typically disseminate advertising in print media. We direct all advertising and promotional programs. All creative concepts, materials, and media used in these programs and their placement and location will be created by our in-house marketing department and/or by a national or regional professional advertising, public relations or marketing firm.

During the last fiscal year ended December 31, 2022, the Marketing Fund had the following expenditures, with each category including associated administrative costs: 33.8% for production and creative, 20.6% for media placement, 42.7% for marketing and promotion and 2.9% for brand research. We did not use the Marketing Fund to solicit new franchise sales, but we do have "franchise available" language in marketing collateral.

System Website

We have established a System Website for Teriyaki Madness Businesses. Other than the System Website, and certain other activities that we approve from time to time in our sole discretion, you may not conduct activity associated with your Teriyaki Madness Franchise over the Internet.

We may allow you to promote your business via alternate online strategies consistent with our online policy as contained in the Manual. We have the right to review all online content on social media sites, blogs, in electronic communications and on other online sites on which our trademarks are used to protect the reputation and high-quality associated with our trademarks and to maintain consistency within

the System. We may remove or require you to remove any questionable usage or content involving our Marks. We may also require you to cease using our Marks at all such sites or discontinue all use of such sites.

As long as we maintain a System Website, we will have the right to use the Marketing Fund's assets to develop, maintain and update the System Website. We may update and modify the System Website from time to time. You must promptly notify us whenever any information on your listing changes or is not accurate. We have final approval rights of all information on the System Website. We may implement and periodically modify System Standards relating to the System Website.

We are only required to reference your Teriyaki Madness Business on the System Website while you are in full compliance with your Franchise Agreement and all System Standards. If you are in default of any obligation under the Franchise Agreement or System Standards, then we may temporarily remove references to your Teriyaki Madness Business from the System Website until you fully cure the subject default(s). You may not, without our prior written approval, develop, maintain, or authorize any website that mentions or describes you, your Teriyaki Madness Business, or displays any of the Marks. If we approve your use of a website, including social media websites, we will reserve the right to require you to obtain our written approval of its initial content and as it is updated or modified from time to time. If we develop a template or other standardized format and/or content for franchisee websites, you must agree to use our mediums. You may not sell services or products not approved by us in the Manual on your Teriyaki Madness Business website without our prior written approval (See Franchise Agreement – Section 7.10).

Advisory Councils

We have formed a franchise advisory council (“FAC”) to assist us in improving products and services, the System, and marketing and promotion of the Teriyaki Madness Business. The FAC includes our representatives and franchisee representatives. Franchise representatives may be selected by us or may be elected by other franchisees in the System. The FAC serves in an advisory capacity only and may be compensated for their time by the Marketing Fund. However, if you participate in an advisory council, it is possible that you may incur additional expenses related to your participation, such as travel, lodging and meal expenses attending council meetings. We reserve the right to form, change, or dissolve any advisory council at any time.

Computer System and Required Technology

You will, at your expense, purchase and maintain any point-of-sale system, cash register, computer hardware and software, communication equipment, communication services, security system, entertainment system, Internet services (including the requirement to maintain a high speed internet connection), dedicated telephone and power lines, modems, printers, and other related accessories or peripheral equipment that we may specify for use in each Teriyaki Shop (“Required Technology”). We estimate the cost to purchase the Required Technology to be \$10,000 to \$15,000.

You must obtain the Required Technology, software licenses, maintenance and support services, mobile application services, online and digital ordering and delivery services, and other related services from the suppliers we specify (which may be limited to us and/or our affiliates). You must use any credit card vendors and accept all credit cards and debit cards that we determine. The term “credit card vendors” includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, “Apple Pay” and “Google Wallet”). We may periodically modify the specifications for, and components of, the Required Technology. These modifications and/or other technological developments or events may require you to purchase, lease, and/or obtain by license new or modified computer hardware and/or software and obtain service and support for the Required Technology.

The Franchise Agreement does not limit the frequency or cost of these changes, upgrades, or updates. We estimate that the annual costs of required maintenance updates or upgrading, or support contracts will be \$500 (however, it may be more or less depending on the update or contract). We have no obligation to reimburse you for any Required Technology costs. Within 60 days after you receive notice from us, you must obtain the components of the Required Technology that we designate and ensure that your Required Technology, as modified, is functioning properly.

In addition to the Technology Fee described in Item 5 and Item 6, we may require that you hire and/or make payments to a third-party vendor for: (i) installing, providing, supporting, modifying, and enhancing any proprietary software or hardware that we develop and license to you; and (ii) other Required Technology-related maintenance and support services that we or our affiliates provide to you. If we require you to utilize the services of a third-party vendor, you may be required to pay them directly. If we or our affiliates license any proprietary software to you or otherwise allow you to use similar technology that we develop or maintain, then you must sign any software license agreement or similar instrument that we or our affiliates may require.

You will not install or permit the installation of any unauthorized software on your point-of-sale equipment or computer equipment without our prior express written consent. If we determine that unauthorized software or programs have been installed on your systems, you must immediately remove them upon notice from us. You will use your point-of-sale system only in connection with the Teriyaki Madness Business and only according to System Standards. Unless we agree otherwise, you will use only one computer at your Teriyaki Madness Business to connect to, and communicate with, our Required Technology, and you must maintain all data relating to your Teriyaki Madness Business on this same computer. If you have any other computers at your Teriyaki Madness Business, you must give us full access to those computers anytime we request (including if we audit your Teriyaki Madness Franchise).

You will have responsibility for: (1) the acquisition, operation, maintenance, and upgrading of your Required Technology; (2) the manner in which your Required Technology interfaces with our computer system, intranet, and those systems of other third parties; and (3) any and all consequences that may arise if your Required Technology is not properly operated, maintained and upgraded.

We will provide you written specifications for all Required Technology and where applicable, a list of our Approved Suppliers for any Required Technology. Otherwise, we are not required to provide you with any further assistance in obtaining, delivering or installing any Required Technology.

The Required Technology will store information about the items sold at your Teriyaki Madness Business, information about the inventory you purchase, customer data including contact information and lists, sales prices, taxes, fees, sales records, daily totals, and other types of data related to the operation of your Teriyaki Madness Business. All information stored in the Required Technology is our property and we will have independent access to the Required Technology, including all information generated and stored in the point of sale and computer system and/or the right to download any and all information. There are no contractual limitations on our right to access and download this information. You must make sure that we have access to your point-of-sale system in the manner we require, at your expense. We require that franchisees use back office and accounting systems that we specify, including the specific version of each that we specify. For accounting/bookkeeping You must hire or otherwise obtain the services of an individual who is qualified to and capable of competently operating this software and maintaining accurate books and records for your Teriyaki Madness Business, such as an experienced bookkeeper or an accountant approved, in writing by us. This individual may either be hired as an employee or independent contractor, or you may obtain these services through an outside accounting service.

We have established an intranet system to provide you with access to an electronic version of the Manual, marketing materials, other System materials and support, and for other purposes. We administer and maintain the intranet system, and we provide you and/or your managers with access to this system. Subject to System Standards, we will allow you or your managers to access our intranet system during the term of the Franchise Agreement, but we have the right to suspend your access to our intranet if you are in default of your Franchise Agreement. We may require you to use the intranet system for communications, reports, and other functions.

Training

Initial Training Program

We provide an initial training program that consists of approximately 24 hours of training that is conducted over a period of approximately four days (“Initial Training Program”) as follows:

TRAINING PROGRAM

Initial Training Program

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Welcome to the Madness	0.5	0	Denver, Colorado
Opening Process	1.5	0	Denver, Colorado
Accounting	1.0	0	Denver, Colorado
Guest Experience	2.5	0	Denver, Colorado
Operations and Training Tools	1.5	0	Denver, Colorado
Employee Hiring and Retention	1.5	0	Denver, Colorado
Supply Chain Overview	1	0	Denver, Colorado
Revel/POS	1	0	Denver, Colorado
Marketing	2	0	Denver, Colorado
Social Media	1		
App/OLO/3PD/Catering	1	0	Denver, Colorado
Shop Visit	3		
Q&A with Current Shop Owner	1	0	Denver, Colorado
Round Table Discussions	2	0	Denver, Colorado
Surviving the Madness	1.5	0	Denver, Colorado
Vision Discussion with CEO	1.5	0	Denver, Colorado
Case Study Presentations	0.5	0	Denver, Colorado
Total	24	0	

Our Initial Training Program is required for you or your Managing Owner and your Designated Manager (if applicable) for your first Teriyaki Shop (and any initial Designated Managers for any additional Teriyaki Shops to be opened under a Development Agreement). The Initial Training Program is offered periodically as we determine on an as needed basis but will occur at a minimum of six times per year. The Initial Training Program is conducted at either our designated training facility in Denver, Colorado or at the location of our choice, and must be completed by you or your Managing Owner and your Designated Manager (if applicable) within 90 days after you sign the Franchise Agreement. There is no tuition or fee for the Initial Training Program for attendees for your first Teriyaki Shop, provided they attend at the same time (and for any initial Designated Manager for any additional Teriyaki Shops authorized under a Development Agreement).

Online Training

You and your Designated Manager (if applicable) for your first Teriyaki Shop (and any initial Designated Manager for any additional Teriyaki Shops under a Development Agreement) are also required to successfully complete all currently offered courses on our online training platform and learning management system (“Mad U”). Our Online Training Program (Mad U) currently consists of approximately 13.25 hours of training as follows:

Online Training Program

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Introduction to Training	75 minutes	0	online
Opening Procedures	20 minutes	0	online
Closing Procedures	20 minutes	0	online
Cashier Position	2 hours 45 minutes	0	online
Food Prep Position	3 hours	0	online
Grill Position	45 minutes	0	online
Range Position	2 hours 20 minutes	0	online
Management	2 hours 30 minutes	0	online
Total	13 hours 25 minutes	0	

Mad U is available to you or your Designated Manager and all employees of all of your Teriyaki Shops at no fee to you. You and your Designated Manager (if applicable) are required to successfully complete all currently offered courses on Mad U before attending Hands-On Training described below.

Hands-On Training

Additionally, you or your Managing Owner and your Designated Manager (if applicable) for your first Teriyaki Shop (and any initial Designated Manager for any additional Teriyaki Shops authorized under a Development Agreement) will be required to travel to our designated training facility or to the location of our choice for 10 days of hands-on training (“Hands-On Training Program”) at least 30 days prior to

your Teriyaki Shop opening. Our Hands-On Training Program consists of approximately 93.5 hours of training as follows:

Hands-On Training Program

Subject	Hours of Classroom	Hours of On-The-Job Training	Location
Introduction to Training	1	0	Training Shop
Opening Procedures	0	3	Training Shop
Closing Procedures	0	3	Training Shop
Cashier Position	0	6	Training Shop
Point Position	0	6	Training Shop
Food Prep Position	0	10	Training Shop
Grill Position	0	6	Training Shop
Range Position	0	10	Training Shop
Management	30.5	19	Training Shop
Total	30.5	63	

There is no tuition or fee for the Hands-On Training for attendees for your first Teriyaki Shop, provided they attend at the same time (and for any initial Designated Manager for any additional Teriyaki Shops authorized under a Development Agreement).

On-Site Training

During the opening of your Teriyaki Madness Business, we will provide an on-site training program (“On-Site Training Program”) that consists of between 10 and 17 days for your first Teriyaki Shop, at our discretion. The On-Site Training Program is conducted at your Teriyaki Madness Business. Our On-Site Training Program consists of between 10 and 17 days for your first Teriyaki Shop of the approximate hours of training and topics below:

On-Site Training Program

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Store Set Up/Ergonomics	0	14	Franchisee’s Teriyaki Shop
Sauce Recipes	0	6	Franchisee’s Teriyaki Shop
Food Preparation	0	8	Franchisee’s Teriyaki Shop
Inventory	1.5	1	Franchisee’s Teriyaki Shop

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Food Safety	3	1	Franchisee's Teriyaki Shop
FOH and BOH Simulations	0	30	Franchisee's Teriyaki Shop
POS	0	4	Franchisee's Teriyaki Shop
Product Knowledge	3	3	Franchisee's Teriyaki Shop
Team Orientation and Round Robbins	4	4	Franchisee's Teriyaki Shop
Sysco Order/Pars	1	3	Franchisee's Teriyaki Shop
Scheduling/Labor Tool	0.5	2	Franchisee's Teriyaki Shop
Manager Duties	0	10	Franchisee's Teriyaki Shop
Mock Service	0	10	Franchisee's Teriyaki Shop
Opening Operations	0	18	Franchisee's Teriyaki Shop
Total	13	114	

There is no tuition or fee for the On-Site Training Program.

Notes to Training Information:

1. Before you begin operating your first Teriyaki Shop, the Initial Training Program, Mad U and Hands-On Training Program must be successfully completed to our satisfaction. If your Managing Owner and/or Designated Manager fail(s) to successfully complete the Initial Training Program, Mad U, Hands-On Training Program or On-Site Training Program to our satisfaction, we may require the failing attendee to attend additional training programs that we designate, at your sole expense, or we may require you to appoint a new Managing Owner and/or Designated Manager and to send that individual to the next available Initial Training Program, at your sole expense. If any of our required training is not completed to our satisfaction after two attempts, we may terminate the Franchise Agreement without a refund.

2. If you have new, replacement managing partners, managers, or owners, we may require them to attend our training programs. Any Designated Managers must successfully complete Initial Training Program, Mad U and Hands-On Training Program.

3. We reserve the right to amend, modify, supplement, vary and/or delete any portion of the contents of the Initial Training Program, Mad U, Hands-On Training Program.

4. Kevin McCarthy, Executive Vice President of Operations, supervises the training team. Mr. McCarthy has 33 years of experience as a trainer and four (4) years of experience with Teriyaki Madness. Although the individuals comprising the training team may vary, all of our instructors will be

employees or contractors of Teriyaki Madness. Each instructor will be trained as an instructor by us with each trainer offering assistance in their area of expertise.

5. We will use the Manual, Mad U and Teriyaki Madness job aides as the primary instruction materials during the initial training.

6. We do not pay any travel expenses, lodging, meals (with the exception of lunch each day), ground transportation or other personal expenses for any person attending the Initial Training Program or Hands-On Training Program.

Continuing, Supplemental or Refresher Training

We may offer continuing, refresher or additional training courses from time to time. If we do, these courses will be mandatory for your Managing Owner and Designated Manager. These courses can be conducted at locations selected by us or virtually via Teams, Zoom, WebEx, Skype or other conference calls. We may charge a tuition fee if we require your Managing Owner and Designated Manager or other staff to attend mandatory supplemental, continuing or refresher training courses. If we provide any additional training or assistance at a location other than our corporate headquarters, you will be charged our standard rate in effect at the time. As of the Issuance Date of this Franchise Disclosure Document, our standard rate was \$500 per day, but we may update this cost from time to time. The fees are payable in advance or as we otherwise determine. You must also pay all expenses, travel costs, lodging costs and meal costs for your trainees for any continuing or refresher training courses. We reserve the right to impose reasonable charges for training materials in connection with continuing or refresher training courses. We will notify you of any additional charges before you or your employees enroll in a course. Failure to attend required continuing, supplemental or refresher training is a default under your Franchise Agreement.

Remedial Training or Additional Training Requested by Franchisee

If you request or if we determine that it is appropriate or necessary, in our sole discretion, whether as a result of observations or otherwise during the operation of your Teriyaki Madness Business, we can require that you (or, if you are not an individual, then a managing member, partner or officer of you designated by you to participate personally in the Teriyaki Madness Business) and/or any of your managers, attend and successfully complete additional training, including online computer training designated by us. You will be charged our then-current costs (currently \$500 per day) for any additional training or assistance provided in a location other than our corporate headquarters. You will be responsible for all of the wages, travel and living expenses that we incur if we send a representative to provide on-site training or assistance. You will be responsible for your wages, travel expenses and living expenses, and those of your representatives, if such additional training or assistance is not provided on-site. Failure to attend any required remedial training is a default under the Franchise Agreement.

Conventions, Meetings and Conferences

We may also conduct and hold in person conventions, meetings, seminars, sessions or conferences from time-to-time for the benefit of all franchisees. Your Managing Owner and Designated Manager must attend mandatory conferences at locations that we designate, and you must pay any conference fees and travel expenses. Currently, our only regular conference is the annual convention. For the annual convention, you will pay us the conference fee of \$2,000 at least 90 days before the conference via EFT. If at least one of your required attendees attends the annual convention, we will credit \$500 of the \$2,000 back to you. The conference fee is in addition to other expenses of each person attending, including any conference fees, travel expenses, meals, and personal expenses. If you wish to send more than two individuals to our annual conference, you must pay, in addition to expenses, a fee of \$1,000 per additional individual. We may

choose to waive the conference fee for some convention speakers, members of the franchise advisory council, or for any reason in our discretion.

You must also pay for all of your associated expenses, including the expense of salaries, travel, meals, lodging, and miscellaneous expenses of your personnel attending such seminars, conventions or conferences. If you do not attend any scheduled conference, you will be responsible for making up any training offered at such conference at a time and location in our sole discretion and at your sole expense. Your failure to attend mandatory conventions or conferences will be treated as a default under the Franchise Agreement.

If we establish additional conferences, we will designate each conference as “required” or “optional.” If a conference is designated as “required,” we reserve the right to charge you a conference fee in the amount we designate regardless of whether you attend.

ITEM 12. TERRITORY

You will operate the Teriyaki Madness Business at an Approved Location within the Area of Protection. The Area of Protection is based on the geographic area and population properties within that territory and other relevant demographic characteristics. During the term of the Franchise Agreement, except as provided below, we will not establish or operate, or franchise any person to establish or operate, a business using the Marks and System at any location within the Area of Protection for each Teriyaki Madness Business. Neither we nor any of our affiliates operate, franchise, or have plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. The scope of the area will likely differ among franchisees, and will be determined by population density and demographics, and geographical and political boundaries. As a general rule, the Area of Protection will include an area with a population of approximately 25,000 people. Your Area of Protection may include less than 25,000 people if your Teriyaki Madness Business is located in an area with high non-resident traffic. The boundaries of your Area of Protection may be described in terms of contiguous zip codes, street boundaries, and county boundaries or depicted on a map that is attached to your Franchise Agreement. Once we establish your Area of Protection, we will not change or modify it without your consent. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You must follow our off-site policies and procedures in the Manual, which may allow you to provide catering services in the territories of other Teriyaki Madness Businesses without compensating the operator of those restaurants. Under these policies, we, our affiliates, or other Teriyaki Madness Businesses may provide catering and delivery services in your Area of Protection without compensating you. We may impose restrictions in the future that prevent you from providing catering and delivery services outside of your Area of Protection.

Although you will have an Area of Protection, we retain the right, for ourselves and our affiliates, on any terms we deem advisable, and without granting you any rights:

1. to own, franchise, or operate Teriyaki Madness Businesses at any location outside of the Area of Protection regardless of the proximity to your Approved Location or the impact on your existing or potential customers;
2. to own, acquire, establish and/or operate, and license others to establish and operate, businesses under other trademarks other than the Marks or other systems, at any location

within or outside the Area of Protection (even if these businesses are in competition with you);

3. to own, acquire, establish and/or operate, and license others to establish and operate, businesses using any proprietary marks or systems (including the Marks and System) at any airport, train station, other transportation facility, arena, ballpark, stadium, racetrack, other sports facility, theater, auditorium, concert hall, theme park, amusement park, cruise ship, casino, or other entertainment facility, grocery store, gas station, university, college campus, or military base, within any outlet mall or other area mall, or by way of a mobile food truck, within or outside the Area of Protection;
4. to use any proprietary marks or systems (including the Marks and the System) to sell or distribute at retail or wholesale locations or otherwise or license others to sell or distribute at retail or wholesale locations or otherwise any products, including proprietary items such as bottled teriyaki sauces and salad dressings and including products that are the same or similar to those which you will sell, within or outside the Area of Protection;
5. to use any proprietary marks or systems (including the Marks and System) to sell any products, including products that are the same or similar to those which you will sell through any alternative channels of distribution within or outside of the Area of Protection, regardless of their proximity to the Approved Location or their impact on your existing or potential customers. This includes, but is not limited to, grocery stores, convenience stores, club stores, other retail outlets, direct marketing sales, and other channels of distribution such as television, direct mail, mail order, catalog sales, telemarketing, or over the Internet. We exclusively reserve the Internet, including computerized or remote entry ordering systems, as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce unless you have received our prior written permission or unless such activities are expressly authorized by the Manual;
6. to acquire, or be acquired by, any competing system, including a competing system that has one or more locations within your Area of Protection; and
7. to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

We are not required to pay you if we exercise any of the rights specified above within your Area of Protection.

Development Agreement

If you execute a Development Agreement, you will have the right and undertake the obligation to sign the then current Franchise Agreement and open additional Teriyaki Madness Businesses. We determine the Primary Search Area before you sign the Development Agreement based on various market and economic factors like market demographics, the penetration of Teriyaki Shops and similar businesses in the market, expansion potential, the availability of appropriate sites and growth trends in the market. The Primary Search Area may be all or a portion of a city, a contiguous number of zip codes, a single or multi-county area, or some other geographically identifiable area, which will be described in the Development Agreement.

You must develop Teriyaki Shops in the Primary Search Area as outlined in the development schedule in the Development Agreement. We must agree to the development schedule before signing the Development Agreement.

If you purchase the rights to open additional Teriyaki Shops by executing a Development Agreement and fail to open the Teriyaki Madness Businesses in accordance with the terms of the Development Schedule for your Development Agreement, you will forfeit the right to open any remaining undeveloped Teriyaki Madness Businesses. All Approved Locations for your Teriyaki Shops must be within the Primary Search Area described in the Development Agreement. You have no rights, protection or exclusivity to the Primary Search Area.

You will not receive an exclusive territory, You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You may not engage in any promotional activities or market our proprietary products or similar products or services, whether directly or indirectly, through any other similar proprietary or common carrier electronic delivery system (collectively, the “Electronic Media”); through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere.

You must operate the Teriyaki Madness Business only at the Approved Location. If you have not identified an Approved Location for the Teriyaki Shop when you sign the Franchise Agreement, as is typically the case, you and we will agree on the Approved Location in writing and amend the Franchise Agreement by signing the Teriyaki Shop Approved Location Acceptance after you select and we approve the Approved Location. Although we may assist you in selecting a location for your Teriyaki Shop, you are solely responsible for selecting the Approved Location and negotiating the lease or purchase term. You are not guaranteed any specific Approved Location and you may not be able to obtain your top choice as your Approved Location.

You may not relocate the Teriyaki Madness Business without our approval in writing. Our decision to approve will be based in part upon where your new Teriyaki Shop will be located, whether or not such relocation will infringe upon the rights of other Teriyaki Madness Businesses, and the time it will take to relocate your Teriyaki Madness Business. Aside from cases of force majeure, the Teriyaki Shop must be open and operating at the new Approved Location prior to the closure of your current Approved Location.

You are not granted any rights of first refusal or any other similar right to acquire additional franchises.

You are not prohibited from directly marketing to or soliciting customers located outside of your Area of Protection. However, you may not directly market or solicit customers within the Area of Protection of another Teriyaki Shop. You may sell products to customers located outside of the Area of Protection so long as they are sold from your Approved Location. You may not knowingly sell our proprietary products or any other products to any business or other customer at wholesale or for resale.

The continuation of the Area of Protection is not dependent upon your achievement of a certain sales volume, market penetration, or quota. We do not pay compensation for soliciting or accepting orders inside your Area of Protection. As of the Issuance Date of this Franchise Disclosure Document, we do not sell anything directly to customers.

ITEM 13. TRADEMARKS

The Marks and the System are owned by MH and are licensed exclusively to us. MH has granted us an exclusive license (“Trademark License”) to use the Marks for purposes of franchising the System around the world. The Trademark License extends until March 1, 2026, but it will automatically renew for subsequent ten-year periods provided we are not in default or do not materially breach the Trademark License by engaging in any activity which damages the Marks or the goodwill of the System. In the event the Trademark License is terminated, MH has agreed to license the use of the Marks directly to our franchisees until such time as each Franchise Agreement expires or is otherwise terminated. Otherwise, the license agreement may be terminated by MH for cause upon any affirmative act of insolvency (or similar events) or upon our breach of the license agreement. There are no other agreements currently in effect which significantly limit our rights to use or license the use of the Marks listed above in a manner material to the Franchises.

The Franchise Agreement and your payment of Royalty Fees grant you the non-exclusive right and license to use the System, which includes the use of the proprietary Marks. You must use the Marks as we require. You may not use any of the Marks as part of your firm name, corporate name, or domain name. You may not use the Marks in the sale of unauthorized services or products or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale or other disposition of the Teriyaki Madness Franchise or any interest in the Franchise. All rights and goodwill from the use of the Marks accrue to us.

The first three Marks below were previously owned by our predecessor, Teriyaki Madness LLC. On the Acquisition Date, in connection with the Acquisition described in Item 1, the Marks were assigned to our parent, MH. On March 1, 2016, we entered into the License Agreement with MH described above. The following Marks used (or intending to be used) with the System are registered on the Principal Register with the United States Patent and Trademark Office (“USPTO”).

Mark	Filing or Registration Date	Serial or Registration	Status
TERIYAKI MADNESS	May 7, 2013	4331710	Registered on the Principal Register
	March 7, 2006 (renewed May 4, 2016)	3066808	Registered on the Principal Register
	May 6, 2014	4524355	Registered on the Principal Register

Mark	Filing or Registration Date	Serial or Registration	Status
	February 18, 2020	5987979	Registered on the Principal Register
TERIYAKI MADNESS	February 18, 2020	5987978	Registered on the Principal Register
	November 6, 2018	5599384	Registered on the Principal Register
	November 6, 2018	5599383	Registered on the Principal Register
	December 3, 2019	5924665	Registered on the Principal Register
CRAZY DELICIOUS	June 28, 2022	6774780	Registered on the Principal Register

All required affidavits for the registered Marks have been filed and we intend to renew at the appropriate times.

There are currently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, no pending infringement, opposition or

cancellation, and no pending material litigation involving the principal trademark. We are aware of other businesses using the name “Teriyaki Madness” in the Seattle, Washington area, but we are not aware that these businesses have sought federal registration for the marks. There are no other infringing uses of the Marks actually known to us that could materially affect your use of the Marks in your state or elsewhere. Except for the Trademark License agreement, there are not any currently effective agreements that significantly limit our right to use or license the use of trademarks listed in this section in a manner material to the Franchise.

The following Marks used (or intending to be used) with the System are pending on the Principal Register with the USPTO. Following registration and at the appropriate times, we intend to renew the registration and to file all appropriate affidavits.

Mark	Filing or Registration Date	Serial or Registration	Status
TMAD	August 14, 2020	90975696	Filed and Pending Registration on the Principal Register
FASTER THAN A DRIVE THRU!	August 25, 2022	97565486	Filed and Pending Registration on the Principal Register
TMAD	August 14, 2020	90115538	Filed and Pending Registration on the Principal Register

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

You must follow our rules regarding use of the Marks. Any display of the Marks by you must be accompanied with notice of registration or claims by use of the symbols “®,” “TM” or “SM” as required in the Manual. You must cooperate with us and the owner of the Marks in maintaining registrations and prosecuting applications for the Marks, and in otherwise securing and preserving our rights in the Marks. The Marks may be used only in connection with the Teriyaki Madness Business and may not be used in your corporate name or legal name. The Marks may not be used in connection with any unauthorized product or service, or in any manner not expressly authorized by the Franchise Agreement. You must

indicate to the public in any contract, advertisement and with a conspicuous sign in your Approved Location that you are an independently owned and operated licensed franchisee.

You must notify us promptly in writing of: (1) any adverse or infringing uses of the Marks (or names or symbols confusingly similar), our confidential information or other System intellectual property, and (2) any threatened or pending litigation relating to the Marks or System against (or naming as a party) you or us of which you become aware. We or the Marks' owner will handle disputes with third parties concerning use of all or any part of the Marks or System in any manner we deem appropriate, in our sole discretion. You must cooperate fully and in good faith with us and the Marks' owner in our efforts to resolve these disputes. We or the Marks' owner may bring suit in your name or join you as a party to the relevant proceedings. We or the Marks' owner may resolve the matter by obtaining a license of the property at no expense to you, or by requiring that you discontinue using the infringing property or modify your use to avoid infringing the rights of others. We and the Marks' owner are not required to initiate suit against imitators or infringers who do not, in our sole opinion, have a material adverse impact on the Teriyaki Madness Business, and we are not required to initiate any other suit or proceeding to enforce or protect the Marks or System in a matter we do not believe, in our sole opinion, to be material.

We or the Marks' owner will defend you against any third-party claim, suit, or demand arising out of your use of the Marks in accordance with the Franchise Agreement and Manual. If we determine that you have used the Marks in accordance with the Franchise Agreement and Manual, we will bear the cost of your defense, including the cost of any judgment or settlement. If we determine that you have not used the Marks in accordance with the Franchise Agreement or Manual, you will bear the cost of, and reimburse us for, your defense, including the cost of any judgment or settlement. If there is litigation relating to your use of the Marks, you must sign any documents and do any acts as may be necessary, in our opinion, to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except if the litigation is the result of your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement or Manual, we will reimburse you for your out-of-pocket litigation costs in cooperating with us with respect to the litigation.

We reserve the right to substitute different proprietary marks for use in identifying the System, the businesses operating under them, and/or the services offered, if the Marks no longer can be used, or if we determine that substitution of different proprietary marks will be beneficial to the System. In these circumstances, the terms of the Franchise Agreement will govern the use of the substituted proprietary marks, and we will not compensate you for this substitution. You must promptly implement any substitutions of this kind, at your expense. Any use of the Marks not authorized by the Franchise Agreement provisions will be deemed an infringement. You will have no right to license others to use the Marks.

ITEM 14.

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or patents pending are material to the Franchise. We claim copyrights in the Manual, which contains trade secrets, advertising and marketing materials, the System Website, and similar items used in operating Teriyaki Madness Businesses. We have not registered these copyrights with the United States Registrar of Copyrights but need not do so at this time to protect them. You may use these items only as we specify while operating your Teriyaki Madness Business (and must stop using them if we so direct you).

There are currently no effective adverse determinations of the USPTO, the Copyright Office (Library of Congress), or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state. We need not

protect or defend copyrights, although we intend to do so if in the System's best interests. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright. If we decide to add, modify or discontinue the use of a copyrighted material, you must also do so. We are not obligated to reimburse you for any costs of complying with this obligation.

Our Manual and other materials that we may provide to you contain our confidential information (some of which constitutes trade secrets under applicable law). This information includes site selection criteria; training and operations materials; methods, formats, proprietary mixes and recipes, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Teriyaki Madness Businesses; marketing and advertising programs for Teriyaki Madness Businesses; any computer software or similar technology that is proprietary to us or the System; knowledge of, specifications for, and suppliers of operating assets and other products and supplies; and knowledge of the operating results and financial performance of Teriyaki Madness Businesses other than your Teriyaki Madness Business.

All ideas, concepts, techniques, or materials concerning a Teriyaki Madness Business, whether or not they are protected intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works-made-for-hire for our use. To the extent that any item does not qualify as a "work-made-for-hire" for us, you must assign ownership of that item, and all related rights to that item, to us and must take whatever action, including executing an assignment agreement or other documents, that we request to show our ownership or to help us obtain intellectual property rights in the subject item(s).

You may not use our confidential information in an unauthorized manner. You must take reasonable steps to prevent its improper disclosure to others and use non-disclosure and non-competition agreements with those having access to such information. We may regulate the form of confidentiality agreement that you use and must be included as a third-party beneficiary with independent enforcement rights in that agreement.

ITEM 15.

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Teriyaki Madness Business shall be managed by you, or if you are an entity, by a Managing Owner. Under certain circumstances, we may allow you to appoint a Designated Manager to supervise the day-to-day operations of the Teriyaki Madness Business. The Designated Manager must successfully complete our training program. The Designated Manager need not have an ownership interest in the franchisee entity. If you replace a Designated Manager for any reason, the new Designated Manager must complete our training program to our satisfaction. If, at any time during the term of the Franchise Agreement, you replace your Managing Owner and/or Designated Manager, that replacement must attend and successfully complete the first available Initial Training Program. You will be charged a training fee for each and every replacement Managing Owner and/or Designated Manager and will be responsible for all costs for airfare, ground transportation, lodging, meals, and expenses. You must also hire or otherwise obtain the services of an individual who is qualified to and capable of competently operating your accounting software and maintaining accurate books and records for your Teriyaki Madness Business, such as an experienced bookkeeper or an accountant. This individual may either be hired as an employee or independent contractor, or you may obtain these services through an outside accounting service.

Any Designated Manager and, if you are an entity, any officer or manager that does not own an equity interest in the franchisee entity must sign the System Protection Agreement, the form of which is

attached to the Franchise Agreement as Attachment G. All of your employees, independent contractors, agents or representatives that may have access to our confidential information must sign our Confidentiality Agreement (unless they already signed a System Protection Agreement), which is attached to the Franchise Agreement as Attachment H. If you are an entity, each owner (i.e., each person holding an ownership interest in you), must sign the Owners Agreement, the form of which is attached to the Franchise Agreement as Attachment F. If you are a partnership, we require that one owner has more than fifty percent (50%) ownership of the voting equity interests in the partnership.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are required to offer for sale only products and services that have been approved and specified by us in writing. You may not offer for sale any products or services not specifically approved by us in writing and you may not use your Teriyaki Madness Business premises for any other purpose than the operation of a Teriyaki Madness Business and the sale of products or services approved by us. You must offer any products and/or services that we designate as required products and/or required services in the Manual. There are no limits on our ability to make changes to the products or services we require you to sell.

You must offer and sell all services and products that we periodically require for Teriyaki Madness Franchises. You may not perform any services or offer or sell any products that we have not authorized in writing. You must participate in our gift card program, loyalty program and all national promotions. Our System Standards may regulate required and/or authorized services and products. We periodically may change required and/or authorized services and products. There are no limits on our right to do so.

You may not sell any items at wholesale or to any purchaser whom you know (or have reasonable grounds to suspect) intends to resell the items. You may sell your items and offer your services at any prices you determine and will in no way be bound by any price we recommend or suggest, but in determining your prices, you must consider the general image of the Teriyaki Madness Business and the System. If you offer any items at a price suggested by us, we do not guarantee that you will earn any level of revenues or profitability. Otherwise, except as provided in Item 12, we place no restrictions upon your ability to serve customers provided you do so from the Approved Location under our policies.

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

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

Provision	Section in Franchise Agreement	Summary
(a) Term of the franchise term	3.1	10 years.
(b) Renewal or extension of term	3.2	Two 5-year renewal period if you meet certain conditions.

Provision	Section in Franchise Agreement	Summary
(c) Requirements for franchisee to renew	3.3	The term “renewal” refers to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term. Requirements include written notice, full compliance, sign then-current form of Franchise Agreement, sign release, maintain possession of Teriyaki Madness Business location, complete refurbishing, and others. You may be asked to sign a contract with materially different terms and conditions than your original contract, and the boundaries of your territory may change, and the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees.
(d) Termination by franchisee	Not applicable	You may seek to terminate your agreement with us under any grounds available to you by law.
(e) Termination by franchisor without cause	Not applicable	
(f) Termination by franchisor with cause	16.1, 16.2, 16.3	We have the right to terminate your Franchise Agreement in certain circumstances.
(g) “Cause” defined – curable defaults	16.2, 16.3	10 days to pay amounts owed and obtain required insurance; 30 days for all other defaults.
(h) “Cause” defined – non-curable defaults	16.1	Material misrepresentation: failure to open your Teriyaki Shop within 53 weeks of the effective date of your Franchise Agreement; bankruptcy; assignment for benefit of creditors; abandonment; failure to cure health and safety concerns within 24 hours; felony conviction; unauthorized transfer; repeated violations; two or more violations within 12 months; and others.

Provision	Section in Franchise Agreement	Summary
(i) Franchisee's obligations on termination / nonrenewable	17	Return Manual; stop using System and Marks; pay amounts owed; de-identify; and others.
(j) Assignment of contract by franchisor	15.1	No restriction on our right to assign.
(k) "Transfer" by franchisee – defined	15.2	Transfer of interest in the Franchise Agreement, Teriyaki Madness Business, assets or you.
(l) Franchisor approval of transfer by franchisee	15.2	We have the right to approve any proposed transfer.
(m) Conditions for franchisor approval of transfer	15.3	Written notice, transferee qualifies, you are not in default, payment of transfer fee, transferor signs general release, transferee signs new Franchise Agreement, refurbish Teriyaki Madness Business, transferee successfully completes training program and others.
(n) Franchisor's right of first refusal to acquire franchisee's business	15.4	We can match any written and verified offer.
(o) Franchisor's option to purchase franchisee's business	17.11	Upon expiration or termination, we can buy all or part of your assets.
(p) Death or disability of franchisee	15.5	You must transfer the relevant interests within six months of the death, divorce, or mental incompetence of any owner. At our option we can also appoint an Interim Manager.
(q) Non-competition covenants during the term of the franchise	12.4	Prohibitions on diverting business to competitors, involvement in any similar business.
(r) Non-competition covenants after the	17.9	Prohibitions on diverting business to competitors, involvement in any competing

Provision	Section in Franchise Agreement	Summary
franchise is terminated or expires		business for two years and within 25 miles of any Teriyaki Madness Business, owners may not solicit any customer of the Franchise or any Teriyaki Madness Franchise for 2 years.
(s) Modification of the agreement	19.2	We may modify the System and Manual -- no modification of agreement(s) unless in writing and signed (with exceptions).
(t) Integration / merger clause	19.1	Only the terms of the Franchise Agreement are binding (subject to applicable state law). Any representations or promises made outside disclosure document and franchise agreements may not be enforceable.
(u) Dispute resolution by arbitration or mediation	18	Except for certain claims, all disputes must be mediated and arbitrated in the city closest to our principal place of business (currently Denver, Colorado).
(v) Choice of forum	18.6	City closest to our principal place of business (currently Denver, Colorado), subject to state law.
(w) Choice of law	19.7	Colorado, subject to state law.

This table lists certain important provisions of the Development Agreement. You should read these provisions in the Development Agreement attached to this disclosure document.

Provision	Section in Development Agreement	Summary
(a) Term of the franchise term	4	Rights granted under Development Agreement will expire on the date of our acceptance and execution of a Franchise Agreement or on the date of the execution of the lease.
(b) Renewal or extension of term	Not applicable	

Provision	Section in Development Agreement	Summary
(c) Requirements for franchisee to renew	Not applicable	
(d) Termination by franchisee	Not applicable	
(e) Termination by franchisor without cause	Not applicable	
(f) Termination by franchisor with cause	7	We have the right to terminate your Development Agreement in certain circumstances.
(g) “Cause” defined – curable defaults	7	if you (i) fail to enter into Franchise Agreements with us as required by the Development Agreement for the Teriyaki Shops and/or to open Teriyaki Shops within the periods described on the Development Schedule; (ii) fail to comply with any other term and condition of the Development Agreement; (iii) make or attempt to make a Transfer in violation of the Development Agreement; or (iv) if you fail to comply with the terms and conditions of any individual Franchise Agreement with us, or of any other agreement to which you or your Affiliates and us or our Affiliates are parties.
(h) “Cause” defined – non-curable defaults	7	(i) If you shall be adjudicated bankrupt, become insolvent, commit any affirmative action of insolvency or file any action or petition of insolvency, or if a receiver (permanent or temporary) of its property or any part of you is appointed by a court of competent authority, or if it makes a general assignment for the benefit of its creditors; (ii) if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless a supersedeas bond is filed); (iii) if execution is levied against your business or property, or; (iv) if suit to foreclose any lien or mortgage against your premises or equipment is instituted against you and not

Provision	Section in Development Agreement	Summary
		dismissed within thirty (30) days, or is not in the process of being dismissed
(i) Franchisee's obligations on termination / nonrenewable	Not applicable	
(j) Assignment of contract by franchisor	Not applicable	
(k) "Transfer" by franchisee – defined	19	Transfer of interest in the Development Agreement, Teriyaki Madness Business, assets or you.
(l) Franchisor approval of transfer by franchisee	Not applicable	
(m) Conditions for franchisor approval of transfer	Not applicable	
(n) Franchisor's right of first refusal to acquire franchisee's business	Not applicable	
(o) Franchisor's option to purchase franchisee's business	Not applicable	
(p) Death or disability of franchisee	Not applicable	
(q) Non-competition covenants during the term of the franchise	8.3	Prohibitions on diverting business to competitors, involvement in any similar business.
(r) Non-competition covenants after the franchise is terminated or expires	8.4	Prohibitions on diverting business to competitors, involvement in any competing business for two years and within 25 miles of any Teriyaki Madness Business, owners may not solicit any customer of the Franchise or any Teriyaki Madness Franchise for 2 years.

Provision	Section in Development Agreement	Summary
(s) Modification of the agreement	Recitals and 14	We may modify the System at any time-- no modification of agreement(s) unless in writing and signed (with exceptions).
(t) Integration / merger clause	14	Only the terms of the Development Agreement are binding (subject to applicable state law). Any representations or promises made outside disclosure document and franchise agreements may not be enforceable.
(u) Dispute resolution by arbitration or mediation	16	Except for certain claims, all disputes must be mediated and arbitrated in the city closest to our principal place of business (currently Denver, Colorado).
(v) Choice of forum	16	City closest to our principal place of business (currently Denver, Colorado), subject to state law.
(w) Choice of law	16	Colorado, subject to state law.

ITEM 18. PUBLIC FIGURES

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

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

Gross Sales Table

The information in the Gross Sales Table below contains Gross Sales information obtained from our franchisees' point of sale systems and is a historical financial performance representation for the United States franchised Teriyaki Shops that met the following criteria: (a) have been in operation for at least one year; (b) have had no change of ownership within such one-year period; (c) were not managed by a

management company affiliated with the franchisor; (d) were in traditional locations; (e) are not currently for sale; and (f) were in good standing of their Franchise Agreement (“Conditions”). We have provided the financial information for those Teriyaki Shops that met the Conditions for each calendar year (the twelve month period commencing on January 1 and ending on December 31) from 2019 to 2022.

Gross Sales⁽¹⁾ Table*								
Year	High Gross Sales	Low Gross Sales	Average Gross Sales (“AGS”)	Number of Teriyaki Shops at or above AGS	Percentage of Teriyaki Shops at or above AGS	Median Gross Sales (“MGS”)	Number of Teriyaki Shops at or above MGS	Percentage of Teriyaki Shops at or above MGS
2022	\$2,728,790	\$473,175	\$1,105,186	29	43%	\$1,024,305	34	50%
2021	\$2,316,476	\$430,510	\$1,047,382	22	35%	\$928,045	31	50%
2020	\$1,728,765	\$407,383	\$923,939	20	45%	\$864,937	22	50%
2019	\$1,527,926	\$411,143	\$920,674	15	45%	\$822,516	17	52%

* Teriyaki Shops owned by our Predecessor’s affiliate do not pay a Royalty Fee but do contribute Marketing Fund Contributions. These Teriyaki Shops are included in the 2019, 2020, 2021 and 2022 data.

Notes to Gross Sales Table and Quartile Tables:

1. “Gross Sales” means the revenues received from the sale of food, beverages, services and other items from in-store dining, carry-out, online orders, delivery, third party voucher sales, catering, and otherwise, including the sale of food and beverages, redemption of gift cards, and merchandise and all other income and consideration of every kind and nature related to the Teriyaki Madness Business or Teriyaki Madness Business operations (including all proceeds from any business interruption insurance) whether for cash or credit and regardless of collection in the case of credit, but does not include any sales taxes or other taxes collected from customers for, and thereafter paid directly to, the appropriate taxing authority.
2. As of December 31, 2022, we had 121 franchised Teriyaki Shops. The information in the table above is a historical financial performance representation for the 68 franchised Teriyaki Shops that met the Conditions. Fifty-three Teriyaki Shops did not meet this requirement and were not included. Twenty-eight were not open for at least one year, seven managed by a management company affiliated with the franchisor, three were in non-traditional spaces, nine had a change of franchisee ownership within the one-year period, and six were for sale.
3. As of December 31, 2021, we had 100 franchised Teriyaki Shops. The information in the table above is a historical financial performance representation for the 62 franchised Teriyaki Shops that met the Conditions. Thirty-eight Teriyaki Shops did not meet this requirement and were not included. 20 were not open for at least one year, eleven managed by a management company affiliated with the franchisor, three were in a non-traditional space, two had a change of franchisee ownership within the one-year period, and two were for sale.

4. As of December 31, 2020, we had 88 franchised Teriyaki Shops. The information in the table above is a historical financial performance representation for the 44 franchised Teriyaki Shops that met the Conditions. Forty-four Teriyaki Shops did not meet this requirement and were not included. 31 were not open for at least one year, six were managed by a management company affiliated with the franchisor and five of the six are also included in the 31 that opened in 2020, three were in a non-traditional space, and eight had a change of franchisee ownership within the one-year period, one of which is included in the thirty-one that opened in 2020, two franchised shops were not in good standing and could not be included.
5. As of December 31, 2019, we had 60 franchised Teriyaki Shops. The information in the table above is a historical financial performance representation for the 33 franchised Teriyaki Shops that met the Conditions. Twenty-seven Teriyaki Shops did not meet this requirement and were not included. Twenty-five were not open for at least one year, and two were in a non-traditional space.
6. The above financial performance representations figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the Gross Sales figures to obtain your net income or profit.

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

Annual Gross Sales by Quartile

The information in the Gross Sales Tables below contains Gross Sales information broken into 4 Quartiles obtained from our franchisees' point of sale systems and is a historical financial performance representation for the United States franchised Teriyaki Shops that met the following criteria: (a) have been in operation for at least one year; (b) have had no change of ownership within such one-year period; (c) were not managed by a management company affiliated with the franchisor; (d) were in traditional locations; (e) are not currently for sale; and (f) were in good standing of their Franchise Agreement ("Conditions"). We have provided the financial information for those Teriyaki Shops that met the Conditions for each calendar year (the twelve month period commencing on January 1 and ending on December 31) from 2019 to 2022.

Quartile 1: Gross Sales Table								
Year	High Gross Sales	Low Gross Sales	Average Gross Sales (" <u>AGS</u> ")	Number of Teriyaki Shops at or above AGS	Percentage of Teriyaki Shops at or above AGS	Median Gross Sales (" <u>MGS</u> ")	Number of Teriyaki Shops at or above MGS	Percentage of Teriyaki Shops at or above MGS
2022	\$2,728,790	\$1,382,092	\$1,702,332	6	35%	\$1,649,915	9	53%
2021	\$2,316,476	\$1,269,281	\$1,650,480	7	47%	\$1,628,273	8	53%
2020	\$1,728,765	\$1,189,396	\$1,410,104	4	36%	\$1,358,279	6	55%
2019	\$1,527,926	\$1,227,210	\$1,373,332	3	38%	\$1,357,721	4	50%

Quartile 2: Gross Sales Table								
Year	High Gross Sales	Low Gross Sales	Average Gross Sales (“ <u>AGS</u> ”)	Number of Teriyaki Shops at or above AGS	Percentage of Teriyaki Shops at or above AGS	Median Gross Sales (“ <u>MGS</u> ”)	Number of Teriyaki Shops at or above MGS	Percentage of Teriyaki Shops at or above MGS
2022	\$1,363,301	\$1,025,718	\$1,180,332	7	41%	\$1,142,824	9	53%
2021	\$1,264,218	\$929,236	\$1,070,098	7	44%	\$1,036,290	8	50%
2020	\$1,173,876	\$865,822	\$989,024	4	36%	\$963,074	6	55%
2019	\$1,222,108	\$900,751	\$1,025,250	4	50%	\$1,019,610	4	50%

Quartile 3: Gross Sales Table								
Year	High Gross Sales	Low Gross Sales	Average Gross Sales (“ <u>AGS</u> ”)	Number of Teriyaki Shops at or above AGS	Percentage of Teriyaki Shops at or above AGS	Median Gross Sales (“ <u>MGS</u> ”)	Number of Teriyaki Shops at or above MGS	Percentage of Teriyaki Shops at or above MGS
2022	\$1,022,892	\$809,880	\$899,385	8	47%	\$894,235	9	53%
2021	\$926,855	\$783,883	\$843,504	6	38%	\$832,834	8	50%
2020	\$864,053	\$643,897	\$772,239	5	45%	\$771,687	6	55%
2019	\$822,516	\$686,492	\$760,073	5	56%	\$761,644	5	56%

Quartile 4: Gross Sales Table								
Year	High Gross Sales	Low Gross Sales	Average Gross Sales (“AGS”)	Number of Teriyaki Shops at or above AGS	Percentage of Teriyaki Shops at or above AGS	Median Gross Sales (“MGS”)	Number of Teriyaki Shops at or above MGS	Percentage of Teriyaki Shops at or above MGS
2022	\$788,627	\$473,175	\$638,693	9	53%	\$656,394	9	53%
2021	\$780,483	\$430,510	\$637,523	9	60%	\$649,253	8	53%
2020	\$637,571	\$407,383	\$524,389	8	73%	\$537,710	6	55%
2019	\$662,533	\$411,143	\$544,114	4	50%	\$532,562	4	50%

Same Shop Sales Growth Table

The information in the Same Shop Sales Growth Table below contains total same shop Gross Sales growth percentage for all Teriyaki Shops that were open for the entirety of the two years compared and the total stacked same shop Gross Sale growth percentage for all Teriyaki Shops between the stated years that were open for the entirety of the multi-year period compared. The information was derived from information obtained from our franchisees’ point of sale systems and is a historical financial performance representation for the United States franchised Teriyaki Shops.

Same Shop Sales Growth Table						
Year Over Year SSS Growth			Stacked Year Over Year SSS Growth - 2022 & 2021			
Years Compared	Number of Shops Included	Percentage Change in Same Shop Sales	Years Compared	Number of Years Stacked	Number of Shops Included	Percentage Change in Stacked Same Shop Sales
2022 vs 2021	73	5%	2022 Stacked SSS			
2021 vs 2020	52	23%	2022 vs 2020	2 Years	46	33%
2020 vs 2019	35	7%	2022 vs 2019	3 Years	30	41%
2019 vs 2018	28	4%	2022 vs 2018	4 Years	23	44%
2018 vs 2017	21	8%	2022 vs 2017	5 Years	17	41%
			2021 Stacked SSS			
			2021 vs 2019	2 Years	34	32%
			2021 vs 2018	3 Years	25	39%
			2021 vs 2017	4 Years	17	46%

Notes to Same Shop Sales Growth Table:

1. “Gross Sales” is defined in Notes to Gross Sales Table, Note 1 above.
2. For the percentage change in same shop sales, the following number of Teriyaki Shops were excluded from the following year comparisons because they operated for a period of less than two years: 48 Teriyaki Shops in 2022 vs 2021 comparison, 49 Teriyaki Shops in the 2021 vs 2020 comparison, 52 Teriyaki Shops in the 2020 vs 2019 comparison, 34 Teriyaki Shops in the 2019 vs 2018 comparison, and 23 Teriyaki Shops in the 2018 vs 2017 comparison. For the percentage change in stacked same shop sales, the following number of Teriyaki Shops were excluded from the following year comparisons because they operated for a period of less than two years: 75 Teriyaki Shops were excluded in the 2022 vs. 2020 comparison, 91 Teriyaki Shops in the 2022 vs 2019 comparison, 98 Teriyaki Shops in the 2022 vs 2018 comparison, and 104 Teriyaki Shops in the 2022 vs 2017 comparison.
3. The above financial performance representations figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the Gross Sales figures to obtain your net income or profit.

You should conduct an independent investigation of the costs and expenses you may incur in operating your Teriyaki Madness Business. Franchisees or former franchisees listed in this Franchise Disclosure Document may be one source of this information.

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

Other than the preceding financial performance representation, MH Franchise Company does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Michael Haith at 950 S. Cherry Street, Suite 850, Denver, Colorado 80246 and 1-888-978-3160, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20.
SHOPS AND FRANCHISEE INFORMATION

Table No. 1
System-Wide Shops Summary For Years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	60	88	+28
	2021	88	100	+12
	2022	100	121	+21
Company-Owned	2020	2	0	-2
	2021	0	1	+1
	2022	1	0	-1

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Total	2020	62	88	+26
	2021	88	101	+13
	2022	101	121	+20

Table No. 2
Transfers of Shops from Franchisees to New Owners
(Other Than the Franchisor) For Years 2020 to 2022

State	Year	Number of Transfers
Arizona	2020	2
	2021	0
	2022	1
California	2020	0
	2021	0
	2022	2
Colorado	2020	2
	2021	0
	2022	0
Florida	2020	1
	2021	0
	2022	2
Illinois	2020	0
	2021	0
	2022	1
Nevada	2020	0
	2021	0
	2022	1
North Carolina	2020	0
	2021	0
	2022	1
Texas	2020	3
	2021	2
	2022	1
Total	2020	8

	2021	2
	2022	9

Table No. 3
Status of Franchised Shops
For Years 2020 to 2022

State	Year	Shops at Start of the Year	Shops Opened	Shops Terminated	Non- Renewals	Shops Reacquired by Franchisor	Ceased Operations (Other Reasons)	Shops at End of the Year
Alabama	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
Arizona	2020	3	2	0	0	0	0	5
	2021	5	1	0	0	0	0	6
	2022	6	1	0	0	0	1	6
California	2020	7	3	0	0	0	0	10
	2021	10	0	0	0	0	0	10
	2022	10	4	0	0	0	1	13
Colorado	2020	2	4	0	0	1	0	5
	2021	5	5	0	0	0	1	9
	2022	9	1	0	0	0	0	10
Delaware	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020	3	4	0	0	0	0	7
	2021	7	1	3	0	1	0	5
	2022	5	4	1	0	0	0	8
Georgia	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Hawaii	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Idaho	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Illinois	2020	1	1	0	0	0	0	2
	2021	2	4	1	0	0	0	5

State	Year	Shops at Start of the Year	Shops Opened	Shops Terminated	Non-Renewals	Shops Reacquired by Franchisor	Ceased Operations (Other Reasons)	Shops at End of the Year
	2022	5	0	0	0	0	0	5
Indiana	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Iowa	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	1	2
Kansas	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Louisiana	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Massachusetts	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Michigan	2020	3	1	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	1	0	0	0	0	5
Minnesota	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Missouri	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Montana	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Nevada	2020	18	0	0	0	0	0	18
	2021	18	0	0	0	0	0	18
	2022	18	2	0	0	0	0	20
New Jersey	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
North Carolina	2020	2	0	0	0	0	0	2

State	Year	Shops at Start of the Year	Shops Opened	Shops Terminated	Non-Renewals	Shops Reacquired by Franchisor	Ceased Operations (Other Reasons)	Shops at End of the Year
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1
Ohio	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Oklahoma	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Oregon	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Pennsylvania	2020	1	1	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	1	2
South Dakota	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Tennessee	2020	2	0	0	0	0	0	2
	2021	2	1	1	0	0	0	2
	2022	2	0	0	0	0	0	2
Texas	2020	6	2	1	0	0	1	6
	2021	6	4	1	0	0	0	9
	2022	9	1	0	0	0	1	9
Utah	2020	1	2	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Virginia	2020	1	1	0	0	0	1	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
West Virginia	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Wisconsin	2020	0	5	0	0	0	0	5
	2021	5	0	0	0	0	0	5

State	Year	Shops at Start of the Year	Shops Opened	Shops Terminated	Non-Renewals	Shops Reacquired by Franchisor	Ceased Operations (Other Reasons)	Shops at End of the Year
	2022	5	2	0	0	0	0	7
Total	2020	60	32	1	0	1	2	88
	2021	88	20	2	0	1	5	100
	2022	100	28	1	0	0	6	121

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

State	Year	Shops at Start of Year	Shops Opened	Shops Reacquired From Franchisee	Shops Closed	Shops Sold to Franchisee	Shops at End of Year
Colorado	2020	1	0	1	0	2	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Florida	2020	0	0	0	0	0	0
	2021	0	0	1	0	0	1
	2022	1	0	0	0	1	0
Virginia	2020	1	0	0	0	1	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Total	2020	2	0	1	0	3	0
	2021	0	0	1	0	0	1
	2022	1	0	0	0	1	0

Table No. 5
Projected Openings as of December 31, 2022

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	0	1	0
Arizona	0	0	0
California	8	7	0
Colorado	3	2	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Connecticut	1	2	0
Florida	2	5	0
Georgia	0	0	0
Hawaii	0	1	0
Idaho	0	0	0
Illinois	3	1	0
Indiana	1	1	0
Iowa	0	0	0
Kentucky	0	0	0
Louisiana	0	0	0
Massachusetts	3	2	0
Michigan	0	0	0
Minnesota	0	1	0
Missouri	0	1	0
Montana	1	1	0
Nebraska	1	1	0
New Hampshire	1	0	0
New Mexico	1	1	0
Nevada	3	0	0
New Jersey	3	3	0
New York	1	1	0
North Carolina	2	2	0
Ohio	2	3	0
Oklahoma	0	0	0
Pennsylvania	0	0	0
South Carolina	1	1	0
Tennessee	2	2	0
Texas	5	6	0
Utah	0	0	0
Virginia	0	1	0
West Virginia	0	1	0
Wisconsin	0	0	0
Wyoming	0	1	0
Total	44	48	0

A list of the names of all franchisees and the addresses and telephone numbers of their businesses will be provided in Exhibit F to this Franchise Disclosure Document when applicable.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a business terminated, cancelled, 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 us within ten weeks of the Issuance Date of this Franchise Disclosure Document will be listed on Exhibit F to this Franchise Disclosure Document when applicable. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise System.

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Teriyaki Madness System.

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us, and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark specific franchisee organizations.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit B to this Franchise Disclosure Document are our financial statements required to be included with this Franchise Disclosure Document: our audited financial statements for the period ending December 31, 2022, December 31, 2021, and December 31, 2020. Our fiscal year end is December 31.

ITEM 22. CONTRACTS

The following contracts are included as exhibits to this Franchise Disclosure Document:

Exhibit C	Franchise Agreement
Exhibit G	State Addenda and Agreement Riders
Exhibit H	Contracts for use with the Teriyaki Madness Franchise

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.

ITEM 23. RECEIPTS

The last page of this Franchise Disclosure Document, attached as Exhibit J, is a Receipt to be signed by you, dated and delivered to us at least 14 calendar days before signing the Franchise Agreement or making any form or amount of payment to us. A copy of the Receipt for your records is also included in Exhibit J.

EXHIBIT A

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

California

Department of Financial Protection and
Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7505
(866) 275-2677

2101 Arena Blvd.
Sacramento, CA 95834
(916) 445-7205
(866) 275-2677

1455 Frazee Rd., Ste. 315
San Diego, CA 92108
(619) 525-4044
(866) 275-2677

One Sansome Street, Suite 600
San Francisco, CA 94104
(415) 972-8559
(866) 275-2677

Florida

Department of Agriculture and
Consumer Services
Division of Consumer Services
Terry Lee Rhodes Building
2005 Apalachee Parkway
Tallahassee, FL 32399-6500
(850) 488-2221

Hawaii

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

Illinois

Office of Attorney General
Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana

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

Maryland

Office of Attorney General
Maryland Division of Securities
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

Michigan

State of Michigan
Consumer Protection Division
Attention: Franchise
P.O. Box 30213
Lansing, MI 48909
(517) 373-7117

Minnesota

Minnesota Department of Commerce
Securities Unit
85 7th Place East, Suite 280
St. Paul, MN 55101
(651) 539-1600

Nebraska

Department of Banking and Finance
1200 N Street, Suite 311
P.O. Box 95006
Lincoln, NE 68509
(402) 471-3445

New York

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

North Dakota

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, 5th Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712

Oregon

Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, OR 97310
(503) 378-4387

Rhode Island

Department of Business Regulation
Division of Securities
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, RI 02920
(401) 462-9527

South Dakota

South Dakota Department of
Labor and Regulation
Division of Insurance - Securities Regulation
124 S. Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

Texas

Secretary of State
Statutory Document Section
P.O. Box 13563
Austin, TX 78711
(512) 475-1769

Virginia

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

Washington

Securities Administrator
Department of Financial Institutions
Securities Division
150 Israel Road S.W.
Tumwater, WA 98501
(360) 902-8760

Wisconsin

Department of Financial Institutions
Division of Securities
345 W. Washington Avenue, 4th Floor
Madison, WI 53703
(608) 261-9555

LIST OF AGENTS FOR SERVICE OF PROCESS

California

Commissioner of Financial Protection and Innovation
California Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7505
(866) 275-2677

Hawaii

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

Illinois

Illinois Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-1090

Indiana

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

Maryland

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

Michigan

Michigan Department of Commerce
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, MI 48910
(517) 334-6212

Minnesota

Minnesota Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101
(651) 539-1600

New York

Secretary of State
99 Washington Avenue
Albany, NY 12231

North Dakota

North Dakota Securities Commissioner
600 E. Boulevard Avenue
State Capitol, 5th Floor
Bismarck, ND 58505-0510
(701) 328-2910

Oregon

Director of Oregon Department of Insurance and Finance
700 Summer Street, N.E.
Suite 120
Salem, OR 97310
(503) 378-4387

Rhode Island

Director of Rhode Island
Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, RI 02920
(401) 462-9527

South Dakota

Director of South Dakota Division of Insurance
124 S. Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

Virginia

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219
(804) 371-9733

Washington

Securities Administrator
Washington State Department of Financial Institutions
150 Israel Road S.W.
Tumwater, WA 98501
(360) 902-8760

Wisconsin

Wisconsin Commissioner of Securities
345 W. Washington Ave., 4th Floor
Box 1768
Madison, WI 53703
(608) 261-9555

EXHIBIT B
FINANCIAL STATEMENTS



Financial Statements

As of and for the Years Ended
December 31, 2022 and 2021

M.H. Franchise Company, Inc.

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Independent Auditor's Report

To the Board of Directors
M.H. Franchise Company
Denver, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of M.H. Franchise Company, Inc., which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Restatement

As discussed in Note 6 to the financial statements, certain errors previously reported resulting in an overstatement of deferred revenue and understatement of revenue as of December 31, 2021, were discovered by management of the Company during the current year. Accordingly, amounts reported for deferred revenue and revenues have been restated in the 2021 financial statements now presented, and an adjustment has been made to increase retained earnings as of December 31, 2021, to correct the error. Our opinion is not modified with respect to that matter.

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 M.H. Franchise Company, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of M.H. Franchise Company, 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 M.H. Franchise Company, 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.

Eide Bailly LLP

Denver, Colorado
March 15, 2023

M.H. Franchise Company, Inc.

Balance Sheets

At December 31, 2022 and 2021

	2022	2021 (Restated)
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,635,917	\$ 1,165,001
Accounts receivable	28,800	-
Related-party receivable	870,000	2,278,661
Prepaid expenses and other	30,764	12,708
Current portion of deferred franchise commissions	837,449	646,791
Total current assets	<u>5,402,930</u>	<u>4,103,161</u>
Other Assets		
Deferred franchise commissions, net of current portion	1,287,487	1,137,490
Franchise agreements, net	380,693	502,515
Total other assets	<u>1,668,180</u>	<u>1,640,005</u>
Total assets	<u><u>\$ 7,071,110</u></u>	<u><u>\$ 5,743,166</u></u>
Liabilities and Stockholder's Equity		
Current Liabilities		
Accounts payable	\$ 13,386	\$ 65,040
Accrued Liabilities	80,700	38,658
Related-party payable	311,586	-
Current portion of deferred revenue	2,496,439	1,887,763
Total current liabilities	2,902,111	1,991,461
Deferred revenue, net of current portion	3,838,005	3,275,679
Total liabilities	<u>6,740,116</u>	<u>5,267,140</u>
Stockholder's Equity		
Common stock, \$0.10 par value per share; 50,000 shares authorized, issued and outstanding	5,000	5,000
Additional paid-in capital	1,219,298	1,219,298
Retained earnings (deficit)	(893,304)	(748,272)
Total stockholder's equity	<u>330,994</u>	<u>476,026</u>
Total liabilities and stockholder's equity	<u><u>\$ 7,071,110</u></u>	<u><u>\$ 5,743,166</u></u>

M.H. Franchise Company, Inc.
Statements of Income
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021 (Restated)</u>
Revenues		
Franchise fees	\$ 2,260,285	\$ 1,747,647
Costs and Expenses		
Franchise commissions	819,596	695,577
Salaries, taxes and benefits	412,071	342,273
Amortization of franchise agreements	121,822	121,822
Advertising and promotion	611,495	466,351
Professional fees	53,411	59,659
Dues and subscriptions	33,250	27,501
Office rent	41,013	34,741
Office expenses	38,888	41,600
Travel, meals and entertainment	273,771	18,364
Total costs and expenses	<u>2,405,317</u>	<u>1,807,888</u>
Net loss	<u>\$ (145,032)</u>	<u>\$ (60,241)</u>

M.H. Franchise Company, Inc.
Statements of Changes in Stockholder's Equity
For the Years Ended December 31, 2022 and 2021

	Common Stock Shares	Stock Amounts	Additional Paid-In Capital	Retained Earnings (Deficit)	Total Stockholder's Equity
Balance, January 1, 2021	50,000	\$ 5,000	\$ 1,219,298	\$ (688,031)	\$ 536,267
Net loss (restated)	-	-	-	(60,241)	(60,241)
Balance, December 31, 2021 (restated)	50,000	5,000	1,219,298	(748,272)	476,026
Net loss	-	-	-	(145,032)	(145,032)
Balance, December 31, 2022	<u>50,000</u>	<u>\$ 5,000</u>	<u>\$ 1,219,298</u>	<u>\$ (893,304)</u>	<u>\$ 330,994</u>

M.H. Franchise Company, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021 (restated)</u>
Operating Activities		
Net loss	\$ (145,032)	\$ (60,241)
Adjustments to reconcile net loss to net cash flows from operating activities		
Amortization of franchise agreements	121,822	121,822
Changes in operating assets and liabilities		
Related-party receivable	1,408,661	(686,713)
Accounts receivable	(28,800)	-
Prepaid expenses and other	(18,056)	28,436
Deferred franchise commissions	(340,655)	(250,284)
Accounts payable	(51,654)	22,008
Accrued liabilities	42,042	38,658
Related-party payable	311,586	(37,537)
Deferred revenue	<u>1,171,002</u>	<u>1,195,516</u>
Net Cash Flows from Operating Activities	<u>2,470,916</u>	<u>371,665</u>
Net Change In Cash and Cash Equivalents	2,470,916	371,665
Cash and Cash Equivalents, Beginning of Year	<u>1,165,001</u>	<u>793,336</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 3,635,917</u></u>	<u><u>\$ 1,165,001</u></u>

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of M.H. Franchise Company Inc. (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity.

Nature of Operations

The Company is engaged in the business of offering franchises, which operate Teriyaki Madness restaurants. M.H. Enterprises, Inc. (the "Parent") is the sole stockholder of the Company. The Company was formed on February 12, 2016 and became the franchisor to 46 franchisees as of February 13, 2016, of which three were operated by the Parent. The Company had 152 and 131 franchisees and 125 and 104 franchised shops in operation as of December 31, 2022 and 2021, respectively.

The following summarizes the franchisee activity for the Teriyaki Madness network for the years ending December 31, 2022 and 2021:

	2022	2021
Franchisees at the beginning of the year	131	109
Franchisees added	41	33
Franchisees terminated	(16)	(11)
Franchisees as of the end of the year	<u>156</u>	<u>131</u>
Franchised shops in operation as of the end of the year	<u>125</u>	<u>104</u>

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates and are subject to change in the near term.

Cash and Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents.

Receivables and Credit Policy

Trade receivables due from customers are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. Trade receivables are stated at the amount billed to the customer. Payments of trade receivables are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The Company estimates an allowance for doubtful accounts based upon an evaluation of the current status of receivables, historical experience, and other factors as necessary. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change.

Deferred Franchise Commissions

Deferred franchise commissions primarily represent costs to obtain a franchise contract. Costs to obtain a franchise contract are recorded as deferred if (1) the cost is incremental and (2) the cost is expected to be recovered. The Company's typical franchise contract includes performance obligations related to the franchise right, customer training, and other professional services. In these contracts, incremental costs of obtaining a contract are allocated to the performance obligations and then recognized on a systematic basis that is consistent with the transfer of the goods or services to which the asset relates.

Franchise Agreements

When an individual franchise is sold, the Company agrees to provide certain services to the franchisee. Generally, these services include the following:

- Location and design assistance
- Pre-opening inventory and supplies counseling
- Initial training
- Hands on training
- New shop opening training
- Opening marketing assistance

On January 28, 2016, the Parent purchased substantially all the assets of Teriyaki Madness, LLC and subsidiaries. Concurrently, substantially all the assets and liabilities of Teriyaki Madness Franchising, LLC, a subsidiary of Teriyaki Madness, LLC, were assigned and assumed by M.H. Enterprises Franchising, Inc., a subsidiary of the Parent. On February 13, 2016, substantially all the assets and liabilities of M.H. Enterprises Franchising, Inc. were assigned and assumed by the Company. Franchise agreements valued at \$1,218,223 were acquired in the acquisition.

The franchise agreements are being amortized using the straight-line method over 10 years. The accumulated amortization as of December 31, 2022 and 2021, was \$837,530 and \$715,708, respectively.

Estimated amortization expense is as follows:

<u>Year Ending December 31,</u>	
2023	\$ 121,822
2024	121,822
2025	121,822
2026	<u>15,227</u>
Total	<u><u>\$ 380,693</u></u>

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Revenue Recognition

The Company charges an initial franchise fee for providing operational materials, location and design assistance, training and other professional services. Franchise fees associated with training and other services are considered distinct from the franchise right and separate performance obligations under the franchise contract. Franchise fee revenue allocated to training and other professional services is recognized when those services have been substantially completed, which is generally when the shop opens. Revenues associated with training and other professional services totaled approximately \$708,000 and \$731,000 for the years ended December 31, 2022 and 2021, respectively. Revenue associated with the franchise right is recognized on a straight-line basis over the 10 year life of the franchise agreement. Revenues associated with the franchise right totaled approximately \$1,552,000 and \$1,016,000 for the years ended December 31, 2022 and 2021, respectively.

When the timing of goods and services is different from the timing of the payments made by customers, we recognize either a contract asset (performance precedes contractual due date) or a contract liability (customer payment precedes performance). The Company has no contract assets. Contract liabilities relate to upfront payments received from franchisees for which performance obligations are not satisfied. Revenue is recognized when the performance obligation is completed. We had contract liabilities of approximately \$5,163,000 and \$3,968,000 as of December 31, 2021 and January 1, 2021, respectively.

Income Taxes

The Company has elected to be treated as a S corporation for income tax purposes. As such, the Company's income, losses, and credits are included in the income tax returns of its stockholder. The Company is subject to certain state income taxes.

GAAP requires an entity to disclose any material uncertain tax positions that management believes do not meet a "more-likely-than-not" standard of being sustained under an income tax audit and to record a liability for any such taxes including penalty and interest. As of December 31, 2022 and 2021, management has not identified any uncertain tax positions required to be recorded or disclosed.

Advertising and Promotion Costs

Advertising and promotion related costs are expensed as incurred. Advertising and promotion expense totaled \$611,495 and \$466,351, respectively, for the years ended December 31, 2022 and 2021.

Subsequent Events

The Company has evaluated subsequent events occurring through March 15, 2023, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

Note 2 - Concentration

The Company maintains depository relationships with a financial institution. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured. The Company has never experienced any losses in these accounts and management believes the Company is not exposed to any significant credit risk on cash and cash equivalents.

Note 3 - Related-Party Transactions

The Company has receivables from the following related parties as of December 31, 2022 and 2021. All receivables are a result of interest free cash transfers between the Company and the related entity and are due on demand.

	2022	2021
M.H. Enterprises International, Inc.	\$ -	\$ 1,234,887
M.H Enterprises, Inc.	870,000	975,000
M.H. Enterprises Marketing, Inc.	-	68,549
Restaurant Sherpas LLC	-	225
	<u> </u>	<u> </u>
Total	<u>\$ 870,000</u>	<u>\$ 2,278,661</u>

The Company has payables to the following related party as of December 31, 2022 and 2021. All payables are a result of interest free cash transfers between the Company and the related entity and are payable on demand.

	2022	2021
M.H. Enterprises International, Inc.	\$ 308,736	\$ -
M.H. Enterprises Marketing, Inc.	2,850	-
	<u> </u>	<u> </u>
Total	<u>\$ 311,586</u>	<u>\$ -</u>

M.H. Franchise Company Inc. is one of several companies under common ownership and control, all of which are involved in the operations and sale of Teriyaki Madness franchises. The following describes the general activities of each of the related entities:

- M.H. Enterprises, Inc.: Provides general administrative management of the Teriyaki Madness franchise name. It owns the recipes, trademarks and other intellectual property involved in operating Teriyaki Madness businesses, which it licenses to the Company. It is the sole stockholder of the Company.
- M.H. Enterprises International, Inc.: Provides ongoing operational support to the franchisees to assist them in achieving financial success and maintaining Teriyaki Madness quality standards. The primary revenue source for this entity are royalties based on a percentage of shop sales.
- M.H. Enterprises Marketing, Inc.: Provides Teriyaki Madness brand marketing through national campaigns and local franchisee market support. The primary revenue source for this entity is advertising fund fees based on a percentage of shop sales.
- Restaurant Sherpas LLC: Provides management services for Teriyaki Madness franchisees who want to limit their day-to-day involvement in running their shop. The primary revenue source for this entity is a monthly management fee charged to the franchisee.

The Company is allocated lease costs on a monthly basis from M.H. Enterprises International, Inc. based on employee head count.

Note 4 - Adoption of Accounting Standards Codification Topic 842

Effective January 1, 2022, the Company adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases* (Topic 842). The Company elected to apply the guidance as of January 1, 2022, the beginning of the adoption period using the modified retrospective approach. The comparative financial information and disclosures presented are in accordance with the legacy standard, ASC 840. The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the income statement as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. The Company has elected the package of practical expedients permitted in ASC Topic 842. The adoption of the new standard did not materially impact the Company's financial statements. The Company has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

Short term lease costs totaled \$41,013 and \$34,741 for the years ended December 31, 2022 and 2021, respectively.

Note 5 - Retirement Plan

The Company has established an employee benefit plan under Section 401(k) of the Internal Revenue Code (the Plan). The Plan covers all employees aged twenty-one or older and who have attained 3 months of service. Employees may elect to defer a portion of their compensation, subject to certain limits, as allowed under the Internal Revenue Code. The Company may also contribute an additional amount, to be determined each year, to each employee. The Company contributed \$20,376 and \$17,306 to the Plan for the years ended December 31, 2022 and 2021, respectively.

Note 6 - Restatement

During 2022, the Company identified misstatements related to calculation errors within the 2021 financial statements related to deferred revenue and revenue. This impact resulted in additional revenue for 2021 as well as an increase in retained earnings as well. The Company restated its previously issued financial statements to appropriately reflect the 2021 deferred franchise fees and franchise fees revenue.

The following is a summary of the effects of the restatement in the Company's Balance Sheet as of December 31, 2021:

	As Previously Reported	Adjustment	As Restated
As of December 31, 2021			
Deferred revenue, net of current portion	\$ 3,319,944	\$ (44,265)	\$ 3,275,679
Total liabilities	5,311,405	(44,265)	5,267,140
Retained earnings (Deficit)	(792,537)	44,265	(748,272)
Total stockholders' equity	431,761	44,265	476,026
Total liabilities and stockholders' equity	5,743,166	-	5,743,166

The following is a summary of the effects of the restatement in the Company's Statement of Income for the year ended December 31, 2021:

	As Previously Reported	Adjustment	As Restated
Year Ended December 31, 2021			
Franchise fees	\$ 1,703,382	\$ 44,265	\$ 1,747,647
Net loss	(104,506)	44,265	(60,241)

M.H. Franchise Company, Inc.

Notes to Financial Statements

As of and for the Years Ended December 31, 2022 and 2021

The following is a summary of the effects of the restatement in the Company's Statement of Cash Flows for the year ended December 31, 2021:

	As Previously Reported	Adjustment	As Restated
Year Ended December 31, 2021			
Net loss	\$ (104,506)	\$ 44,265	\$ (60,241)
Deferred revenue	1,239,781	(44,265)	1,195,516



Financial Statements

As of and for the Years Ended
December 31, 2021 and 2020

M.H. Franchise Company, Inc.

M.H. Franchise Company, Inc.

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As of and for the Years Ended December 31, 2021 and 2020

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Independent Auditor's Report

To the Board of Directors
M.H. Franchise Company
Denver, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of M.H. Franchise Company, Inc., which comprise the balance sheet as of December 31, 2021 and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of M.H. Franchise Company, Inc. as of December 31, 2021 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of M.H. Franchise Company, 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 audit opinion.

Restatement of Prior Year Financial Statements

The financial statements of M.H. Franchise Company, Inc. as of and for the year ended December 31, 2020, were audited by other auditors, whose report dated March 8, 2021, contained an unmodified opinion on those statements.

As discussed in Note 6 to the financial statements, the 2020 financial statements have been restated to correct a misstatement. Our opinions are not modified with respect to this matter.

As part of our audit of the 2021 financial statements, we also audited the adjustments described in Note 6 that were applied to restate the 2020 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2020 financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2020 financial statements as a whole.

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 M.H. Franchise Company, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of M.H. Franchise Company, 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 M.H. Franchise Company, 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.

Eide Bailly LLP

Denver, Colorado

March 7, 2022

M.H. Franchise Company, Inc.
Balance Sheets
At December 31, 2021 and 2020

	2021	2020 (Restated)
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,165,001	\$ 793,336
Related-party receivable	2,278,661	1,591,948
Prepaid expenses and other	12,708	41,144
Current portion of deferred franchise commissions	646,791	658,526
Total current assets	4,103,161	3,084,954
Other Assets		
Deferred franchise commissions, net of current portion	1,137,490	875,471
Franchise agreements, net	502,515	624,337
Total other assets	1,640,005	1,499,808
Total assets	\$ 5,743,166	\$ 4,584,762
Liabilities and Stockholder's Equity		
Current Liabilities		
Accounts payable	\$ 65,040	\$ 43,032
Accrued liabilities	38,658	-
Related-party payable	-	37,537
Current portion of deferred revenue	1,887,763	1,703,382
Total current liabilities	1,991,461	1,783,951
Deferred revenue, net of current portion	3,319,944	2,264,544
Total liabilities	5,311,405	4,048,495
Stockholder's Equity		
Common stock, \$0.10 par value per share; 50,000 shares authorized, issued and outstanding	5,000	5,000
Additional paid-in capital	1,219,298	1,219,298
Retained earnings (deficit)	(792,537)	(688,031)
Total stockholder's equity	431,761	536,267
Total liabilities and stockholder's equity	\$ 5,743,166	\$ 4,584,762

M.H. Franchise Company, Inc.
Statements of Income
For the Years Ended December 31, 2021 and 2020

	2021	2020 (Restated)
Revenues		
Franchise fees	\$ 1,703,382	\$ 1,491,041
Costs and Expenses		
Franchise commissions	695,577	679,108
Salaries, taxes and benefits	336,235	218,813
Amortization of franchise agreements	121,822	121,825
Advertising and promotion	466,351	116,277
Professional fees	64,032	113,100
Dues and subscriptions	27,501	34,026
Office rent	34,741	28,068
Office expenses	43,265	16,768
Travel, meals and entertainment	18,364	6,535
Total costs and expenses	1,807,888	1,334,520
Net income (loss)	\$ (104,506)	\$ 156,521

M.H. Franchise Company, Inc.
Statements of Changes in Stockholder's Equity
For the Years Ended December 31, 2021 and 2020

	Common Stock Shares	Stock Amounts	Additional Paid-In Capital	Retained Earnings (Deficit)	Total Stockholder's Equity
Balance, January 1, 2020 (restated)	50,000	\$ 5,000	\$ 1,219,298	\$ (844,552)	\$ 379,746
Net income (restated)	-	-	-	156,521	156,521
Balance, December 31, 2020	50,000	5,000	1,219,298	(688,031)	536,267
Net loss	-	-	-	(104,506)	(104,506)
Balance, December 31, 2021	<u>50,000</u>	<u>\$ 5,000</u>	<u>\$ 1,219,298</u>	<u>\$ (792,537)</u>	<u>\$ 431,761</u>

M.H. Franchise Company, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020 (Restated)
Operating Activities		
Net income (loss)	\$ (104,506)	\$ 156,521
Adjustments to reconcile net income to net cash flows from operating activities		
Amortization of franchise agreements	121,822	121,825
Changes in operating assets and liabilities		
Related-party receivable	(686,713)	(26,184)
Prepaid expenses and other	28,436	(32,396)
Deferred franchise commissions	(250,284)	166,252
Accounts payable	22,008	(168,250)
Accrued liabilities	38,658	-
Related-party payable	(37,537)	25,450
Deferred revenue	1,239,781	(279,391)
Net Cash Flows from Operating Activities	371,665	(36,173)
Net Change In Cash and Cash Equivalents	371,665	(36,173)
Cash and Cash Equivalents, Beginning of Year	793,336	829,509
Cash and Cash Equivalents, End of Year	<u>\$ 1,165,001</u>	<u>\$ 793,336</u>

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of M.H. Franchise Company Inc. (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity.

Nature of Operations

The Company is engaged in the business of offering franchises, which operate Teriyaki Madness restaurants. M.H. Enterprises, Inc. (the "Parent") is the sole stockholder of the Company. The Company was formed on February 12, 2016 and became the franchisor to 46 franchisees as of February 13, 2016, of which three were operated by the Parent. The Company had 131 and 109 franchisees and 104 and 88 franchised shops in operation as of December 31, 2021 and 2020, respectively.

The following summarizes the franchisee activity for the Teriyaki Madness network for the years ending December 31, 2021 and 2020:

	2021	2020
Franchisees at the beginning of the year	109	102
Franchisees added	33	19
Franchisees terminated	(11)	(12)
Franchisees as of the end of the year	<u>131</u>	<u>109</u>
Franchised shops in operation as of the end of the year	<u>104</u>	<u>88</u>

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates and are subject to change in the near term.

Cash and Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents.

Deferred Franchise Commissions

Deferred franchise commissions primarily represent costs to obtain a franchise contract. Costs to obtain a franchise contract are recorded as deferred if (1) the cost is incremental and (2) the cost is expected to be recovered. The Company's typical franchise contract includes performance obligations related to the franchise right, customer training, and other professional services. In these contracts, incremental costs of obtaining a contract are allocated to the performance obligations and then recognized on a systematic basis that is consistent with the transfer of the goods or services to which the asset relates.

Franchise Agreements

When an individual franchise is sold, the Company agrees to provide certain services to the franchisee. Generally, these services include the following:

- Location and design assistance
- Pre-opening inventory and supplies counseling
- Initial training
- Hands on training
- New shop opening training
- Opening marketing assistance

On January 28, 2016, the Parent purchased substantially all the assets of Teriyaki Madness, LLC and subsidiaries. Concurrently, substantially all the assets and liabilities of Teriyaki Madness Franchising, LLC, a subsidiary of Teriyaki Madness, LLC, were assigned and assumed by M.H. Enterprises Franchising, Inc., a subsidiary of the Parent. On February 13, 2016, substantially all the assets and liabilities of M.H. Enterprises Franchising, Inc. were assigned and assumed by the Company. Franchise agreements valued at \$1,218,223 were acquired in the acquisition.

The franchise agreements are being amortized using the straight-line method over 10 years. The accumulated amortization as of December 31, 2021 and 2020, was \$715,708 and \$593,886, respectively.

Estimated amortization expense is as follows:

<u>Year Ending December 31,</u>	
2022	\$ 121,822
2023	121,822
2024	121,822
2025	121,822
Thereafter	<u>15,227</u>
Total	<u>\$ 502,515</u>

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Revenue Recognition

The Company charges an initial franchise fee for providing operational materials, location and design assistance, training and other professional services. Franchise fees associated with training and other services are considered distinct from the franchise right and separate performance obligations under the franchise contract. Franchise fee revenue allocated to training and other professional services is recognized when those services have been substantially completed, which is generally when the shop opens. Revenues associated with training and other professional services totaled approximately \$731,000 and \$960,000 for the years ended December 31, 2021 and 2020, respectively. Revenue associated with the franchise right is recognized on a straight-line basis over the 10 year life of the franchise agreement. Revenues associated with the franchise right totaled approximately \$972,000 and \$531,000 for the years ended December 31, 2021 and 2020, respectively.

When the timing of goods and services is different from the timing of the payments made by customers, we recognize either a contract asset (performance precedes contractual due date) or a contract liability (customer payment precedes performance). The Company has no contract assets. Contract liabilities relate to upfront payments received from franchisees for which performance obligations are not satisfied. Revenue is recognized when the performance obligation is completed. We had contract liabilities of approximately \$3,968,000 and \$4,163,000 as of December 31, 2020 and January 1, 2020, respectively.

Income Taxes

The Company has elected to be treated as a S corporation for income tax purposes. As such, the Company's income, losses, and credits are included in the income tax returns of its stockholder. The Company is subject to certain state income taxes.

GAAP requires an entity to disclose any material uncertain tax positions that management believes do not meet a "more-likely-than-not" standard of being sustained under an income tax audit and to record a liability for any such taxes including penalty and interest. As of December 31, 2021 and 2020, management has not identified any uncertain tax positions required to be recorded or disclosed.

Advertising and Promotion Costs

Advertising and promotion related costs are expensed as incurred. Advertising and promotion expense totaled \$466,351 and \$116,277, respectively, for the years ended December 31, 2021 and 2020.

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016- 02, Leases (Topic 842), which requires lessees to recognize on the balance sheet a right-to-use asset and a lease liability for most lease arrangements with a term greater than one year. The new standard also requires new disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for nonpublic companies for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Company is currently evaluating the effect that ASU 2016-02 will have on its financial statements.

Subsequent Events

The Company has evaluated subsequent events occurring through March 7, 2022, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

Note 2 - Concentration

The Company maintains depository relationships with a financial institution. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured. The Company has never experienced any losses in these accounts and management believes the Company is not exposed to any significant credit risk on cash and cash equivalents.

Note 3 - Related-Party Transactions

The Company has receivables from the following related parties as of December 31, 2021 and 2020. All receivables are a result of interest free cash transfers between the Company and the related entity and are due on demand.

	2021	2020
M.H. Enterprises International, Inc.	\$ 1,234,887	\$ 1,333,997
M.H Enterprises, Inc.	975,000	257,938
M.H. Enterprises Marketing, Inc.	68,549	-
Restaurant Sherpas LLC	225	13
Total	<u>\$ 2,278,661</u>	<u>\$ 1,591,948</u>

The Company has payables to the following related party as of December 31, 2021 and 2020. All payables are a result of interest free cash transfers between the Company and the related entity and are payable on demand.

	2021	2020
M.H. Enterprises Marketing, Inc.	<u>\$ -</u>	<u>\$ 37,537</u>

M.H. Franchise Company Inc. is one of several companies under common ownership and control, all of which are involved in the operations and sale of Teriyaki Madness franchises. The following describes the general activities of each of the related entities:

- M.H. Enterprises, Inc.: Provides general administrative management of the Teriyaki Madness franchise name. It owns the recipes, trademarks and other intellectual property involved in operating Teriyaki Madness businesses, which it licenses to the Company. It is the sole stockholder of the Company.

- M.H. Enterprises International, Inc.: Provides ongoing operational support to the franchisees to assist them in achieving financial success and maintaining Teriyaki Madness quality standards. The primary revenue source for this entity are royalties based on a percentage of shop sales.
- M.H. Enterprises Marketing, Inc.: Provides Teriyaki Madness brand marketing through national campaigns and local franchisee market support. The primary revenue source for this entity is advertising fund fees based on a percentage of shop sales.
- Restaurant Sherpas LLC: Provides management services for Teriyaki Madness franchisees who want to limit their day-to-day involvement in running their shop. The primary revenue source for this entity is a monthly management fee charged to the franchisee.

The Company is allocated rent expense on a monthly basis from M.H. Enterprises International, Inc. based on employee head count.

Rent expense totaled \$34,741 and \$28,068 for the years ended December 31, 2021 and 2020, respectively.

Note 4 - Retirement Plan

The Company has established an employee benefit plan under Section 401(k) of the Internal Revenue Code (the Plan). The Plan covers all employees aged twenty-one or older and who have attained 3 months of service. Employees may elect to defer a portion of their compensation, subject to certain limits, as allowed under the Internal Revenue Code. The Company may also contribute an additional amount, to be determined each year, to each employee. The Company contributed \$17,306 and \$9,674 to the Plan for the years ended December 31, 2021 and 2020, respectively.

Note 5 - Risks and Uncertainties

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a "pandemic". First identified in late 2019 and known now as COVID-19, the outbreak has impacted individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted global business operations.

COVID-19 may impact various segments of the Company's fiscal 2022 operations and financial results. Management believes that the Company is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

Note 6 - Restatement

During 2021, the Company identified misstatements related to calculation errors within the 2020 financial statements related to deferred franchise commissions, deferred franchise fees, franchise fees revenue and commission expense.

The Company restated its previously issued financial statements to appropriately reflect the 2020 deferred franchise commissions, deferred franchise fees, franchise fees revenue and commission expense.

The following is a summary of the effects of the restatement in the Company's Balance Sheet as of December 31, 2020:

	As Previously Reported	Adjustment	As Restated
As of December 31, 2020			
Current portion of deferred franchise commissions	\$ 681,382	\$ (22,856)	\$ 658,526
Total current assets	3,107,810	(22,856)	3,084,954
Deferred franchise commissions, net of current portion	969,140	(93,669)	875,471
Total assets	4,701,287	(116,525)	4,584,762
Current portion of deferred revenue	1,777,252	(73,870)	1,703,382
Total current liabilities	1,857,821	(73,870)	1,783,951
Deferred revenue, net of current portion	2,509,677	(245,133)	2,264,544
Total liabilities	4,367,498	(319,003)	4,048,495
Retained earnings (Deficit)	(890,509)	202,478	(688,031)
Total stockholders' equity	333,789	202,478	536,267
Total liabilities and stockholders' equity	4,701,287	(116,525)	4,584,762

The following is a summary of the effects of the restatement in the Company's Statement of Income for the year ended December 31, 2020:

	As Previously Reported	Adjustment	As Restated
Year Ended December 31, 2020			
Franchise fees	\$ 1,337,361	\$ 153,680	\$ 1,491,041
Franchise commission	568,911	110,197	679,108
Total costs and expenses	1,224,323	110,197	1,334,520
Net income	113,038	43,483	156,521

M.H. Franchise Company, Inc.
Notes to Financial Statements
As of and for the Years Ended December 31, 2021 and 2020

The following is a summary of the effects of the restatement in the Company's Statement of Cash Flows for the year ended December 31, 2020:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Year Ended December 31, 2020			
Net income	\$ 113,038	\$ 43,483	\$ 156,521
Deferred franchise commissions	56,055	110,197	166,252
Deferred revenue	(125,711)	(153,680)	(279,391)

EXHIBIT C
FRANCHISE AGREEMENT



TERIYAKI MADNESS®
FRANCHISE AGREEMENT

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ATTACHMENTS

Schedule I - Franchise Description

Attachment A– Teriyaki Shop Approved Location Acceptance

Attachment B– Teriyaki Shop Lease Addendum

Attachment C– Franchisee On-Site Training Agreement

Attachment D – Automated Clearing House Payment Authorization Form

Attachment E – Franchisee Information Form

Attachment F – Owners Agreement

Attachment G – System Protection Agreement

Attachment H – Confidentiality Agreement

TERIYAKI MADNESS®
FRANCHISE AGREEMENT

This Franchise Agreement (including all schedules, exhibits, addenda, collectively this “**Agreement**”) is made by and between M. H. Franchise Company Inc, a Colorado company headquartered at 950 S. Cherry Street, Suite 850, Denver, Colorado 80246 (“**we**,” “**us**,” or “**our**”), and the franchisee identified on Schedule I of this Agreement (“**you**” or “**your**”) as of the date specified as the “**Effective Date**” on Schedule I. In consideration of the following mutual promises, the parties agree as follows:

1. RECITALS

1.1 System and Marks. We have the right to use and to license to our franchisees a proprietary and distinctive system (the “**System**”) relating to the establishment and operation of Teriyaki Madness restaurants which make and sell Japanese-style teriyaki dishes and other specialty food items, beverage items, and other items (“**Teriyaki Madness Businesses**”). We also have the right to use and to license to our franchisees certain service marks, trademarks, trade names, trade dress, logos, slogans, and commercial symbols used to identify the restaurants or particular items and services offered (collectively, the “**Marks**”).

1.2 Desire to Franchise. You desire, upon the terms and conditions set forth in this Agreement, to obtain a license to use the System and Marks in the establishment and operation of one or more Teriyaki Madness restaurants (each, a “**Teriyaki Shop**”) to engage in the business of making and selling Japanese-style teriyaki dishes and other specialty food items, beverage items, and other items. We are willing, upon the terms and conditions set forth herein, to license you the right to establish and operate one or more Teriyaki Shops using the Marks and the System at approved locations. Unless the context indicates otherwise, capitalized terms have the meaning ascribed to them in this Agreement.

2. GRANT AND LIMITATIONS

2.1 Grant of Franchise. Subject to all of the terms and conditions in this Agreement, we grant to you, and you accept, the license to use the System and the Marks (the “**Franchise**”) in connection with the establishment and operation of a single Teriyaki Shop, at an address which, if known at the time of execution of this Agreement, shall be set forth on the Approved Location Acceptance attached to this Agreement as Attachment A (the “**Approved Location**”) or if not known at the execution of this Agreement, shall be located within the “Primary Search Area” described on Schedule I. You acknowledge and agree that: (i) this Agreement does not, in any way, either directly or by implication, grant any other area, market or territorial rights to you, including any rights to the geographical area defined as the Primary Search Area; (ii) we may permit other new franchisees to search for the location of their Teriyaki Shop within the same Primary Search Area if we determine that the Primary Search Area is large enough to contain additional franchises; and (iii) potential locations for each franchised location and resulting will be reviewed and rejected/granted on a first-to-propose basis. Upon our consent to a site for the operation of your Teriyaki Shop, the address of the Approved Location and the Area of Protection (as defined below) around the Approved Location will be inserted onto Attachment A and executed by you and us.

2.2 Area of Protection. Once a site for the operation of your Teriyaki Shop is approved by us, then we will designate a geographic area around the Approved Location where neither we nor any of our affiliates will establish or operate, or franchise any entity to establish or operate, a Teriyaki Shop using the Marks and System at any location within the Area of Protection. As the Area of Protection is dependent on the Approved Location of the Teriyaki Shop, we will present you with the Area of Protection upon the identification of the site for the Teriyaki Shop. If you do not wish to accept the Area of Protection, you may choose another site location and we will present you with another Area of Protection based on the new site selected. However, your refusal to agree to our designated Area of Protection will not extend, modify or change any deadlines set forth in this Agreement to secure a site, enter into a lease or open to the public.

2.3 Limitations on Grant.

(a) System Standards. The Franchise granted by this Agreement is limited to the operation of a Teriyaki Shop in strict accordance with the provisions of this Agreement and the standards we specify in writing, as periodically amended, modified, supplemented, or deleted, which we impose on our franchisees in connection with participation in the System, including all mandatory and suggested specifications, policies, rules, techniques, and procedures we promulgate about System operation usage (collectively, the “**System Standards**”). You have no rights under this Agreement to use, and you will not use, the System, Marks, or Teriyaki Shop premises in connection with any other business, activities, or unapproved items or services.

(b) Trade Name. The Franchise granted by this Agreement is limited to the establishment and operation of the Teriyaki Shop only under the trade name “Teriyaki Madness” or such other trade name that we expressly authorize or require in writing. You will not adopt alternative, additional, or secondary trade names unless you have our prior express written consent.

(c) Location. The Franchise granted by this Agreement is limited to a single Teriyaki Shop at the Approved Location identified in Attachment A. The Teriyaki Shop must be located at the Approved Location. You have no rights under this Agreement to use, and you will not use, the System or Marks at any other location, without our prior express written consent.

(d) Relocation. You will not relocate the Teriyaki Shop without our prior express written consent. If you wish to voluntarily relocate the Teriyaki Shop, you must ensure that there is no operating gap between the date you close the original Approved Location and the date you open the new Approved Location. If a Teriyaki Shop’s lease expires or terminates without your fault or if the site is condemned, destroyed or otherwise rendered unusable, you must seek our approval to relocate the Teriyaki Shop to a new location that meets our then-current site selection criteria, subject to the territorial rights of other Teriyaki Shops operated by franchisees or our affiliates. You must pay to us a relocation fee of \$5,000 for each Teriyaki Shop that you wish to relocate at the time the request is submitted to us, and you must comply with all of the requirements of Section 5 with regard to all relocations. The relocation fee is nonrefundable under any circumstances.

(e) No Sub-Franchising. You have no rights under this Agreement to grant, and you will not grant, any sub-franchise or sub-license of all or part of the System or Marks.

2.4 Non-Exclusive License. During the term of this Agreement, neither we nor any of our affiliates will establish or operate, or franchise any entity to establish or operate, a Teriyaki Shop using the Marks and System at any location within the market area described in Attachment A (the “**Area of Protection**”). Otherwise, the Franchise is non-exclusive. Other than the limited rights expressly granted to you under this Agreement, we (on behalf of ourselves and our affiliates) reserve all rights to use the Marks and System, including the following rights, in any manner and on any terms and conditions we deem advisable, and without granting you any rights, accommodation, or compensation:

(a) to own, acquire, establish, and/or operate, and license others to establish and operate, businesses using the Marks and System outside the Area of Protection (even if there may be some impact to your business within the Area of Protection);

(b) to own, acquire, establish, and/or operate, and license others to establish and operate, businesses under other proprietary marks or other systems, at any location within or outside the Area of Protection (even if these businesses are in competition with you);

(c) to sell or distribute, at retail or wholesale locations or otherwise, directly or indirectly, or license others to sell or distribute, any proprietary items (such as bottled teriyaki sauces and salad dressing) which bear any proprietary marks, including the Marks, within or outside the Area of Protection;

(d) to own, acquire, establish, and/or operate, and license others to establish and operate, businesses using any proprietary marks or systems (including the Marks and System) at any airport, train station, other transportation facility, arena, ballpark, stadium, racetrack, other sports facility, theater, auditorium, concert hall, theme park, amusement park, cruise ship, casino, or other entertainment facility, grocery store, gas station, university, college campus, or military base, within any outlet mall or other area mall, or by way of a mobile food truck, within or outside the Area of Protection;

(e) to acquire, or be acquired by, any competing system, including a competing system that has one or more restaurants within your Area of Protection;

(f) to use any marks or system (including the Marks and System), or to license others to use any marks or system, to sell any products, including products that are the same or similar to those which you will sell through any alternative channels of distribution within or outside of the Area of Protection, regardless of their proximity to the Approved Location or their impact on your existing or potential customers. This includes, but is not limited to, grocery stores, convenience stores, club stores, other retail outlets, direct marketing sales, and other channels of distribution such as television, direct mail, mail order, catalog sales, telemarketing, delivery, catering, or over the Internet. We exclusively reserve the Internet, including computerized or remote entry ordering systems, as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce unless you have received our prior written permission or unless such activities are expressly authorized by the Manual; and

(g) to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

2.5 Alternative Products and Food Concepts. You acknowledge and understand that we or our affiliates may develop, create, offer or launch new food concepts, products or brands, directly or indirectly through distribution, licensing, franchising or other business models, which may be competitive or complementary to the Products and Services offered by your Teriyaki Shop. You understand this Agreement does not grant you any rights to offer the new products, services, or service lines described in this Section 2.5 or share in any of the revenue or proceeds generated from such sales.

2.6 Qualification Program Requirements. We and our affiliates reserve the right to establish or launch one or more certification or qualification requirements through which our franchisees may be authorized to provide additional menu items, dishes, services or products, including dual-branded concepts, which we may designate in connection with the System (“**Qualification Program(s)**”). We may condition a franchisee's participation in any Qualification Program on meeting certain standards, terms and requirements. Participation in a Qualification Program may require (1) additional purchase of equipment, inventory or supplies; (2) training for your personnel; (3) additional marketing requirements; and (4) other conditions, all of which you must meet at your own expense. This Section does not constitute a right of first refusal for any additional franchise programs, which we or our affiliates may now or in the future create.

3. **TERM AND EXTENSION**

3.1 Term. The term of this Agreement begins on the Effective Date and will continue for one period of 10 years, unless terminated earlier pursuant to the terms of this Agreement. You have no rights under this Agreement to use, and you will not use, the System or Marks after expiration or termination of this Agreement. Some of your duties and obligations under this Agreement will survive after expiration or termination of this Agreement as provided herein. This Agreement will not be binding and enforceable until it has been countersigned by us and delivered to you.

3.2 Renewal Franchise Rights. You may renew your right to operate the Franchise under renewal franchise agreement for two additional five (5) year terms to become effective following the expiration of this Agreement, provided you have met each of the conditions in Section 3.3.

3.3 Conditions to Renewal Franchise. To qualify for an offer of a renewal franchise agreement, you must satisfy all of the following conditions:

(a) At least six (6) months (but no more than nine (9) months) before the end of the term of this Agreement or the end of the first renewal term (as applicable), you must give us written notice of your request for an extension of franchise rights, and you must pay us a renewal fee of \$5,000 for each Teriyaki Shop that you operate under this Agreement.

(b) At least two (2) months (but no more than (6) months) before the end of the term of this Agreement or the end of the first renewal term (as applicable), you must upgrade your

Teriyaki Shop to make it consistent with the then-current System Standards for new Teriyaki Shops.

(c) At the time that you give notice of your request for an extension and at the end of the then current term, you must not be in default under this Agreement or any other agreement with us or any of our affiliates, and you must have substantially complied with all the provisions (including timely payments) of this Agreement and of any other agreements with us or any affiliate during their respective terms.

(d) At least one (1) month before the end of the term of this Agreement, you must sign the then-current version of our standard franchise agreement, to become effective upon the expiration of this Agreement. You acknowledge that the terms and conditions of that agreement may be materially different from this Agreement, and they might not be as favorable to you. However, you will not be required to pay the then-current Initial Franchise Fee; you will only have one option to extend the Franchise; and the Area of Protection will be the same as under this Agreement.

(e) At the end of the term, you (and your Managing Owner and Designated Manager (as defined in Section 8), if applicable) must satisfy our then-current qualification and training requirements.

(f) At least one (1) month before the end of the then current term, you and your owners must sign and deliver to us a general release, in a form we will provide, of all claims you and your owners may have against us and any of our affiliates (and our and their respective officers, directors, partners, owners, agents, and employees).

(g) By the end of the term, you must establish to our satisfaction that you have the right to remain in possession of the Approved Location for the duration of the term of the renewal agreement or obtain our approval of a new location in accordance with Section 2.3(d).

You shall be deemed to have irrevocably elected not to renew the Franchise hereunder (and the option to do so shall thereupon terminate) (i) if you fail to execute and return to us any of the renewal franchise documents required by us, together with payment of the renewal fee outlined above and fulfillment of the renewal conditions outlined in this section, (ii) if you provide written notice to us indicating that you do not wish to renew this Agreement or any renewal franchise agreement or (iii) you fail to provide notice of your intention to renew in accordance with Section 3.3(a) above.

3.4 Interim Period. If you do not sign a new franchise agreement prior to the expiration of this Agreement and continue to accept the benefits of this Agreement after the expiration of this Agreement, then at our option, this Agreement may be treated either as: (i) expired as of the date of expiration, with you then operating without a Franchise to do so and in violation of our rights; or (ii) continued on a month-to-month basis (“**Interim Period**”) until one party provides the other with written notice of such party’s intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice to terminate the Interim Period. In the latter case, all of your obligations shall remain in full force and effect during the Interim Period as

if this Agreement had not expired, and all obligations and restrictions imposed on you upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

4. PAYMENTS AND REPORTS

4.1 Initial Franchise Fee. When you sign this Agreement, you will pay us the initial franchise fee (the “**Initial Franchise Fee**”) stated on Schedule I, that reflects your right to develop and operate one franchise, in one lump sum by means of cashier’s check, money order, or wire transfer. The Initial Franchise Fee is in consideration of the administrative and other expenses we incurred in entering into this Agreement, and for our lost or deferred opportunity to enter into a similar arrangement with others. The Initial Franchise Fee is non-refundable, and is fully earned when we sign this Agreement, even if you do not open the Teriyaki Shop.

4.2 Shop Opening Assistance Fee. In addition to the Initial Franchise Fee paid to us, you must pay our affiliate, M.H. Enterprises International, Inc, a “**Shop Opening Assistance Fee**” of \$27,500. This fee offsets our costs in all of our pre-opening assistance and training that we provide to assist you in supporting your efforts to find and develop the site for your Teriyaki Shop. You will pay the Shop Opening Assistance Fee in one lump sum at the same time as the Initial Franchise Fee. The Shop Opening Assistance Fee is non-refundable, and is fully earned when we sign this Agreement. If you have purchased Multi-Unit Franchises under the Development Agreement(s) with us, the Shop Opening Assistance Fee for the second and each additional Teriyaki Shop opened pursuant is optional and will only be payable if you request shop opening assistance.

4.3 Royalty Fee. During the term of this Agreement, and for as long as you are using the System or Marks, you will pay us a continuing royalty fee equal to six percent (6%) of the Net Sales that you generated during the preceding business week (“**Royalty Fee**”). “Net Sales” means all revenues received from the sale of food, beverages, services and other items from in-store dining, carry-out, online orders, delivery, third party voucher sales, catering, and otherwise, including the sale of food and beverages, redemption of gift cards, and merchandise and all other income and consideration of every kind and nature related to the Teriyaki Madness Business or Teriyaki Madness Business operations (including all proceeds from any business interruption insurance), whether for cash or credit, and regardless of collection in the case of credit, but does not include any sales taxes or other taxes collected from customers for, and thereafter paid directly to, the appropriate taxing authority, any discounts provided to customers, any bona fide refunds made to customers, any fees paid to third-party delivery services or aggregators, or any supplier rebates. Net Sales are deemed received by you at the time the services or products from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on an account receivable) actually has been received by you. Net Sales are calculated prior to any reductions due to coupons or other discounts. This Royalty Fee is an ongoing payment that allows you to use the Marks and the other intellectual property of the System and that pays for our ongoing support and assistance.

4.4 Marketing Fund Contribution. You will pay a Marketing Fund contribution equal to three percent (3%) of your Net Sales, as described in Section 7.2 below.

4.5 Place and Method of Payment. You will be required to establish a designated bank account (“**Designated Account**”) that shall be used exclusively for the operation of the Teriyaki Shops. Upon execution of this Agreement, you shall provide the bank name, address, ABA routing numbers, account numbers, voided checks from the Designated Account, and sign and give to us and your bank, all documents, including Attachment D to this Agreement, necessary to effectuate your electronic payment of amounts due under this Agreement. The Designated Account must be located within the United States and governed by its laws. In the event you change banks or accounts for the bank account required by this Section 4.5, you shall, prior to such change, provide such information and documentation as required in this Section 4.5. Your failure to provide such information concerning the bank account required by this Section 4.5 or any new account, or your withdrawal of authorization as required hereunder for whatever reason, shall be a breach of this Agreement. You shall bear all expenses, if any, associated with such authorizations and payments. You agree to execute any and additional documents as may be necessary to effectuate and maintain the electronic funds transfer, as we require. On Tuesday of each week (your “**Weekly Billing Day**”), you will receive an electronic invoice for the amounts due and we will initiate an electronic funds transfer of all Royalty Fees and Marketing Fees required by this Agreement based on your Net Sales for the preceding business week (Monday through Sunday) on Thursday. If we are unable to access your Teriyaki Madness Franchise’s Net Sales for any reporting period, then we shall be authorized, at our option, to debit your account for the higher of: (a) the fees transferred from your account for the last reporting period for which a report of your Teriyaki Madness Franchise’s Net Sales was provided to us, or (b) an estimated amount due. All other fees and payments due to us under this Agreement will be made to us at our headquarters in Denver, Colorado, or as we otherwise specify in writing. If in our sole discretion we allow you to make any payment to us by credit card for any fee required, we may charge a service fee of up to 3% of the total charge. We have the right to periodically specify (in the Manual or otherwise in writing) different payees, payment timing, and/or payment methods for any fees due under this agreement, such as, but not limited to, weekly/biweekly/monthly payment, payment by auto-draft, credit card and payment by check. You must promptly comply with any such changes.

4.6 Taxes. If any federal, state, or local tax (other than an income tax) is imposed upon any fees you paid us under this Agreement, then you agree to compensate us in the manner we prescribe so that the net amount or net rate we receive is no less than as established by this Agreement.

4.7 Allocation of Payments. All payments by you will be applied in such order as we may designate from time to time. You agree that you may not designate an order for application of any fees different from that designated by us and expressly acknowledge and agree that we may accept fees paid pursuant to different instructions without any obligation to follow such instructions, even if such payment is made by its terms conditional on such instructions being followed. This provision may be waived only by written agreement signed by us, which written agreement must be separate from the check or other document or medium constituting or transmitting payment.

4.8 No Right of Offset. You agree that you shall not, on grounds of the alleged nonperformance or default by us of any of our obligations under this Agreement, withhold payment of any fee or other amount payable to us under this Agreement or otherwise. We will have the right, at any time before or after termination of this Agreement, without notice to you, to offset

any amounts or liabilities that you may owe us against any amounts or liabilities that we may owe you under this Agreement or any other agreement, loan, transaction, or relationship between the parties.

5. TERIYAKI SHOP DEVELOPMENT

5.1 Site Selection. You will be solely responsible for locating and obtaining a suitable site for the Teriyaki Shop. We will provide you with our standard site selection criteria and standard Teriyaki Shop layout plans and specifications. We will also provide you with the assistance and consultation we deem advisable regarding site selection (including assistance with the selection of a licensed, qualified commercial broker) and/or the layout of the Teriyaki Shop at the Approved Location. Before entering into a lease agreement or other binding agreement to acquire the proposed site, you must submit to us a written description of the proposed site for our approval, provide us with other information regarding the proposed site according to the System Standards or as we reasonably request, and verify to us in writing that the proposed site meets our site selection criteria. We will then approve or disapprove the proposed site in our sole and absolute discretion. If we disapprove the proposed site, you must select an alternate site and repeat the site approval process until we have approved a proposed site for your Teriyaki Shop. You acknowledge that we will have no obligation to select or acquire a site on your behalf. You further acknowledge and agree that our approval of a site does not constitute a representation or warranty of any kind, express or implied, as to the suitability of the site for a Teriyaki Shop or for any other purpose. Our approval of the site indicates only that we believe that the site falls within the acceptable site selection criteria as of that time. We disclaim all liability for the consequences of approving a particular site. Our site selection assistance does not constitute any warranty or guaranty that the Teriyaki Shop will be profitable or otherwise successful at the Approved Location. If you and we are not able to reach agreement on an Approved Location for your first Teriyaki Shop following good faith effort to do so, we have the option to terminate this Agreement without providing you a refund of any fees you have paid to us.

5.2 Lease Provisions. After we have approved a proposed site, you must then lease or purchase the approved site. If you will lease the site, your lease must include certain provisions for our protection. We will provide you with our letter of intent template, landlord work letter and additional templates to assist in your letter of intent negotiations with the landlord. You must provide us with a copy of your proposed lease agreement for our review and approval before you sign it. We will review the proposed lease for the Teriyaki Shop site after you submit the proposed lease to us. If the proposed lease complies with the requirements in this Section 5.2 of this Agreement and is otherwise acceptable to us, we will approve it. We will promptly advise you of our decision regarding the proposed lease. You must not sign the proposed lease agreement until after you have our express written approval. However, the final decision whether to acquire a particular approved site or whether to sign a particular approved lease rests solely with you. We will provide you with the name of a licensed real estate attorney who you may hire at your expense to assist you in your lease negotiations, but you are solely responsible for negotiating the legal and business terms of your lease. Any lease relating to the Teriyaki Shop's premises must contain the following provisions in contractual language acceptable to us, unless waived by us in writing:

(a) The use of the leased premises will be restricted solely to the operation of a Teriyaki Shop.

(b) The landlord, upon termination or expiration of the lease, consents to the tenant's removal (at the tenant's expense) of the exterior and interior signs and trade fixtures, so long as the tenant makes repairs caused by the removal of these items.

(c) The landlord will provide to us a copy of all lease amendments and assignments (at the same time they are sent to the tenant), and a copy of all letters and notices sent to the tenant relating to the lease or the leased premises.

(d) We will have the right to enter the leased premises to make any modifications or alterations, at our own cost, necessary (in our opinion) to protect the System and the Marks and to cure, within the time periods provided by the lease, any default under the lease, all without being guilty of trespass or other tort.

(e) The tenant may assign the lease to us (or our designee) with the landlord's consent (which consent will not be unreasonably withheld) and without payment of any assignment fee or similar charge or increase in any rent. The tenant will remain solely responsible for all obligations, debts, and payments under the lease accruing before the effective date of any assignment to us (or our designee).

(f) The landlord will not amend or otherwise modify the lease in any manner that would affect any of the foregoing requirements without our prior written consent (which will not be unreasonably withheld).

(g) Upon expiration or termination of this Agreement, we (or our designee) will have the right to an assignment of the lease without the landlord's consent and without payment of any assignment fee or similar charge or increase in any rent. The tenant will remain solely responsible for all obligations, debts, and payments under the lease accruing before the effective date of any assignment to us (or our designee).

We have included a lease addendum which incorporates each of these required terms as Attachment B of this Agreement. It is your responsibility to secure signature of the lease addendum by the landlord or to negotiate the required provisions into your lease.

5.3 Construction, Remodeling and Build-out. Upon your execution of an approved lease for the Teriyaki Shop premises, we will provide you with a list of our required architects and general contractors. Unless we agree to waive these requirements, you must prepare architectural and construction drawings, designs, and site plans using our required architects, and undertake the construction, build-out, and remodeling of the site using one of our required general contractors. If you desire to use a different architect or general contractor, the proposed architect or general contractor must meet the minimum requirements of our required architects or general contractors, and be approved in writing by our design and construction department before they are used in the development of the Teriyaki Shop, and you must pay us a fee of \$1,000 to qualify the proposed architect or general contractor. Promptly after obtaining possession of the approved site for the Teriyaki Shop, you will have prepared and submit to us for approval plans for the construction, build-out or remodeling of the site consistent with the System Standards and applicable law, if you are unable to use our standard plans; provided, that any altered plans must be submitted to us and receive our approval before such plans and construction documents can be used. You acknowledge

that: (a) our review of your amended plans and construction documents is not meant to assess any compliance with applicable laws, regulations, and/or building codes, all of which is your responsibility; (b) you must obtain all required permits, licenses, and zoning variances; (c) you must obtain your landlord's approval for the construction, build-out or remodeling of the site (we will provide assistance related to these submissions and retain the right to all construction plans and documents to utilize for approval and reference); (d) you must complete the construction, build-out, and/or remodeling of the Teriyaki Shop premises consistent with the approved plans, the System Standards, and applicable law; (e) you must purchase or lease and install all required equipment, furnishings, fixtures, signs, and décor as required by this Agreement and the System Standards; (f) you must obtain all customary contractors sworn statement and waivers of liens; and (g) you must otherwise prepare the Teriyaki Shop for opening for business as required by this Agreement and the System Standards. We will provide you with the consultation we deem advisable regarding plan submissions (and receiving approvals) and constructing, remodeling, or build-out of the Teriyaki Shop and the processes related thereto.

5.4 Furnishings, Fixtures, Equipment, and Signs. You must purchase, lease, or otherwise use in the establishment and operation of the Teriyaki Shop all of the furnishings, fixtures, equipment, and signs that we have approved as meeting our specifications and standards for quality, design, appearance, function, and performance, and only these items. We will provide you with standard lists and/or specifications for approved furnishings, fixtures, equipment and signs. We will provide you with standard lists of any authorized suppliers of any of these items. You must purchase or lease approved brands, types, or models of furnishings, fixtures, equipment, and signs only from suppliers designated or approved by us and according to System Standards. You agree to place or display at the Teriyaki Shop only the signs, logos, and display materials that we have approved. After your Teriyaki Shop has been built out, equipped, and decorated according to System Standards, you will not make any material alteration to the Teriyaki Shop's premises, furnishings, fixtures, equipment, or signs without our prior express written approval. We will provide you with the assistance and consultation we deem advisable regarding required furnishings, fixtures, equipment, and signs.

5.5 Inventory and Supplies. You must purchase and stock in the Teriyaki Shop all of the required inventory and supply items, in an adequate mix and quantity of each, all according to the System Standards. Such inventory and items shall be purchased from the suppliers we designate or approve, which may include or be limited to us or our affiliates. We will provide you with standard lists and/or specifications for approved inventory and supplies. We will also provide you with standard lists of any authorized suppliers of any of these items, and the assistance and consultation we deem advisable regarding required inventory and supplies.

5.6 Commencement of Business. Unless we agree in writing to a later opening date, you must open the Teriyaki Shop and begin business within 53 weeks of the Effective Date of this Agreement. Before opening the Teriyaki Shop, you must comply with all of your applicable development and operating obligations under this Agreement, including: (a) obtain all required permits and licenses; (b) properly complete all construction, remodeling, and build-out of the Teriyaki Shop; (c) properly complete installation of all furnishings, fixtures, equipment, and signs; (d) properly display and stock all required inventory and supplies; (e) successfully complete the initial training programs; (f) provide to us proper evidence of required insurance coverage; (g) provide to us an executed "Franchisee On-site Training Agreement," the current form of which is

attached as Attachment C to this Agreement; and (h) provide to us any other information or documents that we may request relating to the Teriyaki Shop's readiness for opening or your compliance with applicable System Standards. You must obtain our written approval before opening the Teriyaki Shop, and you must schedule the opening on a mutually convenient date. If you do not open your Teriyaki Shop within the prescribed time frame, you will be required to pay an opening extension fee of \$250 per week until such time as the Teriyaki Shop is open or this Agreement is terminated. In our sole discretion, we may waive the extension fee if requested in writing no less than 90 days prior to the date your Teriyaki Shop is required to open if we believe in our sole discretion that you are making a satisfactory attempt to comply with the terms of the Agreement.

6. TERIYAKI SHOP OPERATIONS

6.1 Compliance with System Standards. You will maintain high standards of quality, appearance, and operation for the Teriyaki Shop. For the purpose of enhancing the public image and reputation of the businesses operating under the System and for the purpose of increasing the demand for items and services associated with the Marks, you will comply in good faith with all System Standards, including those contained in the Manual. You will operate and maintain each Teriyaki Shop solely in the manner and pursuant to the standards prescribed herein, in the Manual and in other materials we provide to you.

6.2 Approved Items and Services. You will offer all approved items and services pursuant to the System Standards at the Teriyaki Shop, and no other items or services. You will prepare and offer for sale all required menu items using the recipes, ingredients, serving sizes, decorations, nomenclature, and presentation exactly in accordance with the System Standards. If you desire to offer any unapproved items or services, you must first obtain our prior express written consent. You will refrain from deviating from System Standards by the offer, sale, or use of any non-conforming items or services, without our prior express written consent.

6.3 Suggested Retail Prices. We will provide you with product information and suggested retail prices for approved items or services; however, you are not bound by our recommended prices. In determining prices, you must consider the general image of the Teriyaki Shop and the System. If you choose to offer any items at any price we recommend, you understand and acknowledge that we do not represent, warranty, or guarantee that you will earn any level of sales or profitability. We reserve the right to establish maximum retail prices for use with multi-area advertisement programs and special price programs.

6.4 Catering and Delivery. You must follow our off-site policies and procedures in our Manual, which may require you to provide catering and/or delivery services (the “**Off-Site Services**”) in accordance with our then-current guidelines. You may be allowed to provide Off-Site Services in the territories of other Teriyaki Madness Businesses without compensating the operator of those restaurants, and we, our affiliates, or other Teriyaki Madness Businesses may provide Off-Site Services in your Area of Protection without compensating you. We may impose restrictions in the future that prevent you from providing catering and delivery services outside of your Area of Protection. You acknowledge and agree that we reserve the sole right to engage, contract with, or enter into agreements with one or more delivery aggregators such as UberEats, Grubhub, DoorDash, SkiptheDishes or other third party delivery service providers such as

Postmates and Amazon Restaurants to provide delivery of our Products from your Teriyaki Shop and other franchisees, company-owned and affiliate-owned Teriyaki Shops of the System (“**Outside Delivery Provider(s)**”). We may require your participation on the terms negotiated with the Outside Delivery Providers. You acknowledge that you have no right to grant any Outside Delivery Provider the right to use the Marks and thus are strictly prohibited from directly entering into any agreement or contract with an Outside Delivery Provider without our prior written consent, which may be withheld in our sole discretion.

6.5 Additional Items, Services, and Suppliers. If you desire to offer additional items or services that we have not approved, or desire to purchase approved items and services from any supplier who we have not approved, we will consider any written request by you for approval of additional items, services, or suppliers (although we are not obligated to approve any). We will notify you in writing of our approval or disapproval of any new item, service, or supplier requested by you within a reasonable time (usually within 90 days) after we have received all of the relevant information we requested. We may withhold approval of any item, service, or supplier, as we determine in our discretion. We can revoke approval of an approved supplier at any time in our sole discretion, and we will notify you of any revocation of supplier approval. If we inspect or evaluate a new product, service, or proposed supplier nominated by you, we may, in our discretion, charge you our costs of inspection and evaluation.

6.6 Purchasing Assistance. Although you are responsible for purchasing or leasing items and services for use in connection with the Teriyaki Shop, we and/or our affiliates may offer optional assistance to you with purchasing or leasing items or services. We may require minimum standards or specifications for items and services, specify approved items and services, and restrict the suppliers authorized to sell or provide certain items and services in order to control quality, provide for consistent service, or obtain volume discounts. We will provide you with System Standards for items and services, our list of approved items and services, and our list of approved suppliers. You acknowledge that we and/or our affiliates may be the sole approved suppliers for certain approved items and services, and that we and our affiliates may derive revenues as a result of your purchase of approved items and services.

6.7 Computer and Communications System.

(a) You will, at your expense, purchase or lease, maintain, and upgrade any point-of-sale system, cash drawers, computer hardware and software, back office and accounting systems, tablets or portable electronic devices, ticket dispensers, communication equipment, communication services, Internet services (including the requirement to maintain a high speed internet connection), mobile application services, online and/or digital ordering and delivering services, dedicated telephone and power lines, modems, printers, and other related accessories or peripheral equipment that we may specify for use in each Teriyaki Shop, as prescribed in the Manual, and as modified periodically by us in our sole discretion.

(b) You will provide any assistance we require to connect your point-of-sale system or computer system with our computer system. We will have the right at any time to retrieve data, financial information and other information from your point-of-sale system, or computer system as we, in our sole discretion, deem necessary or desirable. This may include posting financial information of each franchisee on an intranet website and using the financial

information of the Teriyaki Shop in our Franchise Disclosure Document. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. You shall ensure that we have access at all times to your point-of-sale system and any video monitoring systems that we require at your cost.

(c) You will strictly comply with System Standards for all items associated with your point-of-sale system, computer system, and communication equipment and services. You will keep the point-of-sale system, computer system and communication equipment in good maintenance and repair, and you will promptly install, at your expense, any additions, changes, modifications, or substitutions to your point-of-sale system, computer hardware, software, communication equipment, telephone and power lines, and other related accessories or peripheral equipment, as we may specify periodically. We may require that you license from us proprietary software for use in the Teriyaki Shop, and, if so, you will sign the software license agreement we specify, and you will comply with all of its terms and conditions. You will utilize the point-of-sale system, computer system, and communication equipment and services in connection with the Teriyaki Shop pursuant to the System Standards.

(d) You are required to maintain your credit card processing hardware and software in compliance with the Payment Card Industry (PCI) Data Security Standard. It is your responsibility to maintain and report your PCI compliance, which encompasses operational policies and practices as well as networks and POS Systems hardware/software used to process credit card transactions, as well as attesting that you are abiding by (i) the PCI Data Security Standards enacted by the applicable card associations (as they may be modified from time to time or as successor standards are adopted); and (ii) all other security standards and guidelines that may be published from time to time by payment card companies and/or enacted by law, and are applicable to customer credit card and debit card information. If you know or suspect a security breach, you must immediately notify your credit card transaction acquirer, insurance carrier and us. You assume all responsibility for providing notice of breach or compromise, along with duties and costs associated with fraudulent transactions, penalties, and ongoing fees for monitoring customer credit card histories and/or transactions for affected customers of your Teriyaki Shop.

(e) You may be required to invest in and implement new technology initiatives at your own expense, which may include, but will not be limited to, music, Internet, TV broadcast, software management applications and other various software applications and surveillance systems and mobile applications designed to better manage business functions and control costs. We may designate the supplier you use for any goods and services associated with these initiatives.

(f) For use of our application development and service, online systems, email, data sharing, loyalty program, restaurant management platform, and other Internet related functions, you will pay us a monthly technology fee which is due on the first Thursday of each month for each Teriyaki Shop. We reserve the right to increase this technology fee up to \$600 per month per Teriyaki Shop upon 30 days' written notice. You will pay a reduced monthly technology fee for your first Teriyaki Shop until it is open. We start collecting payment of the Technology Fee upon execution of your lease for the Teriyaki Shop.

(g) You acknowledge that you may also be responsible for paying our approved third-party vendors directly for certain technology, including, but not limited to, mobile

applications and online and/or digital ordering and delivery services. The current online ordering fee is \$50 per month per Teriyaki Shop, payable to a vendor that we designate. This fee may increase upon notice at any time.

6.8 Customer List. Any information on customers of your Teriyaki Shop that identifies or can be used to identify, contact, locate, or be traced back to the specific person to whom such information pertains, or from which identification or contact information of an individual person can be derived, including but not limited to, personally identifiable information (“**Customer Data**”) and all information, mailing lists and data bases of Customer Data from whatever source derived, industry standards must be used only in connection with your Teriyaki Shop in accordance with this Agreement. You will protect the privacy of your customers by keeping Customer Data confidential. You will not disclose customer information to anyone other than your employees and us without our prior written consent. You agree to comply with all applicable laws, regulations and with respect to Customer Data; in addition, you agree to comply with all data privacy and security requirements we may establish from time to time and to exert your best efforts to prevent the unauthorized use, dissemination or publication of Customer Data, subject in all instances to applicable laws. It is your responsibility to determine the data privacy laws applicable to you and your Teriyaki Shop. We expressly disclaim knowledge of the data privacy laws applicable to you. You shall promptly notify us if you become aware of or suspect any unauthorized access to the Customer Data, or if you become the subject of any governmental, regulatory or other enforcement or private proceeding relating to your data handling practices. You shall promptly carry out any request from us with respect to Customer Data that is reasonably necessary to allow us to comply with data privacy laws applicable to us regarding processing, storage, handling, collection, use, transfer and transmission of Customer Data.

6.9 Hours of Operation. You will keep the Teriyaki Shop open and in normal operation for the minimum hours and/or days as required by the System Standards, to the extent consistent with local law and your lease.

6.10 Uniforms. You will require your Managers and other employees to wear uniforms as required by our System Standards.

6.11 Teriyaki Shop Image. You will at all times maintain the Teriyaki Shop according to the System Standards, including those standards prescribed in the Manual, such as standards and specifications relating to the safety, maintenance, cleanliness, sanitation, function, and appearance of the Teriyaki Shop and your equipment and signs, as well as the requirement that the employees of the Teriyaki Shop will be required to wear uniforms and to maintain a standard of appearance while employed at the Teriyaki Shop.

6.12 Lease Compliance. You will comply with all of the terms of your lease, sublease, and other agreements authorizing use of the Teriyaki Shop’s premises, and will refrain from any activity that may jeopardize your right to remain in possession of, or to renew, the lease or sublease for the Teriyaki Shop’s premises. You will not amend or otherwise modify your lease without our express written consent.

6.13 Maintenance of Teriyaki Shop. You will install and maintain at the Teriyaki Shop, at your expense, all furnishings, fixtures, equipment, and signs as required by the System

Standards. You will not install or permit to be installed on or about the Teriyaki Shop premises any furnishings, fixtures, equipment, signs, décor, vending machines, video games, or similar items that we have not previously approved. You will maintain the Teriyaki Shop premises, and all furnishings, fixtures, equipment, and signs in a clean, attractive condition, and in good working order and repair. If we notify you of any deficiency as to the general state of repair or appearance of the Teriyaki Shop's premises, furnishings, fixtures, equipment, signs, or décor, you must undertake the action we reasonably specify to correct the deficiency within the time period we specify. If you fail to take such action, then to protect the reputation and goodwill of our brand, we may (but are never obligated to) undertake such maintenance on your behalf. If we do so, then you shall immediately reimburse us for all amounts spent, including our personnel costs and time to undertake the efforts.

6.14 Refurbishing the Teriyaki Shop. Within six (6) months after our request, you will: (a) remodel, redecorate, and refurbish the Teriyaki Shop at your expense, to conform to the décor, color schemes, and presentation of trademarks and service marks consistent with our then-current image; and (b) upgrade, modify, and/or replace furnishings, fixtures, and equipment to conform to our then-current System Standards. You will not be required to make significant capital expenditures in this regard during the first three (3) years of the term of this Agreement, but you may be required to purchase equipment necessary to offer and sell new items or services.

6.15 Goodwill. You will use reasonable efforts to protect, maintain, and promote the trade name "Teriyaki Madness" (or other trade name we approve) and our distinguishing characteristics, the other Marks, and the System. You will not permit or allow your officers, directors, owners, Managers, employees, representatives, or agents to engage in conduct which is unlawful or damaging to the goodwill or public image of the Marks or System. You will participate in all quality assurance, customer service, and customer satisfaction programs we require in good faith. You will follow System Standards for identification of your operations and for you to avoid confusion on the part of customers, creditors, lenders, investors, and the public as to the ownership and operation of the Teriyaki Shop.

6.16 Quality and Customer Service Standards. All items and services you provide under this Franchise will be of high quality, and will conform to the quality and customer service standards we may establish from time to time. We may, in our sole discretion, remedy any issues with your customers, including full reimbursement of any monies paid to you. You must reimburse us for any such costs.

6.17 Compliance with Sound Business Practices. You will at all times operate the Teriyaki Shop diligently and in a manner that is consistent with sound business practices. You will at all times maintain working capital and a net worth that is sufficient, in our opinion, to enable you to fulfill properly all of your responsibilities under this Agreement. You will pay all of your debts and obligations incurred in the operation of the Teriyaki Shop as these debts and obligations become due. You will, in all dealings with us and our affiliates, your suppliers and customers, and public officials, adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. You will refrain from any business practice which may harm our business, System or Marks, or other franchisees' businesses. You will cause your affiliates, employees, owners, representatives, and agents to strictly comply with the provisions of this Agreement.

6.18 Compliance with Laws. You will obtain and maintain in force, as and when needed, all governmental permits, licenses, and approvals required by applicable law to establish and operate the Teriyaki Shop at the Approved Location. You will pay when due (or properly and timely contest) all federal, state and local payroll, withholding, unemployment, permit, license, property, ad valorem, use, sales, gross receipts, income, property and other taxes, assessments, fees, charges, penalties and interest, which may be charged or levied against you or us as a result of your business operations, and will file when due all required governmental returns, notices, and other filings. You will conduct your business operations under this Agreement in full compliance with all applicable laws, ordinances, regulations, rules, administrative orders, decrees, and policies of any local, state, or federal government, governmental agency, or Department. You will notify us promptly if you obtain any information that any aspect of the System does not comply with any applicable law, rule, or regulation.

You agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you otherwise are not in violation of, any of the Anti-Terrorism Laws. “**Anti-Terrorism Laws**” mean 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 other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you, or any blocking of your assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

6.19 Notification of Legal Proceedings and Crisis Management Events. You will notify us in writing within five business 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, of which you become aware and which may adversely affect the operation or financial condition of the Teriyaki Shop. Upon the occurrence of a Crisis Management Event, you will immediately inform us by telephone and email (or other electronic medium authorized by us for this purpose). You will cooperate fully with us with respect to our response to the Crisis Management Event. In the event of the occurrence of a Crisis Management Event, we may also establish emergency procedures which may require you to temporarily close the Teriyaki Shop to the public, in which event we shall not be liable to you for any loss or costs, including consequential damages or loss profits occasioned thereby. For purposes of this Section, a “**Crisis Management Event**” means any event that occurs at or about the Teriyaki Shop that has or may cause harm or injury to customers or employees, such as food contamination, food spoilage/poisoning, food tampering/sabotage, contagious diseases, natural disasters, terrorist acts, shootings, or any other circumstance which may damage the System, Marks, or our image or reputation.

6.20 Step-In Rights. In order to prevent any interruption of the Teriyaki Shop operations that would cause harm to the Teriyaki Shop, thereby depreciating the value thereof, we have the right, but not the obligation, to step-in and designate an individual of our choosing (an “**Interim Manager**”) for up to 90 consecutive days at a time to temporarily manage your Teriyaki Shop: (i) if you fail to comply with any provision of this Agreement and do not cure the failure within the time period specified by the Agreement or us; (ii) if we determine in our sole judgment that the

operation of your Teriyaki Shop is in jeopardy; (iii) if we determine in our sole discretion that operational problems require that we operate the Teriyaki Shop; (iv) if you abandon or fail to actively operate the Teriyaki Shop; (v) upon your or the Designated Manager's absence, termination, death, divorce, or disability; or (vi) if we deem you or your Designated Manager incapable of operating the Teriyaki Shop ("**Step-in Rights**"). If we exercise the Step-In Rights:

(a) You agree to pay us, in addition to all other amounts due under this Agreement, an amount equal to \$500 per day that the Interim Manager manages the Teriyaki Shop, plus the Interim Manager's direct out-of-pocket costs and expenses, including but not limited to expenses for hotels, flights, meals, rental cars and other travel expenses.

(b) You acknowledge that the Interim Manager will have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations the Teriyaki Shop incurs, or to any of your creditors for any supplies, products, or other assets or services the Teriyaki Shop purchases, while Interim Manager manages it.

(c) You, you agree to indemnify and hold harmless us, the Interim Manager, and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

(d) You agree to pay all of our reasonable attorney fees and costs incurred as a consequence of our exercise of the Step-In Rights.

Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

7. TERIYAKI SHOP MARKETING

7.1 Marketing Programs. You will participate in all advertising, public relations, promotion, market research, and other marketing activities we (or our designee or affiliate) may implement for the System ("**Marketing Programs**"). We will implement one or more Marketing Programs, and we (or our designee or affiliate) will administer the Marketing Programs. We will determine in our sole discretion the nature and type of program, the nature and type of media placement, the allocation (if any) among national, regional, and local markets, the nature and type of advertising copy and other marketing materials, and all other aspects of the Marketing Programs. We do not promise that you will benefit directly or proportionately from any Marketing Programs. On occasion, we may make available to you local advertising materials and programs, at your expense. We will use the marketing fees we collect from franchisees to pay for the Marketing Programs and to reimburse our reasonable direct and indirect costs, overhead, and other expenses (and those of our designee or affiliates) of providing services and materials relating to the Marketing Programs. We and our affiliates are not obligated to contribute money to the Marketing Programs or otherwise supplement the marketing fees; however, Teriyaki Shops owned and operated by us or our affiliates may voluntarily contribute to the Marketing Programs on the same basis as our franchisees. We have the right to terminate any Marketing Program, at our discretion. However, any termination of all Marketing Programs will not be effective until all marketing fees we have collected for the Marketing Program have been expended. If we terminate

any Marketing Program, we may reinstate such Marketing Program at any time and such reinstated Marketing Program shall be administered as described herein.

7.2 Marketing Fund. We have established an advertising and marketing fund for Teriyaki Madness Franchises (the “**Marketing Fund**”). You must contribute to the Marketing Fund three percent (3%) of your Net Sales (as such term is defined in Section 4.3) for each Teriyaki Shop. Your Marketing Fund contribution will be due at the same time and in the same manner as the Royalty Fee. We reserve the right to change the frequency with which you pay the Marketing Fund Contribution, in our sole discretion, upon written notice. Teriyaki Madness Franchises owned by us or our affiliates are not obligated to contribute to the Marketing Fund but may do so on a voluntary basis. The Marketing Fund may allocate resources to advertise locally, regionally, and/or nationally, in printed materials, on radio, on television, and/or on the Internet, in our sole discretion. We will direct all programs that the Marketing Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. We have no fiduciary obligation to you for administering the Marketing Fund. We may use the Marketing Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Marketing Fund, the Marketing Funds’ other administrative costs, travel expenses of personnel while they are on business relating to the Marketing Fund, meeting costs, overhead relating to Marketing Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Marketing Fund and their programs, including, without limitation, conducting market research; public relations; preparing advertising, promotion, and marketing materials; and collecting and accounting for Marketing Fund contributions. We may at any time defer or reduce a franchisee’s Marketing Fund contributions and, upon 30 days’ prior written notice to you, reduce or suspend Marketing Fund contributions and operations for one or more periods of any length and terminate and/or reinstate the Marketing Fund. If we terminate the Marketing Fund, we will distribute all unused contributions to contributing franchisees, and to us or our affiliates, in proportion to respective contributions during the preceding 24-month period.

7.3 Grand Opening Marketing Program. We will provide you with a marketing campaign for your grand opening marketing. You must pay us \$10,000 in one lump sum at the signing of your lease for your Teriyaki Shop and we will conduct the Grand Opening Marketing Program during the period beginning approximately four weeks prior to the opening of the Teriyaki Shop and ending approximately four weeks after the opening of the Teriyaki Shop as outlined and planned by our marketing department. The Grand Opening Marketing Program fee is in addition to your Local Marketing Obligation (defined below) and it is non-refundable under any circumstances.

7.4 Local Marketing Requirement. In addition to the Marketing Fund Contributions and the Grand Opening Marketing Program described above, each Teriyaki Madness Business is required to engage in local advertising. You must spend at least two percent (2%) of your Net Sales (as such term is defined in Section 4.3) for each Teriyaki Shop, each quarter on local advertising. Your marketing materials must use the Marks correctly, comply with System Standards and applicable law, and be expressly approved by us in writing before use. Upon our request, you will immediately stop using any marketing materials or programs that we, in our sole and absolute discretion, deem to be outdated, false, misleading, illegal, in violation of this Agreement, inconsistent with the System Standards, harmful to the System or Marks, or potentially

harmful to the goodwill, reputation, or customer relations of us or our franchisees or affiliates. You acknowledge and agree that your Local Marketing Requirement must be spent regardless of the amount(s) spent by other franchisees on local advertising. You may spend any additional sums you wish on local advertising. At our request, all marketing and promotional materials used by you shall include specific language, such as “Franchises Available” and our website address and telephone number. You must submit to us proof of these expenditures to us on a quarterly basis or as otherwise instructed in the Manual (as defined in Section 10).

7.5 Advisory Council. We have formed a franchise advisory council (the “FAC”). The FAC includes our representatives and franchisee representatives. Franchisee representatives may be selected by us or may be elected by other franchisees in the System. The FAC serves in an advisory capacity only and its members may be compensated for their time by the Marketing Fund. However, if you participate in an advisory council, it is possible that you may incur additional expenses related to your participation, such as travel, lodging, and meal expenses attending council meetings. We reserve the right to form, change, or dissolve any advisory council at any time.

7.6 Press Releases. You will not issue any press release or conduct any interviews regarding your Teriyaki Madness business without our prior express written approval.

7.7 Promotional, Gift Card, Membership and Loyalty Programs. You must participate in, and comply with the requirements of, any gift card, gift certificate, customer loyalty, customer retention, or special promotional program that we implement for all or part of the System. You agree to sign the forms and take the other action we require for you to participate in these programs, including but not limited to, selling and offering for sale gift cards which may be redeemed at any Teriyaki Shop as well as permitting customers who purchased gift cards online or from another Teriyaki Shop or us to redeem their gift cards for Products at your Teriyaki Shop. You must pay us, our affiliate or our designated gift card processor, as directed, a \$13.00 per month per Teriyaki Shop for the gift card program to cover the unlimited transactions and settlement processing. We or the credit card processor may increase this fee upon notice to you.

7.8 Contributions and Donations. You will not make any contributions or donations of items, services, or money to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic, or other type of organization (or to any individual on behalf of any organization) in the name of the Teriyaki Shop or otherwise associate with any Mark, without our prior express written consent.

7.9 Telephone and Email Address. You will obtain a telephone number for exclusive use in connection with the Teriyaki Shop, and this telephone number will be deemed to be our property. You will be provided a Teriyaki Madness email address that will be your primary email address for your Teriyaki Shop.

7.10 Internet Presence. We or an affiliate will sponsor and maintain the official Teriyaki Madness® website on the Internet. So long as you are not in default under this Agreement, we will cause your Teriyaki Shop to be listed on this official website and/or provide you with a web page specific to your Teriyaki Shop on this website. You will not, directly or indirectly, create or maintain an Internet web page, website address, or Internet directory listing relating in any way to your Teriyaki Shop, or which uses any Marks. You are prohibited from conducting any aspect of

the Teriyaki Shop through the Internet (except email communications). You are strictly prohibited from promoting your Teriyaki Shop and using the Marks in any manner on social and/or networking websites, including, but not limited to, Facebook, Instagram, LinkedIn, and Twitter, without our prior written consent and without attending our social media training in our Initial Training Program.

8. TERIYAKI SHOP MANAGEMENT AND TRAINING

8.1 Corporation, Limited Liability Company, or Partnership. If you are a corporation, limited liability company, or general or limited partnership, you agree and represent that:

(a) Attachment E to this Agreement completely and accurately describes all of your owners and their interests in you as of the Effective Date;

(b) You have identified on Attachment E one of your owners who is a natural person with at least a 25% ownership interest and voting power in you and has the authority of a chief executive officer (the “**Managing Owner**”);

(c) Each of your owners during this Agreement’s term will execute and deliver to us the Owners Agreement in the form attached hereto as Attachment F; and

(d) If you are a general or limited partnership, you agree that one owner who is a natural person will maintain at least a 51% ownership interest and voting power in you.

Within 15 days of our request, you will furnish to us a list of all holders of legal and beneficial interests in your business entity, together with a description thereof and the percentage of ownership amount, addresses, and telephone numbers for each holder, certified in writing as being accurate and complete. If any of your general partners, officers, directors, or limited liability company managers cease to serve in that capacity, or if any individual is elected or appointed as a new general partner, officer, director, or limited liability company manager, you will notify us within 10 days after the change. Any of your new owners must sign an Owners Agreement with us.

8.2 Management. The Teriyaki Madness Business shall be managed by you or, if you are an entity, by your Managing Owner. You (or the Managing Owner if you are an entity) agree to supervise the day-to-day operations of the Teriyaki Madness Business and continuously exert your best efforts to promote and enhance the Teriyaki Madness Business. At your request, we may—in our sole discretion—allow you to appoint a designated manager (the “**Designated Manager**”) to supervise the day-to-day operations of the Teriyaki Madness Business. The Designated Manager shall have similar responsibilities as a Managing Owner and must also be identified on Attachment E but need not have an ownership interest in the franchisee entity. You must not hire any Designated Manager or successor Designated Manager without first receiving our written approval of such Designated Manager’s qualifications. If we determine, in our sole discretion, during or following completion of the Initial Training Program, that your Designated Manager (if any) is not qualified to act as Designated Manager, then we have the right to require you to choose (and obtain our approval of) a new individual for that position. Any Designated Manager and, if you are an entity, any of your officers or managers that does not own an equity interest in the franchisee entity must sign our then-current System Protection Agreement, which is

Attachment G to this Agreement, agreeing to maintain the confidentiality of our confidential information and to abide by certain non-compete and/or non-solicitation covenants.

8.3 Initial Training. We provide an initial training program (“**Initial Training Program**”) for you or your Managing Owner and your Designated Manager. If this is your second or subsequent franchise under a Development Agreement with us, then we will provide the Initial Training Program for the Designated Manager of each subsequent Teriyaki Shop. The Initial Training Program is offered periodically as we determine, but will occur at a minimum of six times per year. The Initial Training Program is conducted at either our designated training facility in Denver, Colorado or at one of our affiliate locations. We do not charge a fee for the Initial Training Program. However, you will need to pay for the cost of travel, room and board, and other personal expenses for each person attending. You or your Managing Owner and your Designated Manager (if applicable) will be required to pass all online courses available from our Mad U learning management system (“**Mad U**”).

8.4 Hands-On Training. We also provide to you or your Managing Owner and your Designated Manager, if applicable, hands-on training (“**Hands-On Training Program**”) for the first Teriyaki Shop you open, and any initial Designated Manager for any additional Teriyaki Shop under a Development Agreement with us. You or your Managing Owner and your Designated Manager, if applicable, will be required to travel at your expense to our designated training facility in Denver, Colorado, or at one of our affiliate locations for the 10-day Hands-On Training Program at least 20 days prior to your Teriyaki Shop opening.

8.5 Manager Training. You (or your Managing Owner if you are an entity) and your Designated Manager, if applicable, must, before the opening of the first Teriyaki Shop you open, attend and complete to our satisfaction the Initial Training Program and Mad U within 90 days of signing this Agreement, and shall attend and complete to our satisfaction the Hands-On Training Program at least 30 days prior to the opening of the Teriyaki Shop. If, at any time, you replace your Managing Owner or Designated Manager (each a “**Manager**”), the replacement Manager must complete to our satisfaction all training programs required for Managers before managing any Teriyaki Shop. We will provide instructors, facilities, and training materials for the training of you and/or your initial Managers (a maximum of two trainees for your first Teriyaki Shop you open, provided that all of your trainees attend the same initial training programs, and one trainee for any additional Teriyaki Shop under a Development Agreement). All other expenses incurred in connection with attendance of training, including the cost of travel, transportation, meals, lodging, and any wages will be your responsibility. You will pay to us the then-current tuition (or then-current per diem fee) and expenses we incur for the initial training programs we may require for any successor Manager you later employ, including the reasonable travel, transportation, meals, and lodging expenses we incur if we elect to provide this training at your Teriyaki Shop. If any Manager fails to successfully complete the initial training programs to our satisfaction, we may require your Manager to attend additional training programs (at your cost) or we may require you to appoint a new Manager and to send that new Manager to the initial training programs (at your cost). If, after this corrective action, your Manager fails to successfully complete the initial training programs to our satisfaction, we may terminate this Agreement.

8.6 Other Training. You and your Manager must attend any additional or refresher training programs that we designate as mandatory for franchisees and managers, respectively,

unless your absence is excused by us. You will be responsible for all travel, transportation, lodging, meals and incidental expenses and wages of our representatives or the people you send for additional or refresher training programs, and you will pay us the cost of providing training materials (if any), and any tuition we may impose in advance of the training or assistance. All training materials are confidential, and will remain our property.

8.7 Pre-Opening and Opening Assistance. We will provide you with pre-opening assistance and consultation as we deem advisable. We will provide you with on-site assistance (“**On-Site Training Program**”) that will last between 10 and 17 days, in our discretion, at your Teriyaki Shop in connection with your opening, subject to scheduling. We will provide a required marketing campaign in connection with the grand opening marketing for the Teriyaki Shop, which promotion and marketing will be conducted at your expense.

8.8 Employee Training. You will maintain competent and conscientious employees to operate the Teriyaki Shop in accordance with this Agreement and the Manual. You will train or cause the training of all of your employees as and when required by prudent business practices, System Standards, or this Agreement.

8.9 Staffing. You must hire and supervise efficient, competent, and courteous persons as your employees for the operation of your Teriyaki Shop. You must require all your employees to work in clean uniforms purchased from our approved supplier, but furnished at your cost or the employees’ cost as you may determine or as determined by your state’s employment laws. You understand and acknowledge it is your responsibility to hire and supervise a satisfactory number of employees in order to efficiently operate the Teriyaki Shop and meet your obligations under this Agreement. All employees or independent contractors hired by or working for you will be your employees or independent contractors alone and will not, for any purpose, be deemed our employees or subject to our control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state, or federal governmental agency. You alone are responsible for all employment decisions and functions of your Teriyaki Shop, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees, regardless of whether you have received advice from us on these subjects or not. We will have no liability for any action or settlement related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees and you agree to indemnify us for any such liabilities we incur. You and we will file our own tax, regulatory, and payroll reports, and be responsible for all employee benefits and workers compensation payments with respect to our respective employees, and operations, and we will save and indemnify one another of and from any liability of any nature whatsoever by virtue thereof. You agree that any direction you receive from us regarding employment policies should be considered as examples, that you alone are responsible for establishing and implementing your own policies, and that you understand that you should do so in consultation with local legal counsel well-versed in employment law. You agree to obtain the services of a qualified bookkeeper or accountant capable of properly operating your

accounting software and maintaining accurate books and records for your Teriyaki Madness Business.

8.10 Continuing Consultations. We will assist you to understand your obligations under the System Standards and this Agreement, may provide you with other continuing consultation, and may provide you with new proprietary methods and procedures relating to approved items or services, or to operation of the Teriyaki Shop, all on the terms as we deem appropriate. To the extent possible, this consultation will be provided during inspections and audits, through the System Standards, at training sessions (if any), and during franchisee conferences (if any). If you request additional operating assistance or services, we may require that you pay our then-current per diem fee and the expenses we incur in providing additional assistance to you. If we provide any additional training or assistance at a location other than our corporate headquarters, you will be charged our standard rate in effect at the time.

8.11 Intranet System. We have, or our affiliate has, established an intranet system to assist you with your Teriyaki Shop. We or our affiliate administer and maintain it, and we will provide you and/or your Manager with access to this system. Subject to the System Standards, we will continue to allow you and/or your Manager to access our intranet system during the term of this Agreement, so long as you are not in default under this Agreement. We may require you to use the intranet system for communications, reports, and other functions, and you will comply with our requirements.

8.12 Conferences. We may sponsor periodic conferences for our franchisees, at which seminars, workshops, and other training may be conducted. You will receive at least 90 days' notice of each conference. Each conference will be designated as "required" or optional. For any required conference, we may require you or your Manager to attend and we may charge you, in the same manner as the Royalty Fee, a fee to cover our expenses (the "**Conference Fee**"), regardless of whether or not you attend the conference. You will pay the Conference Fee via electronic funds transfer at least 90 days before the beginning of each required conference. Once paid, the Conference Fee is non-refundable for any reason. Mandatory training for franchisees or their Managers may be held at a conference. The Conference Fee may vary based on the number of Teriyaki Shops each franchisee has or the number of attendees each franchisee sends to the conference. We may charge you an additional fee if you send more than two individuals to a conference. We may choose to waive the Conference Fee for some conference speakers, members of the FAC, or any other person at our discretion. You will be responsible for all travel, transportation, meals, and incidental expenses and compensation of the people you send to any conference. Currently, the only required conference is the annual conference. If at least one of your required attendees attends the annual conference, we will credit \$500 of the Conference Fee

back to you. If you fail to attend an annual conference for any reason, we shall be entitled to use the Conference Fee paid by you for any purpose in our sole discretion.

8.13 Management and Training Requirements for Additional Teriyaki Shops. The management and training requirements described in this Section 8 shall apply to any additional Teriyaki Shops authorized under a Development Agreement.

8.14 Shops of Other Brands. In the event you wish to directly or indirectly own, in whole or in part, or operate a restaurant of another brand, you must provide us with at least 10 days prior written notice before entering into any binding agreements to do so.

9. REPORTING

9.1 Books and Records. You will maintain complete and accurate accounting books and records relating to the Teriyaki Shop in accordance with generally-accepted accounting principles and standards, subject to this Agreement and other reasonable accounting standards we may specify periodically.

9.2 Reports. You will prepare written periodic reports, in the forms required by the System Standards, containing the information we require about your operations during each reporting period. You will submit all required weekly reports by Thursday each week for the preceding business week (Monday through Sunday). You will submit all required monthly reports, including the local advertising report, to us within 15 days after the month to which they relate, and all other reports within the time period required by the System Standards. If you do not submit any required report to us within five days of the due date or our request, you will be required to pay a late fee of \$100 per occurrence and \$100 per week until you submit the required report. These fees will be debited from your bank account and deposited into the Marketing Fund. You will prepare and submit other reports and information about your operations as we may reasonably request in writing or as required by the System Standards. We may require, at our option, that certain reports you are required to submit be certified as accurate and complete by you, your owners, or your chief financial officer, and that certain reports be submitted using the formats and communication media that we specify. If your records and procedures are untimely or insufficient to permit a proper determination of Net Sales, we shall have the right to deliver to you an estimate, made by us based on historical figures, of Net Sales for the period under consideration and you shall immediately pay to us any amount shown thereby to be owing on account of the Royalty Fee, Marketing Fund contribution, and other sums due on account of any understatement. Any such estimate shall be final and binding upon you. Any report of our auditor rendered from time to time pursuant to this Section 9.2, shall be final and binding upon all of the parties hereto.

9.3 Financial Statements. You will deliver to us, no later than 15 days from the end of each calendar month, a profit and loss statement covering the Teriyaki Shop for the applicable month, which you must certify as complete and accurate. You will also deliver to us, no later than 15 days from the end of each of your fiscal quarters, a profit and loss statement covering the Teriyaki Shop for the relevant quarter and a balance sheet of the Teriyaki Shop as of the end of that quarter, all of which you must certify as complete and accurate. You must prepare all financial statements in any format we may require. In addition, you must, within 30 days after we request, deliver to us a financial statement, certified as accurate and complete, in a form which is

satisfactory to us and which fairly represents your total assets and liabilities. You shall also submit any current financial statements and other reports as we may reasonably request to evaluate or compile research and performance data on any operational aspect of the Teriyaki Shop. We have the right to use such financial statements in our Franchise Disclosure Document to make financial performance representations and to share these reports on a system-wide intranet or systems.

9.4 Tax Returns. Within 15 days of our request, you will furnish us with a copy of each of your reports and returns of sales, use, and gross receipt taxes and complete copies of any state or federal income tax returns covering the operation of the Teriyaki Shop Ownership Information.

9.5 Record Retention. You will retain copies of all reports, and originals or copies of all other information, books, records, and other materials relating to operation of the Teriyaki Shop, for a period of five (5) years following their respective dates, or any longer period required by applicable law.

10. SYSTEM STANDARDS AND COMPLIANCE

10.1 Loan of Manual. We will allow you to access for the term of this Agreement a copy of our current confidential operations manual, and we will later provide you with all periodic modifications thereto and any other manual we may develop specifying the System Standards (collectively, the “**Manual**”). We own the Manual. We reserve the right to provide the Manual electronically or in hard copy, in our sole discretion. It is your responsibility to regularly access the Manual and keep any physical copies of the Manual up to date at all times.

10.2 System Standards. The System includes, without limitation: (a) our trade secrets and other intellectual property, including Confidential Information (as defined in Section 12.1), the Manual, and know-how; (b) our marketing, advertising, publicity, public relations, and other promotional materials and programs; (c) our System Standards; (d) our training programs and materials; and (e) our service quality and customer satisfaction standards and programs. You acknowledge and agree that every detail of the System is important to us and all of our franchisees in order to develop and maintain high and uniform operating standards, to increase the demand for the items and services marketed by all franchisees, and to protect our reputation and goodwill. You will maintain the high System Standards with respect to your Teriyaki Shop premises, facilities, furnishings, fixtures, equipment, signs, services, items, and operations. You will strictly comply with all of the mandatory System Standards in the Manual or that we otherwise provide to you in writing.

10.3 Modification of the Manual. We may, in our sole discretion, change, delete from, or add to the System, including any of the System Standards, by providing you with written notice thereof or by modification of the Manual; however, no modification will alter your fundamental rights or status under this Agreement. You will implement all mandatory modifications promptly after written notice from us. If there is a dispute as to the contents or meaning of any part of the Manual, our decision regarding its contents or meaning is final.

10.4 Ownership of the System. We own all rights, title, and interest in and to the System. You will not acquire any proprietary interest in the System. Your right to use the System is a non-exclusive license, derived solely under this Agreement. Unauthorized use of the System by you

will constitute a material breach of this Agreement. Upon the expiration or termination of this Agreement, or any Transfer, your non-exclusive license will terminate.

10.5 System Improvements. During the term of this Agreement and any Interim Period, any improvements or additions to the System, patents, Copyrighted Materials, recipes, website or any other documents or information pertaining to or relating to the System or the Teriyaki Shop, or any new trade names, trade and service marks, logos, or commercial symbols related to the Teriyaki Shop or any advertising and promotional ideas or inventions related to the Teriyaki Shop (collectively, the “**Improvements**”) that you, your employees, or your agents conceive of or develop, shall become our property, and we shall be entitled to use and license others to use such Improvements unencumbered by moral rights. You agree to assign and do hereby assign to us, all right, title and interest in and to the Improvements, including the right to grant sublicenses to any such Improvement. Where applicable, you agree to obtain any other assignments of rights in the Improvements from another person or entity necessary to ensure our right in the Improvements. You shall fully disclose the Improvements to us, without disclosure of the Improvements to others, and shall obtain our written approval prior to using such Improvements. Any such Improvement may be used by us and all other Teriyaki Madness franchisees without any obligation to you for royalties or other fees. We may, at our discretion, apply for and own copyrights, patents, trade names, trademarks, and service marks relating to any such Improvement and you shall cooperate with us in securing such rights. In return, we shall authorize you to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees. If any of the Improvements are copyrightable materials, they shall be works made for hire within the meaning of the United States Copyright Act and, to the extent the Copyrighted Materials are not works made for hire or rights in the Copyrighted Materials do not automatically accrue to us, you irrevocably assign and agree to assign to us, the entire right, title, and interest to any and all rights, including all copyrights and related rights, in such Copyrighted Materials, which you and the author of such Copyrighted Materials warrant and represent as being created by and wholly original with the author. You agree to execute any and all other documents and agreements necessary or appropriate to effectuate the intent of this Section 10.5.

10.6 Variations. You acknowledge that it may not be possible or practical for us to require complete and detailed uniformity under the various types of conditions different franchisees may face, and under changing customer needs and market conditions. Accordingly, we reserve the right to vary standards for any franchisee based upon the particular situation involved, local conditions, existing business practices, or any other factor that we consider important to the successful operation of the particular franchisee’s business. You will have no rights or claims against us for any variation from standard specifications and practices granted to any other franchisee, and you are not entitled to the same or similar variation.

10.7 Inspections. You hereby grant to us and our employees, representatives, and agents the right to enter the Teriyaki Shop during regular business hours. You will permit our employees, representatives, and agents access to your offices, Teriyaki Shop premises, storage areas, POS systems, video monitoring systems, and other places of business, to perform inspections of your operations, files, documents, records, and Mark usage, and to review and audit your financial and operating books and records (including tax returns) relating to the Teriyaki Shop, with or without prior notice of the inspection or audit. The inspections will occur during normal business hours, although we may observe your operations and audit your book, records, or other accounting

activity at any time. You and your owners, officers, Managers, employees, agents, and representatives will cooperate with our inspectors and auditors in the performance of their duties. You will permit our inspectors and auditors to, among other things: take photographs, video recordings, or sound recordings; interview your Managers, employees, agents, and representatives; interview your customers; make copies of your books, records, and other documents relating to the Teriyaki Shop; and take samples of food, beverages, ingredients, documents, inventory, supplies, items and other materials from your Teriyaki Shop premises, storage areas, and other facilities used in connection with the Teriyaki Shop. We may publish or disclose the results of our inspections and audits. If you or your owners, officers, Managers, employees, agents, or representatives fail to fully cooperate with our auditors or inspectors, you will pay us the reasonable travel, lodging, and meal expenses, and other audit and inspection costs we incur. If you fail any public health, food safety, or Teriyaki Shop cleanliness inspection or audit we, our designee, any applicable restaurant association or any public health and safety agency conducts, we will require you to undergo an additional food safety audit at your own expense within 45 days. You agree to pay the third-party auditor directly upon invoicing.

10.8 Unapproved Items and Services. You acknowledge that the offer or sale of any unapproved items or services at the Teriyaki Shop constitutes a material breach of this Agreement and good cause for termination of this Agreement. You authorize us to cure any default under this Section 10.8 on your behalf by removing and disposing of any unapproved items and unapproved equipment and other materials from the Teriyaki Shop. Any dispute between you and us as to whether any item, service, or equipment is approved will be governed by the official lists we maintain at our principal place of business. You hereby grant us all of your right, title, and interests in and to any unapproved items and equipment at the Teriyaki Shop, and waive any claims you may have against us arising from the removal and disposal of any unapproved items and unapproved equipment and other materials. You acknowledge that we have the right to physically remove any unapproved items and equipment from the Teriyaki Shop, and to dispose of them in any way we desire, without any compensation or liability to you.

10.9 Other Corrective Action. If we notify you of any deficiencies in the operation of the Teriyaki Shop pursuant to this Agreement that are detected during an inspection or that otherwise become known to us, you will take the steps that we may require to correct all deficiencies within the time period we specify.

10.10 Payment Discrepancies. If, in the course of any audit, we discover any underpayment of Royalty Fees and/or Marketing Fund contribution due to us, you will pay us any underpaid amount immediately upon demand along with applicable late fees and interest of the lesser of the daily equivalent of 15% per year simple interest or the highest rate allowed by law on such understatement. If an audit reveals that you paid us less than 98% of the correct amount of fees for any week, you will promptly pay us the reasonable travel, lodging, and meal expenses, and other audit and inspection costs we incur. If, in the course of any audit, we discover any overpayment, we will promptly pay to you or credit your account for any overpayment. Our rights under Section 10.7, and this Section 10.10 will survive for two (2) years after expiration or termination of this Agreement, or any Transfer.

11. INTELLECTUAL PROPERTY

11.1 Ownership of the Marks. You acknowledge that we or our affiliates own all rights, title, and interest in and to the Marks. You will not acquire any proprietary interest in the Marks, and you will not challenge our ownership of the Marks or our right to use the Marks. Your right to use the Marks is merely a non-exclusive license derived solely under this Agreement. Upon the expiration or termination of this Agreement, or any Transfer, your non-exclusive license will terminate.

11.2 Registration. We or our affiliates have taken and will take all steps reasonably necessary, in our and their sole opinion, to preserve and protect ownership of, and the validity of, the Marks. You will not apply for governmental registration of the Marks, or contest the registration status of the Marks. You will display the Marks, and give notice of trademark registration and claims in the following manner: “Teriyaki Madness[®]” (or as otherwise required in the Manual). You will cooperate fully and in good faith with us and our affiliates for the purpose of maintaining registrations and prosecuting applications for the Marks, and otherwise securing and preserving our rights in and to the Marks.

11.3 Use of the Marks.

(a) You will not use the Marks unless you have our prior express written consent. Before each intended use of any material of any nature which bears any of the Marks, you will submit to us samples of the materials for our written approval in our sole and absolute discretion. We will review samples of all marketing materials and other materials bearing our Marks that you submit to us for approval and we will notify you of our decision. You will use the Marks only as expressly authorized by this Agreement, the Manual, or as we otherwise provide in writing. Unauthorized use of the Marks by you will constitute a breach of this Agreement and an infringement of our rights in and to the Marks. You will take all steps necessary or appropriate to preserve the goodwill and prestige of the Marks. You will use the Marks only in connection with the Teriyaki Shop. You will not use any Mark in your corporate name or legal name, but you may use a Mark in an assumed business or trade name if you first obtain our prior express written consent. You will not use any Mark with any prefix, suffix, or other modifying trademarks, logos, words, terms, designs, or symbols or in any modified form. You will not use any Mark in connection with any unauthorized item or service, or in any manner not expressly authorized under this Agreement.

(b) You must indicate in all contracts, all advertisements, and elsewhere, and with a conspicuous sign in your Teriyaki Shop, as required in this Agreement and specified in the Manual, that you are an independent operator of the Teriyaki Shop, and you shall use only the appropriate and authorized Marks as indicated by us. You agree to prominently display the Marks in connection with the Teriyaki Shop and in the manner prescribed by us from time to time in the Manual or otherwise; provided that, prior to using the Marks on any signs, goods, or materials for any reason whatsoever, you shall obtain the written approval of us for such usage. You agree to give such notices, at the Teriyaki Shop or otherwise, as may be required by us for the purpose of indicating that you are a licensed user of the Marks. In your use of the Marks, you shall include such notices as may be required by us for purposes of preserving our interests in the Marks,

including trademark and copyright notices. You must modify or discontinue the use of a Mark at your cost, if we modify or discontinue it.

11.4 Copyrighted Materials. You acknowledge and agree that:

(a) All right, title, and interest in and to all materials, including but not limited to all artwork and designs created by us, and used with the Marks or in association with the Teriyaki Shop (“**Copyrighted Materials**”), is our property.

(b) You will not dispute, contest, or challenge, directly or indirectly, the validity or enforceability of the Copyrighted Materials or our ownership of the Copyrighted Materials, or counsel, procure, or assist anyone else to do the same. You will not take any action inconsistent with our ownership of the Copyrighted Materials, and you will not represent that you have any right, title, or interest in the Copyrighted Materials other than those expressly granted by this Agreement.

(c) We may, in our sole and absolute discretion, apply to register or register any copyrights or patents with respect to the services and products associated with the System and the Copyrighted Materials. Our failure to obtain or maintain in effect any such application or registration is not a breach of this Agreement. You shall not, before or after termination or expiration of the Agreement, register or apply to register any Copyrighted Materials.

(d) Upon our request, you must cooperate fully, both before and after termination or expiration of this Agreement and at our expense, in confirming, perfecting, preserving, and enforcing our rights in the Copyrighted Materials, including but not limited to, executing and delivering to us such documents as we reasonably request for any such purpose, including but not limited to, assignments, powers of attorney, and copies of commercial documents showing sale and advertising of the services and products associated with the System. You hereby irrevocably appoint us as your attorney-in-fact for the purpose of executing such documents.

(e) We make no representation or warranty, express or implied, as to the use, exclusive ownership, validity, or enforceability of the Copyrighted Materials.

11.5 Benefits of Usage. All usage of the Marks and any goodwill associated with the Marks will exclusively benefit us and our affiliates. All present and future service marks, trademarks, copyrights, service mark registration, and trademark registration used or to be used as part of the System, and the associated goodwill, will be the property of us or our affiliates, and will inure solely to our benefit. Upon the expiration or termination of this Agreement for any reason, no monetary amount will be assigned as attributable to any goodwill associated with your use of the Marks.

11.6 Infringement and Litigation. You will promptly notify us in writing of (a) any adverse or infringing uses of the Marks (or names or symbols confusingly similar), Confidential Information (as defined in Section 12.1), or other System intellectual property, and (b) any threatened or pending litigation related to the Marks or System against (or naming as a party) you or us, of which you become aware. We or our affiliates will handle disputes with third parties concerning use of all or any part of the Marks or System in any manner we or they deem appropriate, in our or their sole discretion. You will cooperate fully and in good faith with our or

their efforts to resolve these disputes. We or our affiliates may bring suit in your name or join you as a party to the relevant proceedings. We or our affiliates may resolve any dispute by obtaining a license of the property for you at no expense to you, or by requiring that you discontinue using the infringing property or modify use to avoid infringing the rights of others. We need not initiate suit against imitators or infringers who do not, in our sole opinion, have a material adverse impact on the Teriyaki Shop, and we need not initiate any other suit or proceeding to enforce or protect the Marks or System in a matter that we do not believe, in our sole opinion, to be material. We will defend you against any third party claim, suit, or demand arising out of your use of the Marks. If we determine in our sole discretion that you have used the Marks in accordance with this Agreement, we will bear the cost of your defense, including the cost of any judgment or settlement. If we determine in our sole discretion that you have not used the Marks in accordance with this Agreement, you must bear the cost of your defense, including the cost of any judgment or settlement. If there is any litigation relating to your use of the Marks, you will sign all documents and do all acts as may be necessary in our opinion to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that any litigation results from your use of the Marks in a manner inconsistent with the terms of this Agreement, we will reimburse you for your out-of-pocket litigation costs in cooperating with us in the litigation. We are not obligated to protect any rights that you have to use the Marks or Copyrighted Materials or to protect you against claims of infringement or unfair competition. You have right to protect yourself, at your sole cost, from any of these claims if we elect not to prosecute or defend the claim of infringement or unfair competition.

11.7 Substitution of Marks. We reserve the right to substitute different proprietary marks for use in identifying the System, the businesses operating under the System, and/or the items or services offered, if the Marks no longer can be used, or if we, in our sole discretion, determine that substitution of different proprietary marks will be beneficial to the System. In these circumstances, the use of the substituted proprietary marks will be governed by the terms of this Agreement, and we will not compensate you for the costs of any substitution. You must promptly implement any substitution.

11.8 Photo/Video Release. You acknowledge and authorize us to use your likeness in a photograph or video in any and all of our publications, including printed and digital publications and on websites. You agree and understand that any photograph or video using your likeness will become our property and will not be returned. You agree and irrevocably authorize us to edit, alter, copy, exhibit, publish, or distribute any photograph or video of you for any lawful purpose. You agree and waive any rights to royalties or any other compensation related to our use of any photograph or video of you. You agree to hold harmless and forever discharge us from all claims, demands, and causes of action that you may have in connection with this authorization.

12. CONFIDENTIAL INFORMATION

12.1 Confidential Information. We possess certain non-public trade secrets, proprietary information, technical data, and know-how that relate to our business, System, services or items, or to a Teriyaki Shop, including the Manual, System Standards, quality-control systems, training materials, and information regarding salary, research, recipes, proprietary items and services, developments, inventions, processes, techniques, designs, marketing, finances, and operations (collectively, “**Confidential Information**”) that we will provide to you. You will also obtain other

Confidential Information during the term of this Agreement. You acknowledge that your entire knowledge of the operation of a Japanese-style teriyaki restaurant, including the method of establishing this type of restaurant, preparing Japanese-style teriyaki and related items, and marketing this type of restaurant, and the related specifications, standards, and procedures involved in the operation of a Teriyaki Shop, are derived solely from Confidential Information we disclosed (or will disclose) to you.

12.2 Protection of Confidential Information. You will use the Confidential Information only in the operation of the Teriyaki Shop, and you will not disclose Confidential Information to others, except as expressly authorized by this Agreement. You will take all appropriate actions to preserve the confidentiality of all Confidential Information, including keeping the Manual in a secure location. Access to Confidential Information must be limited to only your employees, independent contractors, agents and representatives who need the Confidential Information to perform their jobs and who are subject to your general policy on maintaining confidentiality as a condition of employment or who have first signed our Confidentiality Agreement, which is attached hereto as Attachment H. You will not copy or permit copying of Confidential Information. Your obligations under this Section begin when you sign this Agreement and continue for as long as we consider the Confidential Information to be confidential or proprietary. We will respond promptly in good faith to any inquiry by you about continued protection of any Confidential Information. Your obligations under this Section 12.2 will survive for three (3) years after expiration or termination of this Agreement, or any Transfer.

12.3 Disclosure of Confidential Information. Notwithstanding anything to the contrary in this Section 12, you may disclose Confidential Information if you are required by law to disclose it, provided that you give us at least 10 days' prior written notice, if feasible, of your intent to disclose. You may also disclose Confidential Information to your attorneys, accountants, financial and investment advisors, bankers or lending institutions, and other advisors and consultants of a similar nature, provided that any disclosure is only to the extent necessary for your advisors to perform their services for you, and provided that these persons have the obligation to, or otherwise agree in writing, to keep the Confidential Information confidential. At our request, you will require that your employees, independent contractors, agents, or representatives sign covenants to maintain the confidentiality of any Confidential Information, and these covenants will be in a form acceptable to us and will identify us as a third-party beneficiary with the independent right to enforce them.

12.4 Non-Competition. You (and, if you are an entity, your owners, officers and directors), your affiliates, Designated Managers, and immediate family members will not directly or indirectly engage in, assist, acquire, advise, consult with, be employed by, own, or become associated in any way with, any business whose methods of operation, trade dress, or business concept is the same as or similar to that of the System or the Marks, or which offers fast casual food items, other than your Teriyaki Shop(s), without our prior express written consent. You will not divert or attempt to divert any business or customer of us or any of our affiliates or franchisees to any competitor. In the event you (and, if you are an entity, your owners, officers and directors), your affiliates, Designated Managers, or immediate family members wish to purchase some or all of, or manage or operate, a restaurant of a brand other than Teriyaki Madness, you must provide

us with written notice thereof at least 10 days prior to such person signing a franchise agreement, license agreement or other agreement governing the transaction.

12.5 Confidentiality Agreements. Any Managers that are not required to sign the System Protection Agreement in accordance with Section 8.2 hereof, must sign our Confidentiality Agreement, which is attached hereto as Attachment H, stating that they will maintain the confidentiality of information they receive in connection with their employment. We may require that these contracts be in a form satisfactory to us, including specific identification of us as a third-party beneficiary of the contracts, with the independent right to enforce them. We may require your other employees to sign similar agreements.

13. RELATIONSHIP OF THE PARTIES

13.1 Independent Contractor. You are an independent contractor. You are not our legal representative or agent, and you have no power to obligate us for any purpose whatsoever. We and you have a business relationship based entirely on and circumscribed by this Agreement. No partnership, joint venture, agency, fiduciary, or employment relationship is intended or created by reason of this Agreement. You will exercise full and complete control over, and have full responsibility for, all of your contracts, daily operations, labor relations, and employment practices and policies, including the recruitment, selection, hiring, disciplining, firing, compensation, work rules, and schedules of your employees. You will not hold yourself out as our agent, employee, partner, joint employer, or co-venturer. Neither you nor we have the power to bind or obligate the other except specifically as stated in this Agreement. At all times, including in connection with all uses of any of the Marks, in connection with the operation of the Teriyaki Shop, and in connection with all dealings with customers, suppliers, public officials, the general public, and others, you will conspicuously indicate your status as an independent contractor, including in all contracts, advertising, publicity, promotional and other marketing materials, and on any signage and uniforms, in the manner specified in the Manual or as we otherwise may require. You will not make any express or implied agreements, guarantees, or representations, or incur any debt in our name or on our behalf. You will not represent that the relationship between you and us is anything other than a franchise relationship. We will not be obligated by or have any liability under any agreements or representations made by you, and we will not be obligated for any damages to any person directly or indirectly arising out of your operation of the Teriyaki Shop. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications, and procedures of System with which you are required to comply under this Agreement, whether set forth in the Manuals or otherwise, do not directly or indirectly constitute, suggest, infer, or imply that we control any aspect or element of the day-to-day operations of the Teriyaki Shop, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of the Teriyaki Shop.

14. INSURANCE AND INDEMNIFICATION

14.1 Insurance Coverage.

(a) Before your Teriyaki Shop first opens for business, you will obtain insurance in the types and amounts specified herein. Your insurance policies must designate us,

our affiliates, directors, officers, employees, agents, and other designees as additional named insureds, and your policies must provide that the insurer will not cancel or materially alter the policies without giving us at least 30 days' prior written notice. You will maintain all required insurance in force during the term of this Agreement, and you will obtain and maintain any additional or substituted insurance coverage, limits, and amounts as we may periodically require. All insurance coverage will be underwritten by a company acceptable to us, with a Best's Rating of no less than "A+." If you fail to purchase required insurance conforming to our standards, we may obtain insurance for you, and you will pay us the cost of insurance plus a 20% administrative surcharge. Your compliance with these insurance provisions does not relieve you of any liability under any indemnity provisions of this Agreement.

(b) We currently require you to maintain the following insurance coverage per Teriyaki Shop: (1) commercial general liability insurance with limits of at least \$1 million per occurrence, at least \$2 million aggregate, at least \$1 million per person, and at least \$1 million for hired non-owned auto coverage, with \$5,000 per person medical benefits and a maximum deductible of \$15,000; (2) all risks coverage insurance on all furniture, fixtures, equipment, inventory, supplies, and other property used in the operation of the Teriyaki Shop (including flood and/or earthquake coverage where there are known risks) for full replacement value; (3) employment practices liability insurance with limits of at least \$250,000 per occurrence covering wage and hour claims and third-party claims; (4) cyber liability insurance with limits of at least \$100,000 per occurrence; (5) commercial auto liability insurance in the amount we specify in the Operations Manual; and (6) workers compensation insurance consistent with applicable law. The insurance policies must be purchased from a supplier rated A+ or better by A.M. Best & Company, Inc., or meet other criteria we may periodically establish. Our insurance requirements are subject to change during the term of this Agreement, and you agree to promptly comply with each such change.

14.2 Proof of Insurance. Before your Teriyaki Shop first opens for business, you will provide us with a copy of each certificate of all required insurance policies. You will provide us with copies of each certificate for all renewal or replacement insurance policies within 10 days after each such policy is issued or renewed; and within 10 days after we request, you will provide us with a complete copy of any of your insurance policies that we request.

14.3 Your Indemnification of Us. Independent of your obligation to procure and maintain insurance, you will indemnify, defend, and hold us and our affiliates, and the respective officers, directors, partners, shareholders, employees, agents, and contractors of these entities, and the successors, assigns, personal representatives, heirs, and legatees of all of these persons or entities (collectively, the "**Indemnitees**") harmless, to the fullest extent permitted by law, from and against all expenses, losses, payments, or obligations to make payments either: (a) to or for third party claimants by any and all Indemnitees, including refunds, or (b) incurred by any and all Indemnitees to investigate, take action, respond to or defend a matter, including investigation and trial charges, costs and expenses, fees, fees paid to professionals, attorney fees, experts' fees, court costs, settlement amounts, judgments and costs of collection (collectively, "**Losses and Expenses**"), incurred by any Indemnitee for any investigation, claim, action, suit, demand, administrative or alternative dispute resolution proceeding, actually or allegedly, directly or indirectly, relating to, arising out of, or resulting from or in connection with: (x) any transaction, occurrence, or service involving the Teriyaki Shop or this Agreement; (y) your employment or

other contractual relationship with your employees, workers, managers, or independent contractors, including but not limited to any allegation, claim, finding, or ruling that we are an employer or joint employer of your employees; your marketing, selling, or providing of items and services; or (z) any breach or violation of any agreement (including this Agreement), or any law, regulation or ruling by, or any act, error or omission (active or passive) of, you, any party associated or affiliated with you or any of the owners, officers, directors, Managers, employees, and agents of you or your affiliates, including when the active or passive negligence of any Indemnitee is alleged or proven.

14.4 Your Indemnification Duties. You will respond promptly to any matter described in Section 14.3 and defend the Indemnitees. If you or your insurer does not assume defense of the Indemnitee promptly when requested, Indemnitees may defend themselves with counsel they select, and you will reimburse the Indemnitee for all costs of defending the matter, including attorney fees, incurred by the Indemnitee. We have the right to approve any resolution or course of action in a matter that could directly or indirectly have any adverse effect on us, the Marks, or the System, or could serve as a precedent for other matters.

14.5 Our Indemnification of You. We will indemnify, defend, and hold you harmless from and against all investigation and trial charges, costs and expenses, attorney fees, experts' fees, court costs, settlement amounts, judgments, and costs of collection incurred by you in any action or claim, actually or allegedly, arising out of or resulting from or in connection with the gross negligence or intentional misconduct of us or any of our employees while acting within the course and scope of their employment.

15. TRANSFERS

15.1 Transfer by Us. We shall have the right to sell or transfer some or all of our assets or equity, or to assign this Agreement and all of our attendant rights and privileges, to any person, firm, corporation, or other entity ("**Transferee**") provided that, with respect to any sale or assignment resulting in the subsequent performance by the Transferee: (a) the Transferee shall, at the time of such assignment, be financially responsible for and economically capable of performing our obligations; and (b) the Transferee shall expressly assume and agree to perform such obligations. You expressly affirm and agree that we may: (a) sell some or all of our assets or equity, or our rights to the Marks or to the System to an affiliate or unaffiliated third party; (b) engage in public and private offerings of our securities; (c) list our securities for trading on a securities exchange or electronic trading market; (d) merge with other entities, acquire other entities, or be acquired by other entities; and (e) undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring. With regard to any or all of the events described in the preceding sentence, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of "M. H. Franchise Company Inc." as the franchisor. Nothing contained in this Agreement shall require us to remain in the restaurant business or to offer the same products and services, whether or not bearing the Marks, in the event that we exercise our right to sell or assign our stock, assets, or rights in this Agreement.

15.2 Transfer by You. You acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted these rights in reliance on your business

experience, skill, financial resources, and personal character (and that of your owners, officers, directors, Managers and guarantors, if any). Accordingly, neither you, nor any immediate or remote successor to any part of your interest in this Agreement, nor any individual, partnership, corporation, or other legal entity which directly or indirectly owns any interest in you will sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Agreement, or in you, or in all or substantially all of the assets of the Teriyaki Shop (collectively, a “**Transfer**”), unless we consent in writing and all of the requirements of Section 15.3 and Section 15.4 are satisfied. Any transaction requiring our consent under this Section 15.2 for which our express written consent is not first obtained will be null and void, and shall be a material default of this Agreement, in which event we may terminate this Agreement under Section 16.1, you will remain responsible for performing the post-termination obligations in Section 17, and the purported transferee may not operate the Teriyaki Shop under the Marks or the System, and may not operate a Japanese-style restaurant located at the premises of the Teriyaki Shop.

15.3 Transfer Conditions. We may, to the extent permitted by applicable law, condition and withhold our consent to a Transfer, when required under Section 15.2, until the transferee and you meet certain conditions. If a Transfer is to occur: (a) the proposed transferee must apply for a Teriyaki Madness Franchise and must meet all of our then-current standards and requirements for becoming a Teriyaki Madness® franchisee as determined by us in our sole discretion; (b) you or the proposed transferee must provide to us in writing the circumstances of the proposed Transfer; (c) the proposed transferee must provide to us the same supporting documents as a new franchise applicant; (d) you or the proposed transferee must pay us a transfer fee of \$25,000 for each Teriyaki Shop proposed to be transferred at the time of approval of the Transfer; (e) the proposed transferee must sign the form of franchise agreement we then offer to prospective franchisees, which agreement will provide for a new initial term of 10 years, and the transferee’s owners will sign the form of owners agreement we then require of franchisees’ owners; (f) the proposed transferee and its manager must complete to our satisfaction the initial training then required for new franchisees and their managers; (g) you or the proposed transferee must refurbish the Teriyaki Shop to conform to our then-current standards and specifications; (h) we must receive general releases from you and each of your owners, and payment of all amounts then owed to us and our affiliates by you and your owners and affiliates, and the transferee and its owners and affiliates, under this Agreement or otherwise; (i) you must not be in default under this Agreement or any other agreement with us or any of our affiliates; (j) you must give us at least 30 days’ prior written notice of any proposed Transfer; (k) you must reimburse us for any broker fees, commissions or finder’s fees, and similar charges incurred by us related to the Transfer; and (l) you or the transferee must provide us with any additional information that we may reasonably request. We may withhold consent to the proposed transfer until all of these conditions are completely satisfied.

15.4 Our Right of First Refusal. Any individual or entity holding any direct or indirect interest in this Agreement, the assets of the Teriyaki Shop or, if you are an entity, you who desires to accept any bona fide offer from a third party to purchase the interest or assets or who desires to seek offers from a third party for the purchase of the interest or assets must notify us in writing of each offer and provide us with such information and documentation relating to the offer as we may require. We have the right and option, exercisable within 30 days after receipt of this written notification, to send written notice to the seller that we or our designee intend to purchase the seller’s interest on the same terms and conditions offered by the third party. If we or our designee elect to purchase the seller’s interest, closing of the purchase will occur within 60 days from the

date of notice to the seller of the election to purchase by us or our designee. If we decline to purchase the seller's interest, the seller will have 90 days from the date it gives written notice to us of its purchase offer to sell its interest on the same terms and conditions and to the same transferee as described to us in the written notice. Any material change thereafter in the terms of the offer from a third party will constitute a new offer which will be subject to our right of first refusal under this Agreement. Our failure to exercise the option afforded by this Section 15.4 will not constitute a waiver of any other provision of this Agreement, including all of the other requirements of Section 15.3 with respect to the proposed Transfer. If the consideration, terms or conditions offered by a third party are of the type that we or our designee may not reasonably be able to furnish the same consideration, terms or conditions, then we or our designee may purchase the relevant interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms or conditions offered by the third party, then each party will select an independent appraiser. The two appraisers will then have up to 15 business days to agree on a reasonable equivalent in cash. If they cannot agree during that period, then the reasonable equivalent in cash will be the average of the two appraisals.

15.5 Death, Divorce, or Incapacity. Upon the death, divorce, or incapacity of you (if you are an individual) or your Managing Owner (if you are an entity): (a) you, your Managing Owner, or the executor, administrator, personal representative, trustee, or heirs of such person must transfer the relevant interest to a third party approved by us as soon as practically possible, and in no event more than six (6) months after the relevant death, divorce, or incapacity; and/or (b) we will have the right to exercise our Step-In Rights and appoint an Interim Manager in accordance with Section 6.20. The required transfer, including any transfer by devise or inheritance, will be subject to the same conditions as other Transfers under Sections 15.2, 15.3 and 15.4 of this Agreement. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable or unwilling to meet the conditions in Section 15.3, the executor, administrator, trustee, or personal representative of the deceased person will have a reasonable time (but no longer than six (6) months) to dispose of the interest in the Teriyaki Shop, which will be subject to all the terms and conditions for Transfers contained in this Agreement. If the interest is not disposed of within six (6) months following the relevant death or incapacity, we may terminate this Agreement under Section 16.1. If we exercise our rights under Section 6.20, you and your Managing Owner (in the event of divorce), or the executor, administrator, personal representative, trustee, or heirs of such person (in the event of death or incapacity) must comply with and pay us all fees set forth under Section 6.20.

15.6 No Waiver. Our consent to a Transfer hereunder will not constitute a waiver of any claims we may have against you or the transferring party or our right to demand exact compliance with any provision of this Agreement.

16. DEFAULT AND TERMINATION

16.1 Termination by Us Without Right to Cure. You will be deemed to be in material incurable default under this Agreement, and we may, at our option, suspend performance of certain or all of our services to you during the time period you are under default of this Agreement, or terminate this Agreement for good cause effective immediately upon delivery of notice of termination to you, for any of the following grounds:

- (a) you (or any of your owners) are judged a bankrupt, become insolvent, make an assignment for the benefit of creditors, are unable to pay your debts as they become due, a petition under any bankruptcy law is filed against you, or a receiver or other custodian is appointed for a substantial part of the assets of the Teriyaki Shop;
- (b) you or any of your owners are charged with committing a felony or other crime which substantially impairs the goodwill associated with the Marks;
- (c) you or your owners made any material misrepresentation or omission in the application for the Franchise;
- (d) you make an unauthorized Transfer;
- (e) the interest of a deceased, divorced, or incapacitated person is not timely Transferred in accordance with the terms of this Agreement;
- (f) you intentionally understate any of the revenue of any Teriyaki Shop that you operate under this Agreement in any report or financial statement;
- (g) you commit any two or more defaults under this Agreement within any 12-month period, regardless of whether any default is waived by us or cured;
- (h) you operate the Teriyaki Shop in violation of the System Standards, and we reasonably believe that such violation presents a health or safety risk;
- (i) you fail to operate or keep the Teriyaki Shop open for more than five (5) consecutive business days without our express written approval;
- (j) you default under any loan, lending agreement, mortgage, deed of trust, lease or similar agreement with any party applicable to any Teriyaki Shop's premises you operate under this Agreement, and the other party treats the relevant act or omission as a default, and you fail to timely cure the default;
- (k) you default under any loan, lending agreement, mortgage, deed of trust, lease or similar agreement with any party applicable to any Teriyaki Shop's premises you operate under this Agreement, and the other party treats the relevant act or omission as a default, and we reasonably believe the default cannot reasonably be cured within any applicable cure period;
- (l) you (or, if you are an entity, any of your owners, officers or directors), or any of your affiliates, Designated Managers, or immediate family members breach the terms of any other agreement to which any of them, on the one hand, and us or any of our affiliates, on the other hand, are a party;
- (m) you fail to begin operation of any Teriyaki Shop you operate under this Agreement within 53 weeks of the Effective Date of this Agreement, or your Manager fails to complete our training program to our satisfaction, after giving you the opportunity to designate a successor Manager;

(n) you sell, offer for sale, or give away, at any Teriyaki Shop you operate under this Agreement, any items or services which have not been previously approved by us in writing, or which have been approved by us in writing and then subsequently disapproved;

(o) you suffer the termination of any other agreement with us or any of our affiliates;

(p) you fail to comply with all applicable laws and ordinances relating to the Teriyaki Shop, including Anti- Terrorism Laws; or

(q) any assets, property, or interests of you or, if you are an entity, any of your owners are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation.

16.2 Termination by Us with 10-Day Cure Period. If you fail or refuse to pay any amounts owed to us or any of our affiliates as they are due, or if you fail to obtain or maintain insurance as required by this Agreement, or if you fail to provide us with proof of insurance policies as required by this Agreement, we may, at our option, terminate this Agreement by giving you 10 days' written notice of default. If you do not cure the default within this 10-day period, we may terminate this Agreement for good cause effective upon expiration of the 10-day period.

16.3 Other Termination by Us. Except as provided in Sections 16.1 and 16.2, if you are in any other default under the terms of this Agreement, we, at our option, may provide you with a written notice of default and provide you with 30 days to cure the default. In the event you fail to cure the default during such 30-day period, we may terminate this Agreement for good cause effective upon expiration of the 30-day period.

16.4 Additional Remedies. We may deny you the benefits of the System for any default under this Agreement and discontinue System benefits to you for the duration of the default, including, but not limited to, suspension of your access to any intranet we may develop and/or suspension of any listing or web page for your Teriyaki Shop (including any additional Teriyaki Shops you operate under this Agreement) on our website. We may institute proceedings to collect amounts due under this Agreement without first issuing a default or termination notice. Our consent or approval as may be required under this Agreement or the System Standards may be withheld while you are in default under this Agreement or may be conditioned on the cure of all of your defaults. Our termination of this Agreement pursuant to this Section 16 will be in addition to all other remedies, in law or in equity, available to us. Additionally, you must reimburse us for us for any costs including, not limited to, legal or accounting costs and an administrative cost of at least \$250, that we incur as a result of any breach or termination of the Agreement or that we incur in enforcing the Agreement.

16.5 Governing State Law. If a longer notice or cure period or a different good cause standard is prescribed by applicable law, this law will apply to any termination of this Agreement.

17. POST-TERMINATION RIGHTS AND OBLIGATIONS

17.1 Cease Use of System and Marks. Upon the expiration or termination of this Agreement by any means or for any reason, you will immediately cease to be a franchisee of ours

and you will no longer have the right to operate the Teriyaki Shop under the System or Marks. You will also immediately cease to use, in any manner whatsoever, any methods, procedures, or techniques associated with the System and cease to use the Marks. Unless otherwise approved in writing by us, you will immediately return to us all copies of materials bearing the Marks. You will not, directly or indirectly, represent to the public that the former Teriyaki Shop is or was operated or in any way connected with the System or hold yourself out as a present or former franchisee of ours.

17.2 Payment of Amounts Owed. Upon the expiration or termination of this Agreement by any means or for any reason, you will immediately pay all sums you owe us and our affiliates. Upon termination for any default by you, the sums you owe will include actual and consequential damages, costs, and expenses we incur as a result of your default.

17.3 Return Manual and Other Materials. Upon the expiration or termination of this Agreement by any means or for any reason, you will immediately cease to access the Manual, any training materials, other proprietary information, all trade secrets and Confidential Information owned or licensed by us, and you will destroy or return to us all physical copies thereof.

17.4 Change of Identification. Upon the expiration or termination of this Agreement by any means or for any reason, you will, upon our request, immediately remove or obliterate the Marks from all marketing materials, supplies, signage, and other items bearing any Marks. You will follow the other steps we may require in the Manuals or otherwise in writing for changing the identification of your premises and/or operations. You will promptly paint over or remove the distinctive System trade dress, color schemes, signage, and other physical features. You will not use any reproduction, counterfeit copy, or colorable imitation of the Marks either in connection with any business or the promotion thereof, which is likely to cause confusion, mistake, or deception or that is likely to dilute our exclusive rights in and to the Marks, and you will not utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us so as to constitute unfair competition. You will make modifications or alterations to the Teriyaki Shop premises immediately upon expiration or termination of this Agreement as may be necessary to prevent any association between us or the System and any business later operated by you or others, and will make specific additional changes thereto as we may reasonably request for that purpose. If you fail or refuse to comply with the requirements of this Section 17.4, we will have the right to enter upon the Teriyaki Shop premises, without liability for trespass or any other tort, at such times as we may determine in our sole and absolute discretion to make or cause to be made any changes as may be required, at your expense, which expense you agree to pay us upon demand. We will exercise reasonable care in making these changes, but we will have no obligation or liability to restore your premises to its condition before making these changes. We will have the right to remove or obliterate the Mark-bearing portion of your supplies and equipment, and you will promptly pay or reimburse us for our costs for doing so.

17.5 Transfer of Identifiers. You acknowledge that all telephone numbers, facsimile numbers, social media websites, Internet addresses, and email addresses (collectively “**Identifiers**”) used in the operation of your Teriyaki Shop constitute our assets, and upon termination or expiration of this Agreement, you will take such action within five (5) days thereof to cancel or assign to us or our designee as determined by us, all of your right, title and interest in

and to such Identifiers and will notify the telephone company and all listing agencies of the termination or expiration of your right to use any Identifiers, and any regular, classified, or other telephone directory listing associated with the Identifiers and to authorize a transfer of the same to, or at our direction. You agree to take all action required to cancel all assumed name or equivalent registrations related to your use of the Marks. You acknowledge that we have the sole rights to, and interest in, all Identifiers used by you to promote your Teriyaki Shop and/or associated with the Marks. You hereby irrevocably appoint us, with full power of substitution, as your true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. You further appoint us to direct the telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party to transfer such Identifiers to us or our designee. The telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party may accept such direction by us pursuant to this Agreement as conclusive evidence of our rights to the Identifiers and our authority to direct their transfer.

17.6 Cancel Assumed Name. You will take whatever action is necessary to cancel any assumed name or equivalent registration which contains the Marks, and you will furnish us with evidence satisfactory to us of compliance with this obligation within 10 days after termination or expiration of this Agreement.

17.7 Customer Lists. Upon the expiration or termination of this Agreement by any means or for any reason, you must immediately provide to us all customer lists and contact information in your possession or control.

17.8 Assignment of Lease. If we request, you will assign to us your lease for the Approved Location.

17.9 Non-Solicitation and Non-Competition. Upon the termination or expiration of this Agreement, or any Transfer, you (and, if you are an entity, your owners, officers and directors), your Designated Managers, and your immediate family members will not, directly or indirectly:

(a) engage in or invest in, own, manage, operate, finance, control, or participate in the ownership, management, operation, financing, or control of, be employed by, associated with, or in any manner connected with, lend your name or any similar name to, or render services or advice to any business that offers or sells Japanese-style teriyaki food items within a 25-mile radius of the location of (i) your Teriyaki Shop operated pursuant to this Agreement;(ii) any Teriyaki Shop granted under a Development Agreement with us; or (iii) any Teriyaki Shop operated by us, our affiliates or any franchisee;

(b) engage in or invest in, own, manage, operate, finance, control, or participate in the ownership, management, operation, financing, or control of, be employed by, associated with, or in any manner connected with, lend your name or any similar name to, or render services or advice to any business that offers or sells Japanese-style teriyaki food items within a 25-mile radius of any Teriyaki Shop owned or operated by us or any of our affiliates or franchisees;

(c) solicit or attempt to solicit any customer of the Teriyaki Shop or any customer of ours or any of our affiliates or franchisees; or

(d) interfere with the Teriyaki Shop's and/or our relationship with any supplier or customer.

The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 17.9 is held unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant imposing the maximum duty permitted by law that is subsumed within the terms of the covenant, as if the resulting covenant were separately stated in and made a part of this Section 17.9. You further agree that the existence of any claim you may have against us, whether or not arising from this Agreement, will not constitute a defense to the enforcement by us of the covenants in this Section 17.9. You understand and acknowledge that we will have the right, in our sole discretion, to unilaterally reduce the scope of any covenant set forth in this Section 17.9 or any portion hereof, without your consent, effective immediately upon receipt by you of written notice thereof; and you agree that you will comply immediately with any covenant as so modified. Your obligations under this Section 17.9 will survive for two (2) years after expiration or termination of this Agreement, or any Transfer.

17.10 Other Post-Termination Obligations. Upon the expiration or termination of this Agreement by any means or for any reason, you will immediately and strictly comply with all other provisions of this Agreement pertaining to post-termination obligations.

17.11 Right to Purchase. Upon the expiration or termination of this Agreement by any means or for any reason, we will have the right, but not the obligation, to purchase some or all of the assets of the Teriyaki Shop, including any furnishings, fixtures, equipment, signs, items, inventory, supplies, and marketing materials, as well as all items bearing any Mark, at the lesser of your cost or fair market value. Before exercising any rights under this Section 17.11, we will have the right to enter the Teriyaki Shop during reasonable hours to inspect the assets. If we elect to exercise our purchase rights, we will give you written notice of intent to do so within 30 days after termination or expiration of this Agreement. If the parties cannot agree on fair market value within 15 days after we provide notice of intent to purchase, then each party will select an independent appraiser. The two appraisers will then have up to 15 business days to agree on a fair market value for the relevant assets. If they cannot agree during that period, then the final fair market value will be determined by averaging the amounts determined by the two appraisers. If we elect to exercise our purchase rights, closing will take place within 45 days after we provide notice of intent to purchase, to the extent reasonably possible. We will have the right to offset all amounts you owe to us or our affiliates against any payment due to you under this Section 17.11. This provision will also apply in the event of death, divorce, or incapacity under Section 15.5.

17.12 Survival of Certain Provisions. Certain rights and obligations required under this Agreement are intended to survive termination or expiration of this Agreement (regardless of whether termination is wrongful) or a Transfer by you. You will continue to comply with your obligations following termination or expiration of this Agreement or a Transfer until the obligations, by their nature or by the relevant express provisions, have been satisfied or expire.

17.13 Liquidated Damages. Upon termination of this Agreement by us for cause, you agree to pay to us within 15 days after the effective date of this Agreement's termination, in addition to the amounts owed hereunder, liquidated damages for lost Royalty Fees and Marketing Fund contributions. Liquidated damages are determined by multiplying the combined monthly average of Royalty Fees and Marketing Fund contributions (without regard to any fee waivers or other reductions) for each Teriyaki Shop you open under this Agreement that are owed by you to us, beginning with the date you open each Teriyaki Shop through the date of early termination, multiplied by the lesser of: (i) 36, or (ii) the number of full months remaining in the Term, except that Liquidated Damages will not, under any circumstances, be less than \$30,000 per Teriyaki Shop you open under this Agreement. The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Royalty Fees and Marketing Fund contributions due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees and Marketing Fund contributions would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages. The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees and Marketing Fund contributions. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee and Marketing Fund sections. You and each of your owners agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee and Marketing Fund sections.

18. DISPUTE RESOLUTION

18.1 Informal Dispute Resolution. Before initiating any arbitration or litigation proceeding for any dispute arising under or relating to this Agreement, the party intending to initiate the proceeding will notify the other party in writing of the existence and nature of the dispute. Within 15 business days after the other party's receipt of the notice, one of our officers or managers will meet with you or one of your owners, officers, or Managers at our principal place of business, or other mutually agreeable location, to negotiate in good faith in an effort to resolve the dispute amicably. If this informal attempt to resolve the dispute is unsuccessful, either party may initiate mediation as described in Section 18.2.

18.2 Mediation. Except as otherwise provided in this Agreement, any claim or controversy arising out of or related to this Agreement, or the making, performance, breach, interpretation, or termination thereof, except for any actions brought regarding: (i) the Marks; (ii) issues concerning the alleged violations of federal or state antitrust laws; (iii) securing injunctive relief or specific performance; or (iv) the right to indemnification or the manner in which it is exercised, shall first be subject to non-binding mediation in the city and state of our then current principal business address, which is currently in Denver, Colorado. Mediation shall not defer or suspend our exercise of any termination right under Section 16. Non-binding mediation hereunder shall be concluded within the time period agreed upon by the parties in writing (the "**Mediation Termination Date**"). All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatsoever. The parties shall bear their own costs of mediation, and shall share equally in

the cost of the mediator or mediation service. No arbitration or litigation may be commenced on any claim subject to mediation under this Section prior to the Mediation Termination Date, as defined hereafter, whether or not the mediation has been commenced. Mediation under this Section is not intended to alter or suspend the rights or obligations of the parties under this Agreement or to determine the validity or effect of any provision of this Agreement, but should furnish the parties an opportunity to resolve disputes amicably, expeditiously, and in a cost-effective manner on mutually acceptable terms. The non-binding mediation provided for hereunder shall be commenced by the party requesting mediation. The request shall specify with reasonable particularity the matters for which non-binding mediation is sought. Non-binding mediation hereunder shall be conducted by a mediator or mediation program designated by us in writing. We shall make the designation within a reasonable time after issuance of the request.

18.3 Binding Arbitration. Without limiting our rights and remedies under Section 16, the parties hereto acknowledge and agree that any dispute or controversy arising out of or relating to this Agreement not settled by informal negotiations or mediation will, at the request of either party, be settled by final and binding arbitration conducted in the city and state of our then current principal business address, which is currently Denver, Colorado, in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association or its successor organization (the “AAA”) and otherwise as set forth below on an individual basis (not a class action). Except for claims excluded from mediation and arbitration herein, the arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability, or formation of this Agreement, including but not limited to any claim that all or any part of this Agreement is void or voidable.

(a) Notice of Arbitration. Either party may initiate the arbitration proceeding by making a written demand to the other. Both parties will then be obligated to engage in arbitration. The demand for arbitration must be served on the other party within the period provided by the applicable statute of limitations, and must contain a statement setting forth the nature of the dispute, the amount involved, if any, and the remedies sought. A demand for arbitration will not operate to stay, postpone or rescind the effectiveness of any termination of this Agreement. Arbitration will not proceed until any protest of arbitrability is resolved by the arbitrator or by an appropriate court, if necessary.

(b) Selection of Arbitrator. Arbitration will be conducted before a single arbitrator who is familiar with legal disputes of the type at issue and who has at least 10 years’ experience as a lawyer or in the franchise business. The parties will mutually agree on the selection of the arbitrator; however, if the parties have not agreed on the selection of an arbitrator within 30 days after the arbitration demand, either party may request the AAA or successor organization to appoint a qualified arbitrator.

(c) Preliminary Conference. Within 10 days after appointment of the arbitrator, the parties will meet with the arbitrator, in person or by telephone, for a preliminary conference. At the preliminary conference, the parties will establish the extent of and schedule for discovery, including the production of relevant documents, identification of witnesses, depositions, and the stipulation of uncontested facts. At this preliminary conference, the date for the hearing will be set. At the preliminary conference, the arbitrator will set forth the procedures to be followed at the hearing.

(d) Discovery. Should a dispute arise over the extent of or propriety of any discovery request, the arbitrator will make a final determination after hearing each party's position.

(e) Statement of Case. At least five (5) days before the scheduled hearing, each party must deliver to the arbitrator and to the other party a written summary of its position on the issues in dispute.

(f) Hearing. Unless otherwise mutually agreed by the parties, all arbitration proceedings will be held in the city in which we then have our principal place of business.

(g) Arbitrator's Decision. The arbitrator will issue a written decision within 15 days after conclusion of the hearing, explaining the basis for the decision. Judgment upon the decision rendered by the arbitrator may be entered in any court having jurisdiction. This decision will be binding upon both parties. The arbitrator will have authority to assess actual damages sustained by reason of any breach or wrongful termination of this Agreement, but will not have any authority to amend or modify the terms of this Agreement or to assess punitive damages or treble damages.

(h) Time Schedule. The parties will use due diligence to meet the foregoing time schedule, and the arbitrator will have the right to impose appropriate sanctions against any party who fails to comply with the agreed-upon time schedule. The arbitrator will use his best efforts to comply with the foregoing time schedule, but may unilaterally modify it if, in his opinion, modification is necessary for a proper and just resolution of the dispute. The parties may jointly modify the agreed-upon time schedule, subject to the arbitrator's approval.

(i) Arbitration Expenses. The fees of, and authorized costs incurred by, the arbitrator will be shared equally by the parties, and each party will bear all of its own costs of arbitration; provided, however, that the arbitration decision will provide that the substantially prevailing party will recover from the other party its actual costs and expenses (including arbitrator's fees and expenses, and attorney fees and expenses) incurred in connection with the dispute.

(j) Confidentiality. The entire arbitration proceedings and related documents constitute "Confidential Information" subject to the terms of Section 12.1, except as may be required by law. Except as necessary to enforce the decision of the arbitrator hereunder, all conduct, statements, promises, offers, views and opinions, whether oral or written, made in the course of the arbitration by any of the parties, their agents, employees or representatives and by the arbitrator, are confidential. These matters will not be discoverable or admissible for any purposes, including impeachment, in any litigation or other proceeding involving the parties, and will not be disclosed to anyone who is not an agent, employee, expert witness, or representative for any of the parties; however, evidence otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in the arbitration.

18.4 Provisional Remedies. Despite the provisions of Sections 18.1, 18.2, or 18.3, each party will have the right to seek from an appropriate court any provisional remedies, including declaratory relief, specific enforcement, temporary restraining orders, or preliminary injunctions, before, during, or after informal dispute resolution, mediation, or arbitration, without the need to

post a bond or other consideration. Neither party is required to await the outcome of any informal dispute resolution, mediation, or arbitration before seeking provisional remedies. The seeking of provisional remedies will not be deemed to be a waiver of either party's right to compel informal dispute resolution, mediation, or arbitration. You acknowledge that any failure to fully and strictly comply with any of Sections 12, 17.9 or 18.3(j) will result in irreparable injury to us for which there is no adequate remedy at law, and you agree that, in the event of any noncompliance with any of such sections, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper, without the need to post a bond or other consideration. An action seeking provisional remedies will be brought in any state or federal court within the jurisdiction in which we then have our principal place of business, or in any other state court or federal district court with proper jurisdiction. The parties consent to the exercise of personal jurisdiction over them by these courts, and to the propriety of venue in these courts for the purpose of this Section 18.4, and the parties waive any objections that they would otherwise have in this regard.

18.5 Costs of Enforcement. If we secure any provisional remedy pursuant to Section 18.4 of this Agreement, or if any provision of this Agreement is otherwise enforced at any time by us, or if any amounts due from you to us are collected by or through an attorney at law or collection agency, you will be liable to us for all costs and expenses of enforcement and collection including, but not limited to, court costs and reasonable attorney fees and expenses incurred by us (including the fair market value of any time expended by in-house legal counsel).

18.6 Jurisdiction. The parties hereto agree that it is in their best interest to resolve disputes between them in an orderly fashion and in a consistent manner. Therefore, the parties consent to the exclusive jurisdiction of the state or federal court in which our principal place of business is then located, which is currently Denver, Colorado, for any litigation relating to this Agreement or the operation of the Teriyaki Shop hereunder; provided that we have the option to bring suit against any you in any state or federal court within the jurisdiction where your Teriyaki Shop is or was located or where any of your owners lives, and provided that provisional remedies shall be conducted in accordance with Section 18.4. The parties consent to the exercise of personal jurisdiction over them by these courts, and to the propriety of venue in these courts for the purpose of this Agreement, and the parties waive any objections that they would otherwise have in this regard. Each of the parties specifically waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety, or other security that might be required of any other party with respect thereto. THE PARTIES WAIVE ANY RIGHT TO JURY TRIAL, AND ANY RIGHT TO RECEIVE PUNITIVE DAMAGES, THAT THEY MAY HAVE IN ANY ACTION ARISING OUT OF OR UNDER THIS AGREEMENT. IT IS THE INTENT OF THE PARTIES THAT ANY LITIGATION BETWEEN THEM WILL BE OF INDIVIDUAL CLAIMS, AND THAT THE CLAIMS SUBJECT TO LITIGATION WILL NOT BE LITIGATED AS A JOINT ACTION OR CLASS ACTION. Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or arbitration proceeding brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of one year from the date the conduct or event that forms the basis of the legal action or proceeding occurred.

19. GENERAL PROVISIONS

19.1 Entire Agreement. This Agreement and the Attachments hereto contain the entire agreement between the parties and supersede all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof. No party relied upon any representation or warranty, whether written or oral, made by any other party or any of its respective officers, directors, managers, employees, agents or representatives, in making its decision to enter into this Agreement. Nothing in this or any related agreement is intended to disclaim the representations we made in the latest Franchise Disclosure Document that we furnished to you.

19.2 Amendment and Modifications. This Agreement may not be amended, modified or supplemented except by an instrument or instruments in writing signed by the party against whom enforcement of any such amendment, modification or supplement is sought.

19.3 Partial Invalidity. If all or any part of a provision of this Agreement violates applicable law, the affected provision or part will not be given effect. If all or any part of a provision of this Agreement is declared invalid or unenforceable, for any reason, or is not given effect by reason of the prior sentence, the remainder of the Agreement will not be affected, and the parties will modify the invalid or unenforceable provision to the extent required to be valid and enforceable. However, if in our judgment this result substantially impairs the value of this Agreement to us, then we may at any time terminate this Agreement by written notice to you, without penalty or compensation owed by either party.

19.4 Waivers, Modifications, Approvals, and Delegations. Whenever this Agreement requires our prior approval or consent, you will make a timely written request to us therefore, and we may withhold, condition, or withdraw our consent in our sole discretion. No failure of ours to exercise any power reserved to us by this Agreement and no custom or practice of the parties at variance with the terms hereof will constitute a waiver of our right to demand exact compliance with any of the terms herein. A waiver or approval by us of any particular default by you or any other franchisee or acceptance by us of any payments due hereunder will not be considered a waiver or approval by us of any preceding or subsequent breach by you of any term, covenant, or condition of this Agreement. To be effective, any modifications, waivers, approvals and consents of, or under, this Agreement by us must be designated as such, in writing, and signed by our authorized representative. Notwithstanding anything to the contrary herein: (a) you acknowledge and agree that we have the right, under this Agreement, to modify the System in our sole and absolute discretion, and (b) you agree we have the right to delegate to third party designees, whether these designees are our agents or independent contractors with whom we have contracted: (i) the performance of any portion or all of our obligations under this Agreement, and (ii) any right that we have under this Agreement, in which case such third party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

19.5 Notices. Any notice, reports, and other information and documents permitted or required to be delivered under Agreement will be in writing, and will be delivered to us at 950 S. Cherry Street, Suite 850, Denver, Colorado 80246, or to you at the address of the Approved Location or the address listed on the signature page hereof. Either party may modify its address periodically by written notice to the other party. Notices will be effective if in writing and delivered to the appropriate party by: (a) delivery service, with proof of delivery; (b) by first class, prepaid certified or registered mail, return receipt requested, or (c) by email, facsimile or other

electronic medium. Notices will be deemed given on the date delivered or on the date of the first attempted delivery, if delivery is refused or unclaimed.

19.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; *provided, however*, that, except as expressly provided in this Agreement, no party hereto may assign its rights or delegate its obligations under this Agreement without the express prior written consent of the other party hereto. Any attempted assignment in violation of this Section 19.6 will be null and void.

19.7 Governing Law. This Agreement takes effect upon its acceptance by us in the State of Colorado, and will be governed by and interpreted in accordance with Colorado law applicable to contracts made and to be wholly performed therein without regard to its conflicts of law rules; provided, however, that this provision is not intended to subject this Agreement to any franchise or similar law, rule, or regulation of the State of Colorado to which it would not otherwise be subject.

19.8 Counterparts. This Agreement may be executed in two or more counterparts and delivered via facsimile or other electronic transmission, each of which will be deemed to be an original, but all of which together will constitute one and the same agreement

19.9 Construction. No provision of this Agreement will be interpreted in favor of or against either party merely because of that party's role in the preparation of this Agreement, or because of the nature or type of this Agreement. The headings and captions contained herein are for the purpose of convenience and reference only, and are not to be construed as part of this Agreement. All terms and words used herein will be construed to include the number and gender as the context of this Agreement may require. The parties agree that each section of this Agreement will be construed independently of any other section or provision of this Agreement. All references in this Agreement to Sections or Attachments refer to the relevant sections and attachments, respectively, of this Agreement. This Agreement, together with the exhibits and any addenda attached, is the entire agreement, and supersedes all prior representations, agreements and understandings (oral or written) of the parties; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Franchise Disclosure Document that was furnished to you by us. Except for the Indemnitees, or as otherwise expressly provided in this Agreement, there are no third party beneficiaries hereunder. No agreement between us and any third party is for your benefit. Except as expressly provided in this Agreement, this Agreement is binding on and will inure to the benefit of the parties hereto and their respective legal representatives, successors and permitted assigns. Time is of the essence.

19.10 Force Majeure. Notwithstanding anything contained in this Agreement to the contrary, neither party will be in default hereunder by reason of its delay in performance of, or failure to perform, any of its obligations hereunder, except with respect to the timely payment in full of all Royalty Fees and Marketing Fund contributions, if this delay or failure is caused by strikes or other labor disturbance; acts of God; acts of public enemies, riots or other civil disturbances; fire or flood; interference by civil or military authorities; compliance with governmental laws, rules, or regulations which were not in effect and could not be reasonably anticipated as of the date of this Agreement; delays in transportation; failure of delivery by suppliers, or inability to secure necessary governmental priorities for materials; a public health

emergency or pandemic; or, any other fault beyond its control or without its fault or negligence. In this case, the time required for performance of the relevant obligation will be the duration of the unavoidable delay. "Force majeure" shall specifically exclude your lack of available financing.

20. SECURITY INTEREST

20.1 Collateral. You grant to us a security interest (the "**Security Interest**") in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Teriyaki Shop, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Teriyaki Shop. All items in which a security interest is granted are referred to as the "**Collateral**."

20.2 Indebtedness Secured. The Security Interest is to secure payment of the following (the "**Indebtedness**"):

- (a) All amounts due under this Agreement or otherwise by you;
- (b) All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;
- (c) All expenses, including reasonable attorney fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and
- (d) All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not you execute any extension agreement or renewal instruments.

Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Teriyaki Shop, including, but not limited to, a real property mortgage and equipment leases.

20.3 Additional Documents. You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

20.4 Possession of Collateral. Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.

20.5 Our Remedies in Event of Default. You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of

a debtor under, the Uniform Commercial Code of Colorado (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

20.6 Special Filing as Financing Statement. This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Franchise Agreement as of the date listed below each party's name.

M. H. FRANCHISE COMPANY INC:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

If Franchisee is an entity:

Entity Name

By: _____

Printed Name: _____

Title: _____

Date: _____

If Franchisee is an individual:

Signature

Printed Name

Date: _____

Schedule I
Franchise Description

Effective Date of Franchise Agreement: _____

Name of Franchisee: _____

Initial Franchise Fee: _____

Number of Teriyaki Shops: _____

Names of All Franchise Owners and Percentage Ownership: _____

Primary Search Area (if Approved Location and Area of Protection is unknown at signing of the Franchise Agreement): _____

Development Agreement

Yes

No

Effective Date (if applicable) _____

Address for Notice under Section 19: _____

Email Address For Notice under Section 19: _____

ATTACHMENT A

TERIYAKI SHOP APPROVED LOCATION ACCEPTANCE

You have received approval for site location for the Teriyaki Shop that satisfies the demographics and location requirements minimally necessary for a Teriyaki Shop and that meets our minimum current standards and specifications for the build-out, interior design, layout, floor plan, signs, designs, color and décor of a Teriyaki Shop. You and we have mutually agreed-upon a Area of Protection based on the site for the Teriyaki Shop which is indicated below. You acknowledge that the Area of Protection is in conformance with the territory guidelines stated in Item 12 of the Franchise Disclosure Document.

Approved Location for Teriyaki Shop:

The Approved Location for your Teriyaki Shop as provided in Section 2.3(c) of the Agreement is:

Area of Protection:

The Area of Protection as provided in Section 2.4 of the Agreement is:

(Signature Page Follows)

The parties have executed this Teriyaki Shop Approved Location Acceptance as of the later of the dates set forth below.

M. H. FRANCHISE COMPANY INC:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

If Franchisee is an entity:

Entity Name

By: _____

Printed Name: _____

Title: _____

Date: _____

If Franchisee is an individual:

Signature

Printed Name

Date: _____

ATTACHMENT B

TERIYAKI SHOP LEASE ADDENDUM

This Addendum to Lease (this “**Addendum**”), dated _____, 20____, is entered into by and between _____ (“**Lessor**”) and _____ (“**Lessee**”).

A. Lessor and Lessee have entered into a certain Lease Agreement dated _____, 20____, and pertaining to the premises located at _____ (the “**Lease**”).

B. Lessor acknowledges that Lessee intends to operate a franchised business from the leased premises (“**Premises**”) pursuant to a Franchise Agreement (“**Franchise Agreement**”) with M. H. Franchise Company Inc (“**Franchisor**”) under Franchisor’s trademarks and other names designated by Franchisor (the “**Franchised Business**”).

C. The parties now desire to supplement the terms of the Lease in accordance with the terms and conditions contained herein.

NOW, THEREFORE, it is hereby mutually covenanted and agreed among the parties as follows:

1. General Right to Assign. Lessee will have the right to sublease or assign all of Lessee’s right, title, and interest in the Lease to a Franchise Assignee at any time during the term of the Lease, including any extensions or renewals thereof, without first obtaining Lessor’s consent. “**Franchise Assignee**” means: (x) Franchisor or Franchisor’s parent, subsidiary, or affiliate (each, a “**Franchisor Party**”); or (y) any franchisee of a Franchisor Party.

2. Default and Notice.

(a) In the event there is a default or violation of the Lease by Lessee, Lessor will contemporaneously provide to Franchisor a copy of any written notice of such default or violation that Lessor delivers to Lessee. A Franchisor Party will have the right, but not the obligation, to cure the default during Lessee’s cure period plus an additional 10-day period. Franchisor will notify Lessor whether it intends to cure the default prior to the end of Lessee’s cure period.

(b) All notices to Franchisor will be sent by registered or certified mail, postage prepaid, to the following address:

M. H. Franchise Company Inc
950 S. Cherry Street, Suite 850
Denver, Colorado 80246

Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor’s mailing address to which notices should be sent.

(c) In the event there is a default or violation of the Lease or the Franchise Agreement by Lessee and Lessee fails to cure the default within the applicable cure period, if any, a Franchise Assignee will, at its option, have the right, but not the obligation, to take an assignment of Lessee's interest in the Lease, without first obtaining Lessor's consent, provided such Franchise Assignee cures the default of the Lease no later than 10 days following the end of Lessee's cure period. If a Franchise Assignee does not elect to take an assignment of the Lessee's interest and cure the default within such 10-day period and Lessor terminates the Lease, Lessor will allow a Franchisor Party to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the Franchisor's trademarks and franchise system and to distinguish the Premises from a Franchised Business

3. General Terms of Assignments. In the event of any assignment to a Franchise Assignee under Section 1 or 2 of this Addendum, Lessee will remain liable under the terms of the Lease and the Franchise Assignee will retain all of the Lessee's rights granted in the Lease related to any grant of a protected territory or use exclusivity and the renewal or extension of the Lease term. Lessor hereby waives any rights to modify any terms or conditions of the Lease in connection with any such assignment, and hereby waives any rights to charge an assignment fee or similar charge in connection therewith. In the event the Franchise Assignee is a Franchisor Party: (a) Lessor agrees that it will not require any additional persons to guaranty Lessee's or the Franchisor Party's performance under the Lease; and (b) the Franchisor Party will have the right to reassign the Lease to another Franchise Assignee without Lessor's consent in which event the Franchisor Party will be released of any obligation or liability under the Lease. Notwithstanding the collateral assignment set forth in Section 4 and anything else set forth in this Addendum, no assignment will be effective until the time as the applicable Franchise Assignee or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document shall constitute any Franchise Assignee or its designated transferee a party to the Lease, or guarantor thereof, and shall not create any liability or obligation of the Franchise Assignee or its designated transferee unless and until the Lease is assigned to, and accepted in writing by, the Franchise Assignee or its designated transferee.

4. Modification of Lease. Lessor and Lessee will not make any material modifications to the Lease or assign the Lease without Franchisor's written consent, which consent will not be unreasonably withheld or delayed.

5. Termination of Lease. In the event of a termination or expiration of the Lease for which a Franchise Assignee does not take an assignment of the Lease, Landlord shall permit Lessee to remove, at Lessee's expense, all of the interior and exterior signs and trade fixtures, so long as Lessee makes repairs necessary to fix any damage caused by the removal of these items.

6. Collateral Assignment of Lease. Notwithstanding anything set forth in the Lease, as security for the Lessee's obligations to Franchisor under the Franchise Agreement, Lessee collaterally assigns to Franchisee its interest under the Lease, including any extensions and renewals, all prepaid rent, security deposits, Landlord credits and leasehold improvements. The Landlord consents to, and will recognize, this collateral assignment.

7. Use of Premises. Lessor and Lessee agree that the Premises shall be used only for the operation of a Franchised Business, unless another use is approved in writing by Franchisor.

8. Remodeling and Decor. Lessor agrees that Lessee shall have the right to remodel, equip, paint and decorate the interior of the Premises and to display the proprietary marks and signs on the interior and exterior of the Premises as Lessee is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Lessee may operate a Franchised Business on the Premises.

9. Asset Sale. If any Franchise Assignee purchases any assets of Lessee, Lessor will permit the Franchise Assignee to remove all the assets being purchased, and Lessor waives any lien rights that Lessor may have on such assets.

10. Right to Enter. Lessor and Lessee agree that the employees, representatives and agents of the Franchisor Parties shall have the right to enter the leased premises to make any modifications necessary to protect their respective proprietary marks.

11. Consideration; No Liability.

(a) Lessor hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Lessee plans to operate its business and Lessee would not lease the Premises without this Addendum.

(b) Lessor further acknowledges that: (i) Lessee is not an agent or employee of any Franchisor Party; (ii) Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind any Franchisor Party; and (iii) Lessor has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liabilities of or against any Franchisor Party.

12. Amendments. No amendment or variation of the terms of the Lease or this Addendum to the Lease shall be valid unless made in writing and signed by the parties hereto.

13. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

14. Third-Party Beneficiary. Lessor and Lessee expressly agree that Franchisor is a third-party beneficiary of this Addendum.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties hereto have duly signed this Agreement as of the date set forth above.

LESSOR

By: _____

Name: _____

Title: _____

Date: _____

LESSEE:

If Franchisee is an entity:

Entity Name

By: _____

Printed Name: _____

Title: _____

Date: _____

If Franchisee is an individual:

Signature

Printed Name

Date: _____

ATTACHMENT C

FRANCHISEE ON-SITE TRAINING AGREEMENT

Dates of Training: _____

Franchisee: _____

Franchisor Representative: _____

Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in that certain Teriyaki Madness Franchise Agreement, dated _____, 20__ (the "Franchise Agreement"), by and between M.H. Franchise Company Inc. ("Franchisor") and Franchisee.

Franchisee agrees that all pre-opening obligations have been met and all requirements for training are complete:

- (a) Franchisor has provided you with assistance including site selection, site evaluation, lease review, and construction project management, as we have outlined in our Manual.
- (b) Franchisor has reviewed your lease agreement for the Teriyaki Shop to ensure that its terms contain our required provisions and otherwise meet our minimum standards.
- (c) You have chosen, obtained and developed the site for your Teriyaki Madness Business.
- (d) You received an estimate on your build-out cost, furniture, fixtures and equipment before signing a lease as well as bids for the actual costs before construction began and approved all expenditures for your location.
- (e) Franchisor provided you with specifications for all initial and replacement furniture, fixtures, equipment, inventory, and supplies required to operate your Teriyaki Madness Business.
- (f) Franchisor counseled you on necessary pre-opening procedures and assisted you with inventory ordering of products, equipment and supplies, through our affiliate or other suppliers, as applicable, which are necessary for commencement of operations.
- (g) Franchisor loaned to you or made available to you on our website one (1) copy of the Manual, which may include audio and video media, compact disc media, computer software, other electronic media, and/or written materials. The Manual contains the System Standards and includes approximately 276 pages.

- (h) Franchisor provided you with a list of our approved items, services and suppliers, and consultation on required purchases as we deemed necessary and appropriate.
- (i) Franchisor provided and you successfully completed an initial training program.
- (j) Franchisor provided and you successfully completed 10 days of hands-on training in a store.
- (k) Franchisor provided you with templates for certain promotional and advertising materials and consultation in connection with the grand opening marketing for your Teriyaki Madness Business.

You have completed the following:

- _____ Proper supplies ordered.
- _____ All small wares received.
- _____ All licenses and certificates obtained.
- _____ All staff have been hired.
- _____ Employees notified of training dates and times (all staff that is available MUST be present during designated training times).

I, _____, the franchise operator, understand there may be additional costs incurred to me if the support team extends its stay as a result of my unpreparedness. All costs associated with the extended stay, including but not limited to hotel, meals, airfare costs, and car rental expenses, will be billed directly to me upon the support team's return after completing the on-site training.

It will be at the support manager's discretion, upon arrival, if it is feasible to perform a complete and valuable training session.

I have read, acknowledge and agree to this document.

Please print your name: _____ Date: _____

Signature: _____

ATTACHMENT D

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name Business Phone No.

Franchisee Mailing Address (street) Franchisee Phone No.

Franchisee Mailing Address (city, state, zip)

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

Franchisee Fax No. Franchisee Email Address

Bank Account Information:

Bank Name

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

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

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

(Authorization Page Follows)

AUTHORIZATION

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

FRANCHISEE:

If Franchisee is an entity:

Entity Name

By: _____

Printed Name: _____

Title: _____

Date: _____

If Franchisee is an individual:

Signature

Printed Name

Date: _____

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

ATTACHMENT E
FRANCHISEE INFORMATION FORM

Franchisee: _____

Form of Ownership (Check One)

____ Individual ____ Partnership ____ Corporation ____ Limited Liability Company

Corporate Information

If Franchisee is a **Partnership, Corporation or Limited Liability Company**, provide the state of incorporation, the date of incorporation, and the Employer Identification Number (“EIN”) for Franchisee.

State of Incorporation	D Date of Incorporation	Employer Identification Number (EIN)
------------------------	-------------------------	---

Management Information

If Franchisee is a **Partnership, Corporation or Limited Liability Company**, provide the name, titles and address of each manager, officer and director, as applicable.

Name	Title(s)
Address	
Name	Title(s)
Address	
Name	Title(s)
Address	
Name	Title(s)
Address	

Ownership Information

If Franchisee is a **Partnership, Corporation or Limited Liability Company**, provide the name, address and percentage ownership for each person that owns an equity interest in Franchisee.

_____	_____
Name	Ownership Percentage

Address	
_____	_____
Name	Ownership Percentage

Address	
_____	_____
Name	Ownership Percentage

Address	
_____	_____
Name	Ownership Percentage

Address	

Other Information

Identification of Managing Owner.

As of the Effective Date of the Franchise Agreement, your Managing Owner is _____ . You may not change the Managing Owner without our prior written approval.

Identification of Designated Manager.

As of the Effective Date of the Franchise Agreement, your Designated Manager, if applicable, is _____ . You may not change the Designated Manager without our prior written approval.

(Signature Page Follows)

IN WITNESS WHEREOF, the party set forth below has duly signed this Attachment E to the Franchise Agreement as of the date set forth above.

FRANCHISEE:

If Franchisee is an entity:

Entity Name

By: _____

Printed Name: _____

Title: _____

Date: _____

If Franchisee is an individual:

Signature

Printed Name

Date: _____

ATTACHMENT F

OWNERS AGREEMENT

As a condition to M. H. Franchise Company Inc. (“we” or “us”) entering into a Franchise Agreement (the “**Franchise Agreement**”) with _____ (“**Franchisee**”), each of the undersigned individuals, who constitute all of the owners of a direct or indirect beneficial interest in Franchisee (collectively, “**Owners**”), covenant and agree to be bound by the terms of this Owners Agreement (“**Owners Agreement**”). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1. Roles of the Owners. Owners are the beneficial owners of all of the stock, membership interests, partnership interests or other equity interests in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee’s owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to us agreeing to enter into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

2. Non-Disclosure and Protection of Confidential Information.

2.1 Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee’s non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, that we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

2.2 Owners acknowledge that they could circumvent the purpose of Section 2.1 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.1 if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in Section 3, below, if performed by Owners. However, Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member. Your obligations under Sections 2.1 and 2.2 of this Owners Agreement will survive for three (3) years after expiration or termination of this Agreement, or any Transfer.

3. Covenant Not To Compete and To Not Solicit.

3.1 Non-Competition and Non-Solicitation During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition and solicitation both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement, or any Transfer, are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition and non-solicitation will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

4. Guarantee.

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the Franchise Agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

5. Transfers. Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in the Franchisee, unless Owners first comply with the sections in the Franchise Agreement governing Transfers. Owners acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Owners Agreement and the Franchise Agreement, and any such Transfer will be null and void.

5.1 Notices.

5.2 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

5.3 Notice Addresses. Our current address for all communications under this Owners Agreement is:

M. H. Franchise Company Inc
950 S. Cherry Street, Suite 850
Denver, Colorado 80246

The current address of each Owner for all communications under this Owners Agreement is designated on the signature page of this Owners Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

6. Enforcement of This Owners Agreement.

6.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

6.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners

Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

6.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement without the need to post a bond or other consideration. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

7. Certain Assignments. In the event Owners are Multi-Unit Franchise owners and are executing this Owners Agreement in connection with the assignment by Owners of all of their right, title and interest in and to the Franchise Agreement and other addenda and agreements executed in connection therewith with respect to a specific Teriyaki Shop to an entity of which Owners will own all of the controlling voting equity interests, "Franchisee" shall be deemed to be the assignee entity just with respect to that Teriyaki Shop.

8. Miscellaneous.

8.1 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and no agreements, representations or warranties have been made other than those in this Agreement. No party relied upon any representation or warranty, whether written or oral, made by any other party hereto or any of its respective agents or representatives in making its decision to enter into this Agreement. This Agreement may not be modified except by a writing executed by each of the parties hereto.

8.2 Severability. If any one or more of the provisions in this Agreement or any application of the provisions of this Agreement is declared invalid, illegal or unenforceable by any court of competent jurisdiction, the validity, legality or enforceability of the remaining provisions of this Agreement will not be impaired by such declaration, and this Agreement will be construed as if such invalid, illegal or unenforceable provision was not contained in this Agreement.

8.3 No Third Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding

on the parties and their respective heirs, executors, administrators, personal representatives, successors and assigns.

8.6 Successors. References to “Franchisor” or “the undersigned,” or “you” include the respective parties’ heirs, successors, assigns or transferees.

8.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.8 No Personal Liability. You agree that fulfillment of any and all obligations in the Franchise Agreement and this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be your sole responsibility and that none of our owners, officers, employees, agents, or representatives shall be personally liable to you for any reason.

8.9 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

Signature Page Follows

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the dates set forth below.

OWNERS:

Signature

Printed Name

Date: _____

Signature

Printed Name

Date: _____

Signature

Printed Name

Date: _____

Signature

Printed Name

Date: _____

M. H. Franchise Company Inc hereby accepts the agreements of the Owner(s) hereunder.

M. H. FRANCHISE COMPANY INC

By: _____

Name: _____

Title: _____

Date: _____

ATTACHMENT G SYSTEM PROTECTION AGREEMENT

This System Protection Agreement (this “**Agreement**”) is entered into by the undersigned (“**you**” or “**your**”) in favor of M. H. Franchise Company Inc, a Colorado company, and its successors and assigns (“**we**”, “**us**” or “**our**”), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

(a) “**Competitive Business**” means any business that derives at least fifty percent (50%) of its revenues from making and selling Japanese-style teriyaki dishes or similar food items. A Competitive Business does not include a Teriyaki Madness Franchise business operating pursuant to a franchise agreement with us.

(b) “**Copyrights**” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Teriyaki Madness Franchise business, whether now in existence or created in the future.

(c) “**Franchisee**” means the Teriyaki Madness Franchise franchisee for whom you are an officer, director, employee or independent contractor.

(d) “**Intellectual Property**” means, collectively or individually, our Marks, Copyrights, Know-how and System.

(e) “**Know-how**” means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Teriyaki Madness Franchise business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies and information comprising the System and the Manual.

(f) “**Manual**” means our confidential operations manual for the operation of a Teriyaki Madness Franchise business.

(g) “**Marks**” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Teriyaki Madness Franchise business, including “Teriyaki Madness Franchise,” and any other trademarks, service marks or trade names that we designate for use by a Teriyaki Madness Franchise. The term “Marks” also includes any distinctive trade dress used to identify a Teriyaki Madness Franchise business, whether now in existence or hereafter created.

(h) “**Prohibited Activities**” means any or all of the following: (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing any customer of ours (or of one of our affiliates or

franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

(i) “***Restricted Period***” means the two-year period after you cease to be employed by Franchisee’s Teriyaki Madness Franchise business.

(j) “***Restricted Territory***” means the geographic area within: (i) a 25 minimum mile radius from Franchisee’s Teriyaki Madness Franchise business (and including the premises of the Teriyaki Shop); and (ii) a 25 minimum mile radius from all other Teriyaki Madness Franchise businesses that are operating or under construction as of the beginning of the Restricted Period.

(k) “***System***” means our system for the establishment, development, operation and management of a Teriyaki Madness Franchise business, including Know-how, proprietary programs and products, confidential operations Manuals and operating System.

2. Background. You are an officer, director, or manager of Franchisee. As a result of this relationship, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our Franchisees and that you could seriously jeopardize our entire franchise System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Teriyaki Madness Franchise business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an employee of Franchisee’s Teriyaki Madness Franchise Business. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. Your obligations under this Section 3 will survive for three (3) years after expiration or termination of your employment with the Franchisee’s Teriyaki Madness Franchise Business.

4. Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are a manager of Franchisee’s Teriyaki Madness Franchise business by engaging in any Prohibited Activities.

5. Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

6. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove

whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.

8. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Teriyaki Madness Franchise businesses for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. Miscellaneous.

(a) If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

(b) This Agreement will be governed by, construed and enforced under the laws of Colorado and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(d) You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the dates set forth below their respective names.

SIGNATORIES:

Signature

Signature

Printed Name

Printed Name

Date: _____

Date: _____

Signature

Signature

Printed Name

Printed Name

Date: _____

Date: _____

M. H. Franchise Company Inc hereby accepts the agreements of the above signatories.

M. H. FRANCHISE COMPANY INC

By: _____

Name: _____

Title: _____

Date: _____

ATTACHMENT H CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (this “**Agreement**”) is entered into by the undersigned (“**you**” or “**your**”) in favor of M. H. Franchise Company Inc, a Colorado company, and its successors and assigns (“**we**”, “**us**” or “**our**”), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

(a) “**Teriyaki Madness Franchise Business**” means a business that makes and sells Japanese-style teriyaki dishes and other related services and products using our Intellectual Property.

(b) “**Copyrights**” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow Franchisees to use, sell or display in connection with the marketing and/or operation of a Teriyaki Madness Franchise Business, whether now in existence or created in the future.

(c) “**Franchisee**” means the Teriyaki Madness Franchise franchisee for whom you are an officer, director, employee or independent contractor.

(d) “**Intellectual Property**” means, collectively or individually, our Marks, Copyrights, Know-how and System.

(e) “**Know-how**” means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Teriyaki Madness Franchise Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies and information comprising the System and the Manual.

(f) “**Manual**” means our confidential operations manual for the operation of a Teriyaki Madness Franchise Business.

(g) “**Marks**” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Teriyaki Madness Franchise Business, including “Teriyaki Madness Franchise” and any other trademarks, service marks or trade names that we designate for use by a Teriyaki Madness Franchise Business. The term “Marks” also includes any distinctive trade dress used to identify a Teriyaki Madness Franchise Business, whether now in existence or hereafter created.

(h) “**System**” means our system for the establishment, development, operation and management of a Teriyaki Madness Franchise Business, including Know-how, proprietary programs and products, confidential operations manuals and operating System.

2. Background. You are an employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that

protecting the Intellectual Property is vital to our success and that of our Franchisees and that you could seriously jeopardize our entire franchise System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Know-How and Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Teriyaki Madness Franchise Business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an officer, director, employee or independent contractor of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

4. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

5. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.

6. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Teriyaki Madness Franchise Businesses for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

7. Miscellaneous.

(a) If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

(b) This Agreement will be governed by the laws of Colorado and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the dates set forth below their respective names.

SIGNATORIES:

_____ Signature	_____ Signature
_____ Printed Name	_____ Printed Name
Date: _____	Date: _____
_____ Signature	_____ Signature
_____ Printed Name	_____ Printed Name
Date: _____	Date: _____

M. H. Franchise Company Inc hereby accepts the agreements of the above signatories.

M. H. FRANCHISE COMPANY INC

By: _____
Name: _____
Title: _____

Date: _____

EXHIBIT D

TERIYAKI MADNESS DEVELOPMENT AGREEMENT

TERIYAKI MADNESS DEVELOPMENT AGREEMENT

SUMMARY PAGES

These pages summarize certain terms of the attached Development Agreement (“Agreement” or “DA”) for the development of _____ Teriyaki Madness Shops, the details of which shall control in the event of any conflict.

1. DEVELOPER(S):

Business Name (if partnership, corporation, or LLC):

Name(s) of Individual(s) with Ownership Interests in DA (“Principals”):

Name(s) of Authorized Signatory or Signatories:

2. DEVELOPER’S CONTROLLING PRINCIPAL AND TO WHOM NOTICES
WILL BE SENT:

Name: _____

Address: _____

Telephone: _____

Email: _____

3. NOTICES TO FRANCHISOR:

M.H. Franchise Company, Inc.

Michael Haith

950 S. Cherry Street

Suite 850

Denver, CO 80246

4. NON-REFUNDABLE INITIAL FRANCHISE FEE: _____
5. SHOP OPENING ASSISTANCE FEE: _____
6. EFFECTIVE DATE: _____ (Upon execution by Franchisor)
7. EXPIRATION DATE: See Section 4
8. PRIMARY SEARCH AREA (MAP/DESCRIPTION ATTACHMENT A)
9. DEVELOPMENT SCHEDULE:

Throughout the Term of this DA, Developer shall satisfy the schedule for developing, opening and maintaining in operation the number of Teriyaki Madness Shops set out below. Time is of the essence.

<u>Shop No.</u>	<u>Initial Franchise Fee</u>	<u>Time Within Which Shops Shall Be Open and operating</u>	<u>Cumulative Number of Shops Which Shall Be Open and Operating</u>
	\$ _____		
		Within ____ months of Signing First Franchise Agreement	
		Within ____ months of opening first store	
		Within ____ months of opening second store	
		Within ____ months of opening third store	
		Within ____ months of opening fourth store	
		Within ____ months of opening fifth store	
		Within ____ months of opening sixth store	
		Within ____ months of opening seventh store	
		Within ____ months of opening eighth store	
		Within ____ months of opening ninth store	

FRANCHISOR: M.H. Franchise Company, Inc.

By: _____
Michael Haith, Chief Executive Officer

DEVELOPER:

By: _____

Name: _____

Title: _____

DEVELOPMENT AGREEMENT

This Development Agreement (“Agreement” or “DA”) is made by and between M.H. Franchise Company, Inc., a Colorado corporation, having its principal place of business at 950 S. Cherry Street, Suite 850, Denver, CO 80246 (“Franchisor”), and _____, (“Developer”). This Agreement shall take effect upon its execution and dating by Franchisor (the “Effective Date”).

INTRODUCTION

The Franchisor offers Teriyaki Madness Franchises use of the “TERIYAKI MADNESS” trademarks, trade names, service marks and logos (“Marks”) for the operation of Teriyaki Madness Businesses. The Franchise is operated under a business format per a unique system, including our valuable know-how, information, trade secrets, training methods, confidential operations manual (the “Manual”), standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of Teriyaki Madness Businesses (“System”). We reserve the right to change or otherwise modify the System at any time in our sole discretion. Each Teriyaki Madness Franchise operates a fast casual restaurant that makes and sells Japanese-style teriyaki dishes, and other specialty food items, beverage items, and other items. Teriyaki Madness Businesses feature grilled high-quality meats marinated and served with our proprietary, signature teriyaki sauces. Teriyaki Madness Businesses offer generous portion sizes at reasonable prices. All meals are cooked to order and served promptly. You will operate your Teriyaki Madness Businesses from approved retail shops (each, a “Teriyaki Shop”) and:

Developer desires to develop Teriyaki Shops under Franchisor’s System within the area described in this Agreement (“Primary Search Area”) and wishes to obtain franchise license from Franchisor for that purpose; and

In consideration of the mutual rights and obligations contained in this Agreement, Developer and Franchisor agree as follows:

1. GRANT

1.1 Franchisor hereby grants to Developer, consistent with the terms and conditions of this Agreement, options to obtain licenses to establish and operate a number of Teriyaki Shops within the territory described on the Summary Pages, incorporated into this Agreement by this reference (“Primary Search Area”).

1.2 Developer shall be bound by the Development Schedule (“Development Schedule”) described on the Summary Pages. Time is of the essence of this Agreement. Each Franchised Teriyaki Shop shall be established and operated according to a separate Teriyaki Madness Franchise Agreement (“Franchise Agreement”) to be entered into by Developer, or an Affiliate of Developer which Developer has a majority equity interest and controls, and Franchisor. Each Franchise Agreement shall be in the form of Franchisor’s then-current form of the franchise agreement.

1.3 Developer acknowledges and agrees that Developer has no territorial protection within the Primary Search Area. Franchisor has identified the Primary Search Area for the sole purpose of facilitating the orderly development of the market, and to identify the market in which Developer will focus its efforts to find acceptable locations for Teriyaki Shops. Franchisor reserves the right in its sole discretion to develop and operate, or offer and grant franchises for the operation of, Teriyaki Shops located in the Primary Search Area.

1.4 This Agreement is not a Franchise Agreement, and Developer shall have no right to use in any manner the Marks by virtue of this Agreement.

1.5 Developer shall have no right under this Agreement to license or sublicense others to operate a business or use the System or the Marks.

1.6 Each of Developer's Principals have executed and are delivering, simultaneously, with the execution of this Agreement, the Owners Agreement in the form attached hereto as Attachment A.

2. FEES

2.1 As consideration for the rights and options granted by this Agreement, Developer shall pay to Franchisor the Initial Franchise Fee and the Location Assistance Fee for each Teriyaki Shop as described on the Summary Pages. The full Initial Franchise Fee is payable to Franchisor upon execution of this Agreement. Said amount is fully earned by Franchisor upon execution of this Agreement and is non-refundable. All amounts payable by Developer or its owners to Franchisor or its Affiliates must be in United States Dollars (\$USD).

2.2 Upon approval of the site of each Teriyaki Shop by Franchisor, a separate Franchise Agreement shall be signed for such Teriyaki Shop. These Franchise Agreements will be considered paid and earned in full. Upon the execution of each Franchise Agreement, the terms and conditions of such Franchise Agreement shall control the establishment and operation of such Teriyaki Shop.

3. DEVELOPMENT SCHEDULE AND MANNER OF EXERCISING OPTIONS

3.1 Developer shall be bound by and strictly follow the Development Schedule. By the dates described in the Development Schedule, Developer shall execute Franchise Agreements with Franchisor, and shall open each Teriyaki Shop for which a Franchise Agreement has been signed. Developer shall at all times maintain in operation consistent with each Franchise Agreement at least the number of Teriyaki Shops described on the Development Schedule; provided, however, that such obligation does not apply to businesses that are transferred in accordance with the provisions of the Franchise Agreement.

3.2 Developer shall exercise its rights granted by this Agreement only as follows:

(a) By giving Franchisor written notice of Developer's intention to execute a Franchise Agreement at least thirty (30) days before the requested date of execution of the Franchise Agreement; and

(b) By executing the then-current form of Franchise Agreement for the Teriyaki Shop and complying with its terms.

Franchisor shall execute the Franchise Agreement only if (i) Developer and each and every one of its Affiliates is in compliance with all requirements and obligations of this Agreement and all other agreements between Franchisor and Developer, and (ii) Developer and each and every one of its Affiliates is in compliance with all of its respective obligations under all Franchise Agreements with Franchisor.

Upon receiving Franchisor's request, Developer and its Principals shall furnish to Franchisor financial statements (historical and pro forma), statements of the sources and uses of capital funds, budgets and other information about Developer, its Principals and each of Developer's Affiliates which are, or may be, involved in the development, ownership or operation of any Teriyaki Shops. All such information shall be verified in writing by Developer and its Principals as being true, complete and accurate in all respects.

Developer's right to execute each Franchise Agreement shall depend upon Developer's satisfying all of Franchisor's operational, financial, legal and ownership conditions for new franchisees. To meet the Development Schedule, each Franchise Agreement shall be signed by Developer, Developer's operating Affiliate for that Teriyaki Shop (if applicable), and Franchisor, and each such Teriyaki Shop shall be opened and remain open before the date(s) specified in the Development Schedule.

3.3 Developer acknowledges that Franchisor's right to offer or grant Franchises depends on Franchisor's compliance with applicable franchise sales laws. Franchisor shall not be liable to Developer if Franchisor fails to grant Franchises to Developer while an amendment to a franchise disclosure document or an amendment or renewal or annual report required to maintain a franchise registration is being prepared or is awaiting approval. If Developer requests a Franchise be granted during a time when Franchisor is preparing an amendment, registration, renewal or annual report, the Development Schedule shall be extended by the period of time it takes Franchisor to complete such amendment, registration, renewal or annual report.

4. TERM

Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all rights granted hereunder to Developer shall expire on the date of Franchisor's acceptance and execution of a Franchise Agreement, or on the date of the execution of the lease by both the Developer and the Landlord, whichever comes later, for the last of the Teriyaki Shops to be established according to the Development Schedule.

5. DUTIES OF THE DEVELOPER

5.1 Developer shall perform the following obligations:

(a) Developer shall comply with all terms and conditions described in this Agreement.

(b) Developer, on behalf of itself and all of its Affiliates, shall comply with all of the terms and conditions of each Franchise Agreement.

(c) Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed to Developer by Franchisor, and Developer shall disclose such information or materials only to such of its employees or agents who must have access to it in connection with their employment. Developer shall not at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

(d) Developer shall comply with all requirements of federal, state and local laws, rules and regulations.

6. PROPRIETARY MARKS/CONFIDENTIALITY

6.1 This Agreement does not grant Developer any right to use the Marks or to use any of Franchisor's or any of the Franchisor's Affiliates trade secret and/or proprietary or confidential information, as defined below. Further, this Agreement does not grant Developer any right to any copyright or patent which Franchisor or its Affiliates now owns or may own in the future. Rights to the Marks, trade secrets and/or proprietary or confidential information), copyrights, or patents are granted only under the Franchise Agreements to be signed by Franchisor and Developer.

6.2 Developer is granted access to certain confidential information and trade secrets pertaining to the System only according to an individual Franchise Agreement signed between Developer and Franchisor, and the Development Agreement shall not be interpreted, to grant or entitle Developer to receive any such confidential information or trade secrets.

6.3 Developer agrees that it shall maintain the absolute confidentiality of all such proprietary information during and after the term of the franchise and that it shall not use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor.

7. DEFAULT AND TERMINATION

7.1 The options granted to Developer in this Agreement have been granted in reliance on Developer's representations and warranties, and strictly on the conditions described in this Agreement, including, without limitation, the condition that Developer comply strictly with the Development Schedule.

7.2 Developer shall be deemed in default under this Agreement, and all rights granted by this Agreement to Developer shall automatically terminate without notice: (i) If Developer shall be adjudicated bankrupt, becomes insolvent, commits any affirmative action of insolvency or files any action or petition of insolvency, or if a receiver (permanent or temporary) of its property or any part of Developer is appointed by a court of competent authority, or if it makes a general assignment for the benefit of its creditors; (ii) if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless a supersedeas bond is filed); (iii) if execution is levied against Developer's business or property, or; (iv) if suit to foreclose any lien or mortgage against Developer's premises or equipment is instituted against Developer and not dismissed within thirty

(30) days, or is not in the process of being dismissed; provided, however, that Franchisor reserves the right to be named as trustee or receiver in any voluntary petition for bankruptcy or insolvency filed by Developer.

7.3 Developer shall be deemed in default under this Agreement, if Developer (i) fails to enter into Franchise Agreements with Franchisor as required by this Agreement for the Teriyaki Shops and/or to open Teriyaki Shops within the periods described on the Development Schedule; (ii) fails to comply with any other term and condition of this Agreement; (iii) makes or attempts to make a Transfer in violation of this Agreement; or (iv) if Developer fails to comply with the terms and conditions of any individual Franchise Agreement with Franchisor, or of any other agreement to which Developer or its Affiliates and Franchisor or its Affiliates are parties. Upon any such default, Franchisor, in its discretion, may do any one or more of the following:

(a) Terminate this Agreement and all rights granted to Developer hereunder without

(b) affording Developer any opportunity to cure the default, effective upon receipt by Developer of written notice from Franchisor;

(c) according to this Agreement, without any reduction of the Development Fee, which Developer may open according to this Agreement; or

(d) Exercise any other rights and remedies which Franchisor may have.

7.4 Upon termination of this Agreement, Developer shall have no right to establish or operate any Teriyaki Madness Teriyaki Shop for which a Franchise Agreement has not been signed by Franchisor. No default under this Agreement shall constitute a default under any Franchise Agreement between the parties, except to the extent that any default under this Agreement constitutes a default under any Franchise Agreement in accordance with the terms of the Franchise Agreement.

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

8. COVENANTS

8.1 Unless otherwise specified, the term “Developer” as used in this Section 8 shall include, collectively and individually, all persons who own or control an ownership interest of five percent (5%) or more of Developer, and of any Business Entity directly or indirectly controlling or controlled by Developer.

8.2 Developer covenants that during the term of this Agreement and any renewals, except as otherwise approved in writing by Franchisor, Developer, Developer’s Controlling Principal, or a manager designated by Developer and approved by Franchisor, shall devote full-time energy, and best efforts, to the management and operation of Developer’s Business.

8.3 Developer and Developer’s Principals covenant that during the term of this Agreement, except as otherwise approved in writing by Franchisor, shall not, either directly or

indirectly, for themselves, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation:

(a) Divert or attempt to divert any business or customers of any of the Developer's Teriyaki Shops 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 good associated with any of Franchisor's Marks or the System.

(b) Own, maintain, engage in, consult with, or have any interest in any competitive business (including any business operated by Developer prior to entry into this Agreement) specializing, in whole or in part, in the sale of teriyaki or Japanese style food products the same as or similar to any product or service offered or provided in the System.

8.4 Developer specifically acknowledges that Developer will receive valuable training and confidential information, including, without limitation, information regarding the promotional, procedural, operational, sales, and marketing methods and techniques of Franchisor and the System under the terms of this Agreement. Accordingly, Developer covenants that, except as otherwise approved in writing by Franchisor, Developer shall not, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, engage in, consult with or have any interest in any business specializing, in whole or in part, in the sale of teriyaki or Japanese style food products the same as or similar to any product or service offered or provided in the System:

(a) Within a radius of twenty-five (25) miles of any Teriyaki Shop developed consistent with this Agreement; or

(b) Within a radius of twenty-five (25) miles of the premises of any other Teriyaki Shop.

8.5 Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 8 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 subsumed within the terms of such 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 8.

8.6 Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant described in Section 8.3 or 8.4 of this Agreement, or any portion of such sections, without Developer's consent, effective immediately upon receipt by Developer of written notice by Franchisor, and Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 15.

8.7 Franchisor shall have the right to require all of Developer's personnel performing managerial or supervisory functions and all personnel receiving special training from Franchisor

to execute covenants similar to those contained in this Section 8 in a form satisfactory to Franchisor.

8.8 In addition to the foregoing covenants, Developer shall be bound by and comply with the covenants contained in each Franchise Agreement signed by Franchisor and Developer or its Affiliates.

9. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and be personally delivered or mailed by certified mail, return receipt requested, or by a nationally recognized commercial courier service (e.g., Federal Express, UPS) to the respective parties at the addresses specified in the Summary Pages, unless and until a different address has been designated by written notice to the other party. All written notices, reports and payments permitted or required to be delivered by this Agreement will be deemed to be delivered: (i) at the time delivered by hand, (ii) at the delivered via computer transmission, (iii) one (1) day after being placed in the hands of a nationally recognized commercial courier service for next day delivery, or (iv) three (3) days after placement in United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid.

10. INDEPENDENT CONTRACTOR; INDEMNIFICATION

10.1 This Agreement does not constitute Developer as an agent, legal representative, joint venturer, partner, employee, or servant of Franchisor for any purpose whatsoever; and it is understood between the parties that Developer shall be an independent contractor and is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on behalf of Franchisor. Under no circumstances shall Franchisor be liable for any act, omission, debt or any other obligation of Developer.

10.2 Developer shall prominently display, by posting of a sign within public view, and on all forms and other written materials as required by Franchisor, a statement that clearly indicates that said business is independently owned and operated by Developer as a Teriyaki Madness Developer, and not as an agent of Franchisor.

10.3 Developer and each of its Principals shall indemnify, hold harmless and timely defend Franchisor, Franchisor's Affiliates and their respective officers, directors, shareholders, partners, employees, agents, successors and assigns (collectively, "Indemnified Parties") from and against any and all claims, demands, legal proceedings, administrative inquiries, investigations and proceedings, damages, losses, judgments, settlements, fines, penalties, remedial actions, costs and expenses (including attorneys' fees) asserted against, incurred or sustained by any Indemnified Party, whether or not separately insured, that arise out of any acts, errors, or omissions of Developer, the Principals, Developer's Affiliates, independent contractors, and employees of Developer and Developer's Affiliates and any such other third parties without limitation and without regard to the cause or causes of the acts, errors, or omissions or the negligence (whether that negligence is sole, joint, or concurrent, and whether active or passive) or strict liability of Franchisor or any other party or parties arising in connection therewith, including but not limited

to Developer's operation of the Developer's Business or use of any internet site or intranet network Franchisor develops, or acts or claims arising from this Agreement.

10.4 Franchisor may elect (but under no circumstance be obligated) to undertake or assume the defense of any such claim, demand, inquiry, investigation or proceeding (an "Indemnified Matter"), and to conduct and supervise all settlement negotiations related to any Indemnified Matter. However, Developer shall pay the legal fees and other expenses Franchisor incurs in connection with the investigation, defense and settlement of any Indemnified Matter Franchisor undertakes to defend or assume. Franchisor's election to undertake or assume the defense or settlement of an Indemnified Matter in no way or circumstance extinguish or diminish Developer's obligation to indemnify and hold the Indemnified Parties harmless.

10.5 Developer alone shall be responsible for all loss or damage originating in or in connection with the operation of Developer's Business and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting from its business operations and Developer agrees to indemnify and hold Franchisor harmless from any such claims, loss or damage.

11. APPROVALS

11.1 Whenever this Agreement requires the prior approval or consent of Franchisor, Developer shall make a timely written request to Franchisor therefor, and, except as otherwise provided by this Agreement, any approval or consent granted shall be effective only if in writing.

11.2 Franchisor makes no warranties or guarantees upon which Developer may rely and assumes no liability or obligation to Developer or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Developer in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

12. NON-WAIVER

No failure of Franchisor to exercise any power reserved to it in this Agreement or to insist upon compliance by Developer with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms of this Agreement, shall constitute a waiver of Franchisor's rights to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default shall not affect or impair Franchisor's right in respect to any subsequent default of the same or of a different nature, nor shall any delay, forbearance, or omission of Franchisor to exercise any power or right arising out of any breach or default by Developer of any of the terms, provisions, or covenants of this Agreement, affect or impair Franchisor's rights, nor shall the same constitute a waiver by Franchisor of any rights hereunder or rights to declare any subsequent breach or default.

13. SEVERABILITY AND CONSTRUCTION; SURVIVAL

13.1 Each provision of this Agreement shall be deemed severable from the others.

13.2 Nothing in this Agreement shall confer upon any person or legal entity other than Franchisor or Developer and such of their respective successors and assigns as may be contemplated by Section 8 of this Agreement, any rights or remedies under or by reason of this Agreement.

13.3 All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

13.4 All references in this Agreement to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgements, promises, covenants, agreements and obligations made or undertaken by Developer shall be deemed jointly and severally undertaken by all the parties which execute this Agreement on behalf of Developer.

13.5 This Agreement may be signed in duplicate and each copy so signed shall be deemed an original.

13.6 The provisions of this Agreement relating to confidentiality, non-competition, and indemnification, including but not limited to Sections 6, 8, and 10 of this Agreement shall survive any termination or expiration of this Agreement for any reason.

13.7 Developer agrees that whenever this Agreement allows or requires Franchisor to take actions or make decisions, Franchisor may in doing so exercise its sole and unfettered discretion, even if Developer believes Franchisor's action or decision is unreasonable, unless the Agreement expressly and specifically requires that Franchisor acts reasonably or refrains from acting unreasonably in connection with the particular action or decision.

14. ENTIRE AGREEMENT

This Agreement constitutes the entire, full, and complete agreement between Franchisor and Developer concerning the subject matter of this Agreement, and supersedes all prior agreements. No amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and signed by themselves or their authorized officers or agents in writing. With the exception of the Franchise Disclosure Document, no other representation has induced Developer to execute this Agreement, and there are no representations, inducements, promises, or agreements oral or otherwise, between the parties not embodied in this Agreement, which are of any force or effect with reference to this Agreement or otherwise. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations Company made in the Franchise Disclosure Document that Company furnished to Developer.

15. SUPERIORITY OF FRANCHISE AGREEMENT

For each Teriyaki Madness individual unit Teriyaki Shop developed in the Primary Search Area, a separate Franchise Agreement shall be signed. All Franchise Agreements signed in connection with Teriyaki Madness individual Teriyaki Shops within the Primary Search Area are independent of this Agreement. The continued existence of any such Franchise Agreement shall not depend on the continuing existence of this Agreement. If any conflict shall arise in connection

with this Agreement and any Franchise Agreement signed within the Primary Search Area, the latter shall have precedence and superiority over the former.

16. APPLICABLE LAW; MEDIATION AND ARBITRATION

16.1 THIS AGREEMENT TAKES EFFECT UPON ITS ACCEPTANCE AND EXECUTION BY FRANCHISOR IN COLORADO, AND, EXCEPT FOR ITS LAWS RELATING TO CONFLICTS OF LAWS, AND, IF THE PRIMARY SEARCH AREA IS LOCATED OUTSIDE COLORADO. THE PARTIES ALSO ANTICIPATE THAT THE PERFORMANCE OF CERTAIN OF DEVELOPER'S OBLIGATIONS ARISING UNDER THIS AGREEMENT, INCLUDING THE PAYMENT OF CERTAIN MONIES DUE FRANCHISOR, WILL OCCUR IN DENVER, COLORADO. THIS AGREEMENT AND THE RIGHTS OF THE PARTIES SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF COLORADO, WHICH LAWS SHALL PREVAIL IN THE EVENT OF ANY CONFLICT OF LAW. IF, HOWEVER, ANY PROVISION OF THIS AGREEMENT WOULD NOT BE ENFORCEABLE UNDER THE LAWS OF COLORADO, AND IF THE DEVELOPER'S PRIMARY SEARCH AREA IS LOCATED OUTSIDE OF COLORADO AND SUCH PROVISION WOULD BE ENFORCEABLE UNDER THE LAWS OF THE STATE IN WHICH THE PRIMARY SEARCH AREA IS LOCATED, THEN SUCH PROVISION SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THAT STATE. NOTHING IN THIS SECTION 16 IS INTENDED BY THE PARTIES TO SUBJECT THIS AGREEMENT TO ANY FRANCHISE OR SIMILAR LAW, RULE, OR REGULATION OF THE STATE OF COLORADO TO WHICH IT WOULD NOT OTHERWISE BE SUBJECT.

16.2 EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, ANY CLAIM OR CONTROVERSY ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE MAKING, PERFORMANCE, BREACH, OR INTERPRETATION OF THIS AGREEMENT, EXCEPT FOR ANY ACTIONS BROUGHT WITH RESPECT TO: I) OWNERSHIP OR USE OF THE MARKS; II) SECURING INJUNCTIVE RELIEF PURSUANT TO SECTION 16 OF THIS AGREEMENT; III) ANY COVENANT LISTED WITHIN SECTION 8 OR CONDITIONS IN THIS AGREEMENT; IV) THE RIGHT TO INDEMNIFICATION OR THE MANNER IN WHICH IT IS EXERCISED; SHALL FIRST BE THE SUBJECT OF AN INFORMAL MEETING BETWEEN THE PARTIES TO RESOLVE THE DISPUTE AND THEN SUBJECT TO NON-BINDING MEDIATION. THE PARTIES AGREE TO CONDUCT THE MEDIATION IN ACCORDANCE WITH THE THEN CURRENT COMMERCIAL MEDIATION PROCEDURES OF THE AMERICAN ARBITRATION ASSOCIATION (THE "AAA"), EXCEPT TO THE EXTENT THE RULES CONFLICT WITH THIS AGREEMENT, IN WHICH CASE THIS AGREEMENT SHALL CONTROL. HOWEVER, THE MEDIATION NEED NOT BE ADMINISTERED BY THE AAA UNLESS THE PARTIES CANNOT AGREE UPON THE SELECTION OF A MEDIATOR WITHIN THIRTY (30) DAYS OF THE RECEIPT OF THE WRITTEN NOTICE OF MEDIATION. IF THE PARTIES CANNOT REACH AGREEMENT UPON THE SELECTION OF A MEDIATOR, EITHER PARTY MAY COMMENCE A MEDIATION PROCEEDING BY MAKING A REQUEST FOR MEDIATION TO THE AAA REGIONAL OFFICE CLOSEST TO DENVER, COLORADO, WITH A COPY TO THE OTHER PARTY. THE WRITTEN REQUEST FOR MEDIATION SHALL DESCRIBE WITH SPECIFICITY THE NATURE OF THE DISPUTE AND THE RELIEF SOUGHT. BOTH PARTIES ARE OBLIGATED TO ENGAGE IN THE MEDIATION.

THE MEDIATION WILL BE CONDUCTED BY A SINGLE MEDIATOR WITH NO PAST OR PRESENT AFFILIATION OR CONFLICT WITH ANY PARTY TO THE MEDIATION. THE PARTIES AGREE THAT THE MEDIATOR SHALL BE DISQUALIFIED AS A WITNESS, EXPERT, CONSULTANT OR ATTORNEY IN ANY PENDING OR SUBSEQUENT PROCEEDING RELATING TO THE DISPUTE WHICH IS THE SUBJECT OF THE MEDIATION. IN THE EVENT THE PARTIES CANNOT AGREE ON A MEDIATOR AND THE AAA ADMINISTERS THE MEDIATION, THE AAA SHALL PROVIDE THE PARTIES WITH A LIST OF MEDIATORS WILLING TO SERVE. THE PARTIES WILL HAVE TEN (10) DAYS FROM RECEIPT OF THE LIST FROM THE AAA TO AGREE UPON A MEDIATOR FROM THE LIST. IF NEITHER PARTY ADVISES THE AAA IN WRITING OF AN AGREEMENT WITHIN TEN (10) DAYS OF RECEIPT OF SUCH LIST, THE AAA SHALL APPOINT THE MEDIATOR.

THE FEES AND EXPENSES OF THE AAA (OR OTHER ADMINISTRATOR), IF APPLICABLE, AND THE MEDIATOR'S FEE, SHALL BE SHARED EQUALLY AMONG THE PARTIES. EACH PARTY SHALL BEAR ITS OWN ATTORNEYS' FEES AND OTHER COSTS INCURRED IN CONNECTION WITH THE MEDIATION IRRESPECTIVE OF THE OUTCOME OF THE MEDIATION OR THE MEDIATOR'S EVALUATION OF EACH PARTY'S CASE. THE MEDIATION SHALL OCCUR WITHIN THIRTY (30) DAYS AFTER SELECTION OF THE MEDIATOR.

REGARDLESS OF WHICH PARTY INITIATES THE MEDIATION, THE PARTIES AGREE TO CONDUCT THE MEDIATION AT A SUITABLE LOCATION CHOSEN BY THE MEDIATOR IN DENVER, COLORADO. AT LEAST SEVEN (7) DAYS BEFORE THE FIRST SCHEDULED SESSION OF THE MEDIATION, EACH PARTY SHALL DELIVER TO THE MEDIATOR A CONCISE WRITTEN SUMMARY OF ITS POSITION WITH RESPECT TO THE MATTERS IN DISPUTE (SUCH AS CLAIMS OR DEFENSES) AND SUCH OTHER MATTERS REQUIRED BY THE MEDIATOR. THE PARTIES EXPRESSLY UNDERSTAND AND AGREE THAT NEITHER INITIATION NOR COMPLETION OF MEDIATION CONTEMPLATED BY THIS SECTION IS A CONDITION PRECEDENT TO EITHER PARTY'S COMMENCEMENT OR PURSUIT OF OTHER LEGAL ACTIONS AND REMEDIES, INCLUDING ARBITRATION, AS PERMITTED UNDER THIS AGREEMENT. MEDIATION SHALL NOT DEFER OR SUSPEND FRANCHISOR'S EXERCISE OF ANY TERMINATION RIGHT UNDER THIS AGREEMENT.

16.3 FRANCHISOR AND DEVELOPER AGREE THAT ALL CONTROVERSIES, DISPUTES, OR CLAIMS BETWEEN FRANCHISOR AND ANY OF FRANCHISOR'S AFFILIATES, AND ANY OF THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, OR EMPLOYEES, AND DEVELOPER OR ITS OWNERS, GUARANTORS, AFFILIATES OR EMPLOYEES ARISING OUT OF OR RELATED TO:

- (A) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN DEVELOPER AND DEVELOPER'S OWNERS AND FRANCHISOR OR ITS AFFILIATES;
- (B) FRANCHISOR'S RELATIONSHIP WITH DEVELOPER; OR

(C) THE SCOPE OR VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN DEVELOPER OR ITS OWNERS AND FRANCHISOR OR ITS AFFILIATES OR ANY PROVISION OF ANY OF SUCH AGREEMENTS (INCLUDING THE VALIDITY AND, SCOPE, OF THE ARBITRATION OBLIGATION UNDER THIS SECTION 16 WHICH FRANCHISOR AND DEVELOPER ACKNOWLEDGE IS TO BE DETERMINED BY AN ARBITRATOR, NOT A COURT, MUST BE SUBMITTED FOR BINDING ARBITRATION, ON DEMAND OF EITHER PARTY. THE ARBITRATION PROCEEDINGS WILL BE CONDUCTED BY ONE ARBITRATOR, WHO SHALL BE EITHER A RETIRED COLORADO STATE COURT JUDGE, OR RETIRED FEDERAL COURT JUDGE UNLESS THE PARTIES MUTUALLY AGREE OTHERWISE. THE ARBITRATOR SHALL BE SELECTED BY MUTUAL AGREEMENT OF THE PARTIES. IF THE PARTIES ARE UNABLE TO AGREE, THE ASSIGNMENT JUDGE OF DENVER, COLORADO SHALL SELECT THE ARBITRATOR. DENVER, COLORADO SHALL BE THE VENUE FOR THE ARBITRATION. ALL PROCEEDINGS WILL BE CONDUCTED AT A SUITABLE LOCATION CHOSEN BY THE ARBITRATOR IN DENVER, COLORADO. ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). THE INTERIM AND FINAL AWARD OF THE ARBITRATOR SHALL BE FINAL AND BINDING UPON EACH PARTY, AND JUDGMENT UPON THE ARBITRATOR'S AWARDS MAY BE ENTERED IN ANY COURT OF COMPETENT JURISDICTION.

THE ARBITRATOR HAS THE RIGHT TO AWARD OR INCLUDE IN HIS OR HER AWARDS ANY RELIEF WHICH HE OR SHE DEEMS PROPER, INCLUDING, WITHOUT LIMITATION, MONEY DAMAGES, PRE- AND POST-AWARD INTEREST, INTERIM COSTS AND ATTORNEYS' FEES, SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF, PROVIDED THAT THE ARBITRATOR MAY NOT DECLARE ANY OF THE TRADEMARKS OWNED BY FRANCHISOR OR ANY OF FRANCHISOR'S AFFILIATES GENERIC OR OTHERWISE INVALID, OR AWARD ANY PUNITIVE OR EXEMPLARY DAMAGES TO ANY PARTY TO THE ARBITRATION PROCEEDING (FRANCHISOR AND DEVELOPER HEREBY WAIVING TO THE FULLEST EXTENT PERMITTED BY LAW EXCEPT FOR CLAIMS ARISING FROM DEVELOPER'S OBLIGATION TO INDEMNIFY FRANCHISOR FOR THIRD PARTY CLAIMS UNDER SECTION 10.3 OR FOR CLAIMS FOR TREBLE DAMAGES IN APPROPRIATE CASES UNDER THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051 AND THE SECTIONS FOLLOWING IT), ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER). FURTHER, AT THE CONCLUSION OF THE ARBITRATION, THE ARBITRATOR SHALL AWARD TO THE PREVAILING PARTY ITS ATTORNEYS' FEES AND COSTS.

FRANCHISOR AND DEVELOPER AGREE TO BE BOUND BY THE PROVISIONS OF ANY APPLICABLE CONTRACTUAL OR STATUTORY LIMITATION PROVISION, WHICHEVER EXPIRES EARLIER. FRANCHISOR AND DEVELOPER FURTHER AGREE THAT, IN ANY ARBITRATION PROCEEDING, EACH PARTY MUST SUBMIT OR FILE ANY CLAIM WHICH WOULD CONSTITUTE A COMPULSORY COUNTERCLAIM (AS DEFINED BY RULE 13 OF THE FEDERAL RULES OF CIVIL PROCEDURE) WITHIN THE SAME PROCEEDING AS THE CLAIM TO WHICH IT RELATES. ANY CLAIM WHICH IS NOT SUBMITTED OR FILED AS REQUIRED IS FOREVER BARRED. THE ARBITRATOR MAY NOT CONSIDER ANY SETTLEMENT DISCUSSIONS OR OFFERS THAT MIGHT

HAVE BEEN MADE BY EITHER DEVELOPER OR FRANCHISOR. FRANCHISOR RESERVES THE RIGHT, BUT HAS NO OBLIGATION, TO ADVANCE DEVELOPER'S SHARE OF THE COSTS OF ANY ARBITRATION PROCEEDING IN ORDER FOR SUCH ARBITRATION PROCEEDING AND BY DOING SO SHALL NOT BE DEEMED TO HAVE WAIVED OR RELINQUISHED FRANCHISOR'S RIGHT TO SEEK THE RECOVERY OF THOSE COSTS IN ACCORDANCE WITH THE ATTORNEY'S FEES AND COSTS PROVISIONS OF THIS AGREEMENT. FRANCHISOR AND DEVELOPER AGREE THAT ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT AN ARBITRATION PROCEEDING BETWEEN FRANCHISOR AND ANY OF FRANCHISOR'S AFFILIATES, OR THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, OR EMPLOYEES, ON THE ONE HAND, AND DEVELOPER (OR ANY OF DEVELOPER'S OWNERS, GUARANTORS, AFFILIATES, OR EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING, (III) JOINED WITH ANY SEPARATE CLAIM OF AN UNAFFILIATED THIRD-PARTY, OR (IV) BROUGHT ON DEVELOPER'S BEHALF BY ANY ASSOCIATION OR AGENT. NOTWITHSTANDING THE FOREGOING OR ANYTHING TO THE CONTRARY IN THIS SECTION, IF ANY COURT OR ARBITRATOR DETERMINES THAT ALL OR ANY PART OF THE PRECEDING SENTENCE IS UNENFORCEABLE WITH RESPECT TO A DISPUTE THAT OTHERWISE WOULD BE SUBJECT TO ARBITRATION UNDER THIS SECTION, THEN ALL PARTIES AGREE THAT THIS ARBITRATION CLAUSE SHALL NOT APPLY TO THAT DISPUTE AND THAT SUCH DISPUTE SHALL BE RESOLVED IN A JUDICIAL PROCEEDING IN ACCORDANCE WITH THE DISPUTE RESOLUTION PROVISIONS OF THIS AGREEMENT.

THE PROVISIONS OF THIS SECTION ARE INTENDED TO BENEFIT AND BIND CERTAIN THIRD PARTY NON-SIGNATORIES.

THE PROVISIONS OF THIS SECTION WILL CONTINUE IN FULL FORCE AND EFFECT SUBSEQUENT TO AND NOTWITHSTANDING THE EXPIRATION OR TERMINATION OF THIS AGREEMENT.

ANY PROVISIONS OF THIS AGREEMENT BELOW THAT PERTAIN TO JUDICIAL PROCEEDINGS SHALL BE SUBJECT TO THE AGREEMENT TO ARBITRATE CONTAINED IN THIS SECTION.

16.4 SUBJECT TO THE OBLIGATION TO ENGAGE IN MEDIATION AND ARBITRATION, DEVELOPER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT IS ENTERED INTO IN DENVER, COLORADO AND DEVELOPER AGREES THAT THE FOLLOWING COURTS SHALL HAVE EXCLUSIVE JURISDICTION OVER ANY CLAIMS DEVELOPER OR ITS AFFILIATES OR OTHER RESPECTIVE PRINCIPALS MAY BRING AGAINST FRANCHISOR, AND ANY OF FRANCHISOR'S AFFILIATES, OR THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS OR EMPLOYEES: (1) THE UNITED STATES DISTRICT COURT FOR COLORADO; OR (2) THE SUPERIOR COURT OF THE STATE OF COLORADO FOR THE COUNTY OF DENVER. IN ITS DISCRETION, FRANCHISOR MAY BRING ANY CLAIM INVOLVING A PRAYER FOR

INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF IN ANY COURT OF COMPETENT JURISDICTION.

16.5 NO RIGHT OR REMEDY CONFERRED UPON OR RESERVED TO FRANCHISOR OR DEVELOPER BY THIS AGREEMENT IS INTENDED TO BE, NOR SHALL BE DEEMED, EXCLUSIVE OF ANY OTHER RIGHT OR REMEDY IN THIS AGREEMENT OR BY LAW OR EQUITY PROVIDED OR PERMITTED, BUT EACH SHALL BE CUMULATIVE OF EVERY OTHER RIGHT OR REMEDY.

16.6 NOTHING IN THIS AGREEMENT BARS FRANCHISOR'S RIGHT TO OBTAIN SPECIFIC PERFORMANCE OF THE PROVISIONS OF THIS AGREEMENT AND INJUNCTIVE RELIEF AGAINST ANY THREATENED OR ACTUAL CONDUCT THAT WILL CAUSE FRANCHISOR, THE MARKS OR THE SYSTEM LOSS OR DAMAGE, UNDER CUSTOMARY EQUITY RULES, INCLUDING APPLICABLE RULES FOR OBTAINING RESTRAINING ORDERS AND TEMPORARY OR PRELIMINARY INJUNCTIONS. DEVELOPER AGREES THAT FRANCHISOR MAY SEEK SUCH RELIEF FROM ANY COURT OF COMPETENT JURISDICTION IN ADDITION TO SUCH FURTHER OR OTHER RELIEF AS MAY BE AVAILABLE TO FRANCHISOR AT LAW OR IN EQUITY. DEVELOPER AGREES THAT FRANCHISOR WILL NOT BE REQUIRED TO POST A BOND TO OBTAIN INJUNCTIVE RELIEF AND THAT DEVELOPER'S ONLY REMEDY IF AN INJUNCTION IS ENTERED AGAINST DEVELOPER WILL BE THE DISSOLUTION OF THAT INJUNCTION, IF WARRANTED, UPON DUE HEARING (ALL CLAIMS FOR DAMAGES CAUSED BY ISSUANCE OF AN INJUNCTION BEING EXPRESSLY WAIVED HEREBY).

16.7 IN ANY CASE IN WHICH FRANCHISOR IS ENTITLED TO INJUNCTIVE RELIEF PURSUANT THIS AGREEMENT, SUCH AN INJUNCTION OR ORDER WILL BIND NOT ONLY DEVELOPER, BUT ALSO DEVELOPER'S OFFICERS, AGENTS, SERVANTS, EMPLOYEES, ATTORNEYS, AND OTHERS WHO ACT IN CONCERT WITH DEVELOPER.

16.8 EXCEPT FOR DEVELOPER'S OBLIGATION TO INDEMNIFY FRANCHISOR FOR THIRD PARTY CLAIMS UNDER SECTION 10 OR FOR CLAIMS FOR TREBLE DAMAGES IN APPROPRIATE CASES UNDER THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051 AND THE SECTIONS FOLLOWING IT), FRANCHISOR AND DEVELOPER (AND DEVELOPER'S OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THE PARTIES, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

FRANCHISOR AND DEVELOPER IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING, BROUGHT BY EITHER PARTY.

17. LIMITATIONS OF CLAIMS AND CLASS ACTION BAR

EXCEPT FOR CLAIMS ARISING FROM DEVELOPER'S NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS DEVELOPER OWES FRANCHISOR, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR FRANCHISOR'S RELATIONSHIP WITH DEVELOPER, WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED IN ACCORDANCE WITH THIS AGREEMENT WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS.

FRANCHISOR AND DEVELOPER AGREE THAT ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT ANY PROCEEDING BETWEEN FRANCHISOR AND ANY OF FRANCHISOR'S AFFILIATES, OR THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND DEVELOPER (OR ANY OF DEVELOPER'S OWNERS, GUARANTORS, AFFILIATES, OR EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER

PROCEEDING, (III) JOINED WITH ANY CLAIM OF AN UNAFFILIATED THIRD-PARTY, OR (IV) BROUGHT ON DEVELOPER'S BEHALF BY ANY ASSOCIATION OR AGENT. NO PREVIOUS COURSE OF DEALING SHALL BE ADMISSIBLE TO EXPLAIN, MODIFY, OR CONTRADICT THE TERMS OF THIS AGREEMENT. NO IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING SHALL BE USED TO ALTER THE EXPRESS TERMS OF THIS AGREEMENT

18. TERRORISTS AND MONEY LAUNDERING ACTIVITIES

Developer and its Principals represent and warrant to Franchisor that neither Developer, nor any Principal, nor any of their respective Affiliates is identified, either by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (text currently available at www.treas.gov/offices/enforcement/ofac/). Further, Developer and its Principals represent and warrant that neither it nor any Principal or Affiliate referred to above has violated and agrees not to violate any law prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government, including acts prohibited by the U.S. Patriot Act (text currently available at <http://www.epic.org/privacy/terrorism/hr3162.html>), U.S. Executive Order 13224 (text currently available at <http://www.treasury.gov/resourcecenter/sanctions/Documents/13224.pdf>), or any similar law. The foregoing constitute continuing representations and warranties, and Developer and the Principals shall immediately notify Franchisor in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

19. DEFINITIONS

“Affiliate” means an individual or Business Entity that controls, is controlled by or is under common control with another individual or Business Entity, either by virtue of equity ownership, by contract or by other means.

“Asset Transfer” means the voluntary, involuntary, direct or indirect sale, assignment, Transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, inter-vivos Transfer, testamentary disposition or other disposition of Developer’s Business, this Agreement or any interest in or right under this Agreement; of all or substantially all of the assets of the Developer’s Business or in an interest in any of the above, including (1) any Transfer in, or as a result of, a divorce, insolvency, dissolution proceeding or otherwise by operation of law; (2) any Transfer upon Developer’s death or the death of any of Developer’s Principals by , declaration of or Transfer in trust or under the laws of intestate succession; or (3) any foreclosure upon the Developer’s Business or the Transfer, surrender or loss by Developer of possession, control or management of the Developer’s Business.

“Business” means the development of Teriyaki Madness Shops pursuant to this Agreement.

“Business Day” means any day except Saturday, Sunday or any other day on which commercial banks located in Denver, Colorado are authorized or required by law to be closed for business or Franchisor’s principal office is closed for business.

“Business Entity” means a corporation, a general or limited partnership, a limited liability company or any other type of business entity.

“Control” or “Controlling Interest” means the possession, directly or indirectly, of the power to direct or cause the direction, of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

“Controlling Principal” is a Principal who is designated by Developer and approved by Franchisor as the individual who is (i) responsible for the Development business and all decisions related thereto; (ii) be granted the authority by the Franchise to bind it in any dealings with Franchisor and its affiliates; and (iii) direct any action necessary to ensure compliance with this Agreement and any other agreements relating to the Development Business. Developer must obtain Franchisor’s approval of any replacement Controlling Principal.

“Developer” includes all persons who succeed to the interest of the original Developer by Transfer or by operation of law and shall be deemed to include not only the individual or entity defined as “Developer” in the introductory paragraph of this Agreement, but shall also include all Principals of Developer.

“Ownership Interest” means any direct or indirect, legal or beneficial ownership interest of any type, including but not limited to (a) in relation to a corporation, the ownership of shares in the corporation; (b) in relation to a partnership, the ownership of a general partner or limited partnership interest; (c) in relation to a limited liability company, the ownership of a membership interest; or (d) in relation to a trust, the ownership of the beneficial interest of such trust.

“Ownership Interest Transfer” means the voluntary, involuntary, direct or indirect sale, assignment, Transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, inter-vivos Transfer, testamentary disposition or other disposition of any direct or indirect Ownership Interest in Developer or revenues or income of Developer, including: (1) any Transfer, redemption or issuance of a legal or beneficial ownership interest in Developer or any Business Entity that has a Controlling Interest in Developer or of any interest convertible to or exchangeable for a legal or beneficial Ownership Interest in Developer or any Business Entity that has a Controlling Interest in Developer; (2) any merger or consolidation between Developer or any Business Entity that has a Controlling Interest in Developer and another Business Entity, whether or not Developer is the surviving Business Entity; (3) any Transfer in, or as a result of, a divorce, insolvency, dissolution proceeding or otherwise by operation of law; (4) any Transfer upon Developer’s death or the death of any of Developer’s Principals by , declaration of or Transfer in trust or under the laws of intestate succession; or (5) any foreclosure upon the Developer’s Business or the Transfer, surrender or loss by Developer of possession, control or management of the premises.

“Permanent Disability” means any physical, emotional or mental injury, illness or incapacity that would prevent a person from performing the obligations described in this Agreement or in the Guaranty and Assumption of Obligations for at least ninety (90) consecutive days, and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. If the parties disagree as to whether a person is permanently disabled, the existence of permanent disability be determined by a licensed practicing physician selected by Franchisor, upon examination of the person; or if the person refuses to submit to an examination, then the person automatically be considered permanently disabled as of the date of refusal. The costs of any such examination shall be paid by Franchisor.

“Principal” means collectively or individually, all officers and directors, partners or members of Developer or any Affiliate of Developer, and persons holding a direct or indirect Ownership Interest in Developer or in any Affiliate of Developer in this Agreement or any interest in or right under this Agreement, all or substantially all of the assets of the Developer’s Business or an interest in any of the above or in the revenues or income of such person.

“Transfer” means an Asset Transfer and/or an Ownership Interest Transfer.

20. CAVEAT

The success of the business venture contemplated to be undertaken by Developer by virtue of this Agreement is speculative and depends, to a large extent, upon the ability of Developer as an independent businessman, and his active participation in the daily affairs of the business as well as other factors. Franchisor does not make any representation or warranty express or implied as to the potential success of the business venture contemplated hereby.

21. FRANCHISOR’S BUSINESS JUDGMENT

Notwithstanding any contrary provisions contained in this Agreement, Franchisor and Developer acknowledge and agree that:

21.1 This Agreement (and the relationship of the parties which arises from this Agreement) grants Franchisor the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Developer's explicit rights and obligations hereunder that may affect favorably or adversely Developer's interests;

21.2 Franchisor's use its business judgment in exercising such discretion based on Franchisor's assessment of Franchisor's own interests and balancing those interests against the interests, promotion and benefit of the System and Teriyaki Shops generally (including Franchisor, and its affiliates and other Developers), and specifically without considering Developer's individual interests or the individual interests of any other particular Developer (examples of items that promote or benefit the System and Teriyaki Shops generally include, without limitation, enhancing the value of the Marks, improving customer satisfaction, improving quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System);

21.3 Franchisor shall have no liability to Developer for the exercise of its discretion in this manner; and

21.4 Even if Franchisor has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification no trier of fact in any legal action shall substitute its judgment for Franchisor's judgment so exercised and such action or decision not be subject to challenge for abuse of discretion.

IF FRANCHISOR TAKES ANY ACTION OR CHOOSES NOT TO TAKE ANY ACTION IN ITS DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT FRANCHISOR'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF ITS DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR FRANCHISOR'S DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

22. ACKNOWLEDGEMENTS

22.1 Developer represents and acknowledges that it has received and read this Agreement and Franchisor's Disclosure Document.

22.2 This Agreement and our Franchise Disclosure Document, or "FDD", have been in Developer's possession for at least fourteen (14) days before Developer signed this Agreement and before the payment of any monies to Franchisor, refundable or otherwise, and that any unilateral, material changes to this Agreement were memorialized in writing in this Agreement for at least seven (7) days before Developer signed this Agreement, or as otherwise required by state law.

22.3 Developer affirms that all information described in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects,

with Developer expressly acknowledging that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

22.4 Developer hereby consents and agrees that any disputes arising between Franchisor and Developer be submitted to trial without jury as provided in Section 16 of this Agreement.

22.5 All rights not expressly granted to Developer by this Agreement are retained by Franchisor.

22.6 By their signatures, each of Developer's Principals who sign this Agreement acknowledges and accept the duties and obligations imposed upon each of them, individually, by the terms of this Agreement.

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.

The below acknowledgment and statements that are contrary to the North American Securities Administrators Association, Inc.'s Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments shall not apply to prospective franchisees who are residents of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin or who seek to purchase a franchise located in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

23. COUNTERPARTS; VALIDITY OF SIGNATURES

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf), (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., DocuSign or AdobeEcosign) or other transmission method, and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

(Signature Page Follows)

By executing this Agreement, the parties intend to be legally bound by its terms and agree this Agreement shall take effect on the date of its execution by Franchisor (the “Effective Date”).

FRANCHISOR: M.H. Franchise Company, Inc.

By: _____
Michael Haith, Chief Executive Officer

Date: _____
(Effective Date of Development Agreement)

DEVELOPER:

By: _____
Sign and Print Name

Date: _____

OWNERS AGREEMENT

As a condition to M. H. Franchise Company Inc. (“we” or “us”) entering into a Development Agreement (the “**Development Agreement**”) with _____ (“**Developer**”), each of the undersigned individuals, who constitute all of the owners of a direct or indirect beneficial interest in Developer (collectively, “**Owners**”), covenant and agree to be bound by the terms of this Owners Agreement (“**Owners Agreement**”).

1. Roles of the Owners. Owners are the beneficial owners of all of the stock, membership interests, partnership interests or other equity interests in Developer and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Developer’s obligations under the Development Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Developer’s owners were not bound by the same requirements. Under the provisions of the Development Agreement, Owners are required to enter into this Owners Agreement as a condition to us agreeing to enter into the Development Agreement with Developer. Owners will be jointly and severally liable for any breach of this Owners Agreement.

2. Non-Disclosure and Protection of Confidential Information.

2.1 Under the Development Agreement, we will provide Developer with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Development Agreement governing Developer’s non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Developer under the Development Agreement. Any and all information, knowledge, know-how, techniques, and other data, that we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

2.2 Owners acknowledge that they could circumvent the purpose of Section 2.1 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.1 if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in Section 3, below, if performed by Owners. However, Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member. Your obligations under Sections 2.1 and 2.2 of this Owners Agreement will survive for three (3) years after expiration or termination of this Agreement, or any Transfer.

3. Covenant Not To Compete and To Not Solicit.

3.1 Non-Competition and Non-Solicitation During and After the Term of the Development Agreement. Owners acknowledge that as a participant in our system, they will

receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which we have developed. The provisions of the Development Agreement governing Developer's restrictions on competition and solicitation both during the term of the Development Agreement and following the expiration or termination of the Development Agreement, or any Transfer, are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Developer under the Development Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition and non-solicitation will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

4. Guarantee.

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Developer under the Development Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Developer of all of Developer's obligations under the Development Agreement on the date and times and in the manner required in the Development Agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Developer's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Development Agreement, or to do and perform any other act, matter, or thing required by the Development Agreement; or (b) any action by us to obtain performance by Developer of any act, matter, or thing required by the Development Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Developer or exhaust any security from Developer or pursue or exhaust any remedy, including any legal or equitable relief against Developer, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Developer's debts or obligations under the Development Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Developer's indebtedness or obligation, or settle, adjust, or compromise any claims against Developer, all without notice to the Owners. Owners waive notice

of amendment of the Development Agreement and notice of demand for payment or performance by Developer.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

5. Transfers. Owners acknowledge and agree that we have granted the Development Agreement to Developer in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in the Developer, unless Owners first comply with the sections in the Development Agreement governing Transfers. Owners acknowledge and agree that any attempted Transfer of an interest in Developer requiring our consent under the Development Agreement for which our express written consent is not first obtained will be a material breach of this Owners Agreement and the Development Agreement, and any such Transfer will be null and void.

5.1 Notices.

5.2 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Development Agreement.

5.3 Notice Addresses. Our current address for all communications under this Owners Agreement is:

M. H. Franchise Company Inc
950 S. Cherry Street, Suite 850
Denver, Colorado 80246

The current address of each Owner for all communications under this Owners Agreement is designated on the signature page of this Owners Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Development Agreement.

6. Enforcement of This Owners Agreement.

6.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Development Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

6.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Development Agreement.

6.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement without the need to post a bond or other consideration. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

7. Intentionally Omitted.

8. Miscellaneous.

8.1 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and no agreements, representations or warranties have been made other than those in this Agreement. No party relied upon any representation or warranty, whether written or oral, made by any other party hereto or any of its respective agents or representatives in making its decision to enter into this Agreement. This Agreement may not be modified except by a writing executed by each of the parties hereto.

8.2 Severability. If any one or more of the provisions in this Agreement or any application of the provisions of this Agreement is declared invalid, illegal or unenforceable by any court of competent jurisdiction, the validity, legality or enforceability of the remaining provisions of this Agreement will not be impaired by such declaration, and this Agreement will be construed as if such invalid, illegal or unenforceable provision was not contained in this Agreement.

8.3 No Third Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and assigns.

8.6 Successors. References to "Franchisor" or "the undersigned," or "you" include the respective parties' heirs, successors, assigns or transferees.

8.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting

any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.8 No Personal Liability. You agree that fulfillment of any and all obligations in the Development Agreement and this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be your sole responsibility and that none of our owners, officers, employees, agents, or representatives shall be personally liable to you for any reason.

8.9 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Development Agreement, this Owners Agreement shall control.

Signature Page Follows

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the dates set forth below.

OWNERS:

Signature

Printed Name

Date: _____

Signature

Printed Name

Date: _____

Signature

Printed Name

Date: _____

Signature

Printed Name

Date: _____

EXHIBIT E
OPERATIONS MANUAL TABLE OF CONTENTS

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EXHIBIT F**LIST OF CURRENT AND FORMER FRANCHISEES****Current Franchisees with Open Shops as of December 31, 2022**

First Name	Last Name	Address	City	State	Zip	Phone
Anil	Patel	4741 Chace Circle, Suite 113	Hoover	AL	35244	205.502.7924
Manoj	Patel	7709 Hwy 72 W #300,	Madison	AL	35758	256.325.1575
Manoj	Patel	7216 Bailey Cove Rd.	Huntsville	AL	35802	256.213.7966
Arnaldo	Gomez	3131 S Market Street Suite 108	Gilbert	AZ	85295	480.584.5353
Arnaldo	Gomez	4225 South Gilbert Road, Suite 1	Chandler	AZ	85249	480.306.7807
Dominic	Do*	14884 North Pima Road, Suite 101	Scottsdale	AZ	85260	480.306.7604
Dominic	Do*	16955 N. 75th Avenue, Suite 115	Peoria	AZ	85382	623.878.4219
Dominic	Do*	4722 E. Ray Road, #9	Phoenix	AZ	85044	480.256.1093
Steve	Alexander**	3010 S. 99 th Ave. Ste 103	Tolleson	AZ	85353	602.296.4474
Avez	Bashadi(1)	2020 Wyatt Drive, Suite 120	Santa Clara	CA	95054	408.352.5148
Jon	Marsh*	1606 N. Main St. shop G	Salinas	CA	93906	831.272.3196
Jon	Marsh*	110 General Stillwell Building B, #102	Marina	CA	93933	831.324.4932
Yapul	Katariya	28227 Newhall Ranch Rd	Santa Clarita	CA	91355	661.753.3366
Harpreet	Singh*	1525 Columbus Street, Suite 100	Bakersfield	CA	93305	661.742.1650

First Name	Last Name	Address	City	State	Zip	Phone
Mario	Essary*	1240 Truman St. Unit 165	San Fernando	CA	91340	818.900.0978
Mario	Essary*	13762 Foothill Blvd	Sylmar	CA	91342	818.928.7202
Tania	Batista	2535 Otay Center Drive Suite C	San Diego	CA	92154	619.274.5241
Tania	Batista	2511 Coronado Ave.	San Diego	CA	92154	619.500.5393
Siddharth	Prim	5297 Prospect Rd. Suite 30	San Jose	CA	95129	408.564.0975
Thomas	Moffett	1120 W 6th St, Unit 105	Los Angeles	CA	90017	213.265.7290
Hassan	Abdalla*	23647 El Toro Rd, Suite D	Lake Forest	CA	92630	925.550.1048
Mayor	Cileno	289 3rd. St.	West Sacramento	CA	95605	916.572.0006
Qing	Li*	1525 Park Central Dr. #300	Highlands Ranch	CO	80129	303.952.9391
Qing	Li*	8080 E Union Ave, Suite 130	Denver	CO	80237	720.519.0107
Mark	Friese*	4700 W. 121st Avenue, #200	Broomfield	CO	80020	720.573.6921
Qing	Li*	8547 East Arapahoe Road Suite F	Greenwood Village	CO	80112	303.771.5280
Ramses	Gonzalez(5)	3500 Youngfield Street Ste. A	Wheat Ridge	CO	80033	720.767.4581
Terry	Criger	5866 S. Wadsworth Blvd, Suite 3600	Littleton	CO	80123	303.955.6334
Michael	Janes*	4944 Thompson Parkway, Building D	Johnstown	CO	80534	970.663.9154
Michael	Janes*	4111 Centerplace Drive, Suite 104	Greeley	CO	80634	970.301.4485
Tim	McCurry*	1232 S. Hover Street, C100	Longmont	CO	80501	303.532.5232

First Name	Last Name	Address	City	State	Zip	Phone
Tim	McCurry*	4275 City Center Drive, Unit 500	Firestone	CO	80504	720.684.6484
Jignesh	Patel	3311 Concord Pike	Wilmington	DE	19083	302.570.7124
Al	Desi	441 E. Mitchell Hammock Road, Suite 1101	Oviedo	FL	32765	407.542.5645
Becky	Richmond*	304 N. Kentucky Ave.	Lakeland	FL	33801	402.850.4603
Clemente	Sierra	13735 SW 152nd Street	Miami	FL	33177	786.250.5028
Clemente	Sierra	20437 State Road 7, Suite B6	Boca Raton	FL	33498	561.409.2977
Ven	Puskur	2338 Citadel Way Suite 102	Melbourne	FL	32940	321.305.4116
Steve	Alexander	2657 Ulmerton Rd.	Clearwater	FL	33762	727.371.9233
Michael	Richards	5073 N. Dixie Hwy.	Oakland Park	FL	33334	954.541.5867
Ramses	Gonzalez(5)	23894 US Highway 19 N, Ste 30	Clearwater	FL	33762	727.408.5558
Gonzalo	De Aristegui	1923 Howell Mill Rd.	Atlanta	GA	30318	404.549.9665
Ohmar	Villavicencio (3)	1000 Kamehameha Hwy Ste. 226	Pearl City	HI	96782	808.744.4800
Ohmar	Villavicencio(3)	4450 Kapolei Pkwy, Suite #204	Honolulu	HI	96707	702.303.5945
Lhakpa	Sherpa	3721 State Street	Bettendorf	IA	52722	563.888.1187
Michael	Paine	2823 3 rd . Ave S.	Fort Dodge	IA	50501	515.206.1179
Casey	Thornton	1653 W Island Green, Suite 130	Meridian	ID	83646	702.326.8504
Bill	Christy****	1840 West Main Street	St. Charles	IL	60174	630.940.2141

First Name	Last Name	Address	City	State	Zip	Phone
Nik	Patel*	875 N. Milwaukee Avenue, Unit 700	Vernon Hills	IL	60061	224.513.5071
Imad	Ghannam	6409 Grand Avenue Unit B1	Gurnee	IL	60031	224.656.5282
Nik	Patel*	795 E Butterfield Road	Lombard	IL	60148	847.477.8359
John	Widmer(4)	1319 Golf Road	Rolling Meadows	IL	60068	847.258.5761
Hareh	Prithyani	2502 Calumet Avenue	Valparaiso	IN	46383	219.510.5218
Manish	Malhotra	8833 High Pointe Dr.	Newburgh	IN	47630	812.490.0048
Ahmad	Fraitekh	7074 W 105th St.	Overland Park	KS	66212	910.701.6983
Jeff	Gaudin	6725 Siegen Ln.	Baton Rouge	LA	70809	225.408.6089
Langdon	Laws	106 Burlington Mall Rd.	Burlington	MA	01803	781.365.1687
Bernie	Wong	15619 Hall Road	Macomb Township	MI	48044	586.566.6288
Matt	Jones	28880 Wixom Road	Wixom	MI	48393	734.233.4794
Katie	Catlin	509 S. Main St.	Lapeer	MI	48446	810-969-4260
Kris	Dobrowitsky*	3155 West Shore Drive, Suite 30	Holland	MI	49424	616.796.8077
John	Pham	3282 W. Miller Rd.	Flint	MI	48507	810.339.6476
Chris	Tayson	8366 3rd Street North	Oakdale	MN	55128	612.363.2738
Aaron	Weissman	1710 10th Avenue	Great Falls	MT	59401	406.315.3388
Marlin	McClure	1100 Metropolitan Ave Suite 130	Charlotte	NC	28204	704.910.2076
Della	Jagad	137 Halsey St	Newark	NJ	07102	732.331.5183
Bola	Abiola	101 South Route 73, Suite 165	Marlton	NJ	08053	856.446.6239

First Name	Last Name	Address	City	State	Zip	Phone
Gurjeet	Samra	1657 Mountain City Highway Ste104	Elko	NV	89801	775.397.3531
Arnaldo	Gomez*	2548 Wigwam Pkwy, Ste. 150	Henderson	NV	89074	702.604.8757
Arnaldo	Gomez*	5749 E. Russell Rd.	Henderson	NV	89074	702.898.8623
Arnaldo	Gomez*	43 S Stephanie St. Suite 160	Henderson	NV	89012	702.228.8623
Arnaldo	Gomez*	72 West Horizon Ridge Pkwy B 105	Henderson	NV	89012	702.473.9273
Alan	Arreola*	9845 S Maryland Pkwy Suite C	Las Vegas	NV	89183	702.252.8623
Alan	Arreola*	7481 West Lake Mead	Las Vegas	NV	89128	702.982.8689
Alan	Arreola*	9151 W Sahara #104	Las Vegas	NV	89117	702.331.6756
Alan	Arreola*	4503 Paradise Road #320	Las Vegas	NV	89619	702.463.8205
Alan	Arreola*	10300 W Charleston Blvd, Suite 7	Las Vegas	NV	89135	406.315.3388
Robert	Gonzalez*	2530 S Decatur Blvd Suite 110	Las Vegas	NV	89102	702.436.1060
Robert	Gonzalez*	21 N Nellis Blvd, Suite 21	Las Vegas	NV	89110	702.436.1060
Rob	Masiello*	8520 W Warm Springs Rd. Suite 102	Las Vegas	NV	89148	702.878.8623
Rob	Masiello*	4870 Blue Diamond Road Suite 110	Las Vegas	NV	89139	702.586.7600
Dean	Clarino*	725 W Craig Rd. Suite 132	North Las Vegas	NV	89032	702.341.8623
Dean	Clarino*	5705 Centennial Ctr Blvd. Suite 190	Las Vegas	NV	89149	702.331.0999

First Name	Last Name	Address	City	State	Zip	Phone
Dean	Clarino*	4111 Boulder Hwy. #5	Las Vegas	NV	89121	702.489.3007
Dean	Clarino*	6171 N Decatur Blvd Suite #110	Las Vegas	NV	89130	702.816.4000
Rey	Garcia	13963 S. Virginia St, Suite 904	Reno	NV	89511	530.961.2785
Necia	Bulloch*	240 NV-160 #2	Pahrump	NV	89048	775.877.9670
Kiritkumar	Patel	833 Polaris Parkway	Westerville	OH	43240	614.392.2171
Mansummeet	Singh	17818 Royalton Rd.	Strongsville	OH	44136	440.638.4523
Rohit	Patel*	15124 Lleytons Court #104	Edmond	OK	73013	405.726.0853
Rohit	Patel*	5910 SE 15 th St. Ste. 5	Midwest City	OK	73110	405.455.3995
Farhan	Khan	45 Division Ave Suite J	Eugene	OR	97404	541.357.4894
Matt	Williams	2680 NE Hwy 20, Ste. 340	Bend	OR	97701	541.797.0261
Donald	Moore	243 Walker Road	Chambersburg	PA	17201	717.250.5748
Laron	Casey*	4635 High Pointe Blvd, #83	Harrisburg	PA	17111	717.559.0692
Chetan	Patel	4812 S Louise Ave	Sioux Falls	SD	57106	605.695.1350
Hiren	Dayaramani	7115 Southpoint Parkway, Suite 2	Brentwood	TN	37027	615.616.8623
Ankit	Patel	1006 Glenbrook Way, Suite 110	Hendersonville	TN	37075	615.975.2791
Daniel	Gifford	12822 W. IH-10 St. 206	San Antonio	TX	78249	210.626.8018
Sam	Vu	8448 Parkwood Blvd. #300	Plano	TX	75024	469.573.2748

First Name	Last Name	Address	City	State	Zip	Phone
Sylvester	John*	6300 FM 1463, Suite 300	Fulshear	TX	77494	281.845.1804
Sylvester	John*	25705 Katy Freeway, Suite 110	Katy	TX	77494	346.355.8623
Sylvester	John*	2800 S IH-35 Suite 140	Round Rock	TX	78684	737.212.8623
Phat	Vu*	13410 Briar Forest Drive	Houston	TX	77077	832.877.3377
Carlos	Arenas	7412 FM 1960 Rd E	Humble	TX	77346	281.973.9884
Guadalupe	Ramirez	19227 Katy Frwy, Ste 500	Houston	TX	77094	281.206.7951
Shawn	Franks(2)	381 S Loop 336 W, Suite 1100	Conroe	TX	77304	936.267.2918
Kevin	Bowman*	788 North 800 East	Spanish Fork	UT	84660	801.504.6868
Kevin	Bowman*	15 South River Road, Suite 320	St. George	UT	84790	435.673.4078
Necia	Bulloch*	2376 Red Cliffs Dr, Suite 502	St. George	UT	84790	435.216.7946
Donald	Carbone	1912 Landstown Centre Way #130	Virginia Beach	VA	23456	757.689.6644
Michael	Fleck	14273 Winterview Pkwy, #2	Midlothian	VA	23113	804.491.4396
Nathan	Krohn	1834 Oshkosh Ave.	Oshkosh	WI	54902	920.385.1592
Brian	Johnson	420 S. Barstow St.	Eau Claire	WI	54701	715.514.0082
John	Widmer(4)	920 S Moorland Road	Brookfield	WI	53005	262.505.5959
John	Widmer(4)	12345 W Capitol Drive	Wauwatosa	WI	53222	414.763.7190
John	Widmer(4)	1390 West Capitol Drive	Pewaukee	WI	53072	262.696.4329
John	Widmer(4)	5730 S 108th Street	Hales Corner	WI	53130	414.377.8050

First Name	Last Name	Address	City	State	Zip	Phone
Greg	Darby****	6304 US 60 E.	Barboursville	WV	25504	304.948.6351
Greg	Darby****	190 E. Grafton Road	Fairmont	WV	26554	681.404.5374

* Standard Franchise

** Franchisee has the right to develop 20 units

*** Franchisee has the right to develop 10 units.

**** Franchisee has the right to develop 5 units.

***** Franchisee has the right to develop 7 units.

(1) License for five outlets in California

(2) License for six outlets in Texas

(3) License for ten outlets in Hawaii

(4) Contact for investment group which collectively has licenses for seven outlets.

(5) Contact for investment group which collectively has licenses for five outlets.

Franchisees With Unopened Shops as of December 31, 2022

*Standard Franchise

First Name	Last Name	City	State	Zip	Phone
Akhil	Kumar	Redding	CA	96003	707.386.7347
Shogy	Ahmed	Reedley	CA	93654	559.367.6111
Mena	Meawad	Downey	CA	90241	727.902.6087
Daniel	Goree*	Santa Clarita	CA	91350	818.299.7249
Sandeep	Dhanda	Stockton	CA	95219	209.518.3496
Jasvir	Deol	Roseville	CA	95747	530.844.4546
Juan	Batista	Salinas	CA	93908	831.214.0147
Shalha	Vatannia	Pleasanton	CA	94588	925.997.1295
Herb	Miner	Castle Pines	CO	80108	720.505.0505
Randal	Stauffacher*	Colorado Springs	CO	80924	719.433.6557
Albert	Wu	Colorado Springs	CO	80908	719.310.3525

Ken	Schanke	Somers	CT		203.843.0909
Chris	McMillan	Panama City	FL	32401	850.257.4876
David	Patrick	Ponte Vedra	FL	32081	502.545.0400
Taranbir	Chadha	Buffalo Grove	IL	60089	469.236.4806
Mukesh	Amin	Springfield	IL	62711	217.303.4584
SP	Singh	Plainfield	IN	46168	510.258.7088
Emmanual	Chauvet	Mattapan	MA	02126	617.818.1577
Joseph	Young	Milton	MA	02186	617.980.2859
Alicia	Lopez*	Taunton	MA	2780	774.226.5369
Kayla	Xiong	Maple Grove	MN	55369	651.332.0497
Sandeep	Janjua	Raleigh	NC	27604	857.313.8400
Marlin	McClure*	Mooresville	NC	28117	704.728.3089
Lamar	Williams	Omaha	NE	68135	404.510.9574
Sagar					
Samir	Dahal,	Bedford	NH	3110	832.581.0059
John	Cronin	Upper Saddle River	NJ	07458	443.762.3309
Noura	Saleh	East Brunswick	NJ	8816	347.251.2284
Olufemi	Okubango	North Brunswick	NJ	8902	973.698.7389
Trang	Tran	Albuquerque	NM	87111	816.550.8693
Jerum	Hubbert	Las Vegas	NV	89178	702.743.6322
Wendy	Henricksen	Reno	NV	89511	530.518.9938
Catherine	Loyola	North Las Vegas	NV	89086	949.922.4310
Emir	Lopez*	New York	NY	10029	917.578.3846

Urvin,	Patel	Dayton	OH	45439	918.815.9374
Kush	Patel	Franklin	OH	45005	937.829.3088
Cory	Sanders	Blythewood	SC	29016	803.465.7297
Keyur	Patel	Smyrna	TN	37167	281.254.3274
Hiten	Patel*	Mount Juliet	TN	37122	615.686.1433
Abraham	Feliz	McAllen	TX	78504	956.279.1063
Harmeet	Singh	San Antonio	TX	78258	210.480.0711
Eduardo	Amezcu	Del Rio	TX	78840	830.734.0731
Ping	Xu	Houston	TX	77065	832.274.2581
Tim	Thornton*	Longview	TX	75605	903.746.5369

Former Franchisees

The name and last known address of every franchisee who had a Teriyaki Madness Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2022 to December 31, 2022, or who has not communicated with us within 10 weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

Last Name	City	State	Zip	Phone
Persson	Mesa	AZ	85206	480.641.8623
Singh	Fairfield	CA	94534	707.673.2250
Thielen	Burlington	IA	52601	319.753.2695
Rubio	Garner	NC	27529	919.397.1489
Salami	Audubon	PA	19403	484.231.1739
Rodriguez	Andrews	TX	79714	432.355.4000
Widmer	Germantown	WI	53022	414.415.8214
Freedman	Miami Beach	FL	33141	805.501.9290
Gallagher	Rio Oso	CA	95674	530.510.0340
Zien	Santa Clarita	CA	91355	661.753.3366
Kennedy	Oviedo	FL	32765	407.542.5645

Beerman	Reno	NV	89519	530.961.2785
Fay	Charolette	NC	28037	704.530.7298
Sinha	Cerritos	CA	90703	626.446.4455
Hart	Colorado Springs	CO	80920	719.237.2279
Marghin	Grand Junction	CO	81505	801.499.9418
Gibbs	Jacksonville	FL	32218	502.608.7262
Rounds	Vernon Hills	IL	60061	224.513.5071
Gallegher	Rio Oso	CA	95674	530.510.0340

EXHIBIT G
STATE ADDENDA AND AGREEMENT RIDERS

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR M. H. FRANCHISE COMPANY INC

The following modifications are made to the M. H. Franchise Company Inc. (“**Franchisor**,” “**us**,” “**we**,” or “**our**”) Franchise Disclosure Document (“**FDD**”) given to franchisee (“**Franchisee**,” “**you**,” or “**your**”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 20____ (“**Franchise Agreement**”). When the term “**Franchisor’s Choice of Law State**” is used, it means Colorado. When the term “**Supplemental Agreements**” is used, it means “none”.

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

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

CALIFORNIA

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.

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

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

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

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

the parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees.

The Franchise Agreement and Supplemental Agreements require the application of the law of Franchisor's Choice of Law State. This provision may not be enforceable under California law.

Neither Franchisor nor any other person listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, a covenant not to compete provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

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

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

Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

HAWAII

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.

The following is added to the Cover Page:

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

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

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

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

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

- 1. STATES IN WHICH THIS PROPOSED REGISTRATION IS EFFECTIVE ARE LISTED ON THE THIRD PAGE OF THE FDD ON THE PAGE ENTITLED, "STATE EFFECTIVE DATES".**
- 2. STATES WHICH HAVE REFUSED, BY ORDER OR OTHERWISE, TO REGISTER THESE FRANCHISES ARE:**

None
- 3. STATES WHICH HAVE REVOKED OR SUSPENDED THE RIGHT TO OFFER THE FRANCHISES ARE:**

None
- 4. STATES IN WHICH THE PROPOSED REGISTRATION OF THESE FRANCHISES HAS BEEN WITHDRAWN ARE:**

None

ILLINOIS

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.

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

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

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

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

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

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

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

Due to our financial condition, the Illinois Attorney General’s Office has required us to post a surety bond. We have secured a surety bond in the amount of \$72,500.00 from Lexon Insurance Company

to ensure fulfillment of all of our pre-opening obligations to you under the Franchise Agreement. The surety bond is on file with the Illinois Attorney General's Office.

INDIANA

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.

Item 8 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The "Summary" column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

No competing business for two (2) years within the Area of Protection.

The "Summary" column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The "Summary" column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor's Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice of law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The "Summary" column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor's Choice of Law State law applies.

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

1. **THE LAWS OF THE STATE OF INDIANA SUPERSEDE ANY PROVISIONS OF THE FDD, THE FRANCHISE AGREEMENT, OR FRANCHISOR'S CHOICE OF LAW STATE LAW, IF SUCH PROVISIONS ARE IN CONFLICT WITH INDIANA LAW.**
2. **THE PROHIBITION BY INDIANA CODE 23-2-2.7-1(7) AGAINST UNILATERAL TERMINATION OF THE FRANCHISE WITHOUT GOOD CAUSE OR IN BAD FAITH, GOOD CAUSE BEING DEFINED UNDER LAW AS INCLUDING ANY MATERIAL BREACH OF THE FRANCHISE AGREEMENT, WILL SUPERSEDE THE PROVISIONS OF THE FRANCHISE AGREEMENT RELATING TO TERMINATION FOR CAUSE, TO THE EXTENT THOSE PROVISIONS MAY BE INCONSISTENT WITH SUCH PROHIBITION.**
3. **ANY PROVISION IN THE FRANCHISE AGREEMENT THAT WOULD REQUIRE YOU TO PROSPECTIVELY ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER OR ESTOPPEL WHICH PURPORTS TO RELIEVE ANY PERSON FROM LIABILITY IMPOSED BY THE INDIANA DECEPTIVE FRANCHISE PRACTICES LAW IS VOID TO THE EXTENT THAT SUCH PROVISION VIOLATES SUCH LAW.**
4. **THE COVENANT NOT TO COMPETE THAT APPLIES AFTER THE EXPIRATION OR TERMINATION OF THE FRANCHISE AGREEMENT FOR ANY REASON IS HEREBY MODIFIED TO THE EXTENT NECESSARY TO COMPLY WITH INDIANA CODE 23-2-2.7-1 (9).**
5. **THE FOLLOWING PROVISION WILL BE ADDED TO THE FRANCHISE AGREEMENT:**

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

IOWA

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.

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three (3) business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten (10) business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be cancelled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty (20) days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to M. H. Franchise Company Inc, 950 S. Cherry Street, Suite 850, Denver, Colorado 80246, not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

By:

Print Name:

Its:

Date:

MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENTS

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

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

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

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.

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

Representations in the Franchise Agreement are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the FDD and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

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

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

MICHIGAN

For transactions governed by the Michigan Franchise Investment Law only, this Disclosure Document is amended by substituting the following information immediately after the Cover Page:

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

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.

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

- a. A prohibition on your right to join an association of franchisees.
- b. A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.

- c. A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- d. A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise business are not subject to compensation. This subsection applies only if: (i) the term of the Franchise is less than five (5) years; and (ii) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Franchise or you do not receive at least six (6) months' advance notice of our intent not to renew the Franchise.
- e. A provision that permits us to refuse to renew a Franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- f. A provision requiring that arbitration or litigation be conducted outside the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- g. A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the Franchise. Good cause shall include, but is not limited to:
 - i. the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.
 - ii. the fact that the proposed transferee is a competitor of us or our subfranchisor.
 - iii. the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - iv. your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.
- h. A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us a right of first refusal to purchase the assets of a Franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
525 W. Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

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.

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

1. **ANY PROVISION IN THE FRANCHISE AGREEMENT WHICH WOULD REQUIRE YOU TO ASSENT TO A RELEASE, ASSIGNMENT, NOVATION OR WAIVER THAT WOULD RELIEVE ANY PERSON FROM LIABILITY IMPOSED BY MINNESOTA STATUTES, SECTIONS 80C.01 TO 80C.22 WILL BE VOID TO THE EXTENT THAT SUCH CONTRACTUAL PROVISION VIOLATES SUCH LAW.**
2. **MINNESOTA STATUTE SECTION 80C.21 AND MINNESOTA RULE 2860.4400J PROHIBIT THE FRANCHISOR FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE OF MINNESOTA. IN ADDITION, NOTHING IN THE FDD OR FRANCHISE AGREEMENT CAN ABROGATE OR REDUCE ANY OF YOUR RIGHTS AS PROVIDED FOR IN MINNESOTA STATUTES, CHAPTER 80C, OR YOUR RIGHTS TO ANY PROCEDURE, FORUM, OR REMEDIES PROVIDED FOR BY THE LAWS OF MINNESOTA.**
3. **MINN. RULE PART 2860.4400J PROHIBITS A FRANCHISEE FROM WAIVING HIS RIGHTS TO A JURY TRIAL OR WAIVING HIS RIGHTS TO ANY PROCEDURE, FORUM, OR REMEDIES PROVIDED FOR BY THE LAWS OF THE JURISDICTION, OR CONSENTING TO LIQUIDATED DAMAGES, TERMINATION PENALTIES OR JUDGMENT NOTES. ANY PROVISION IN THE FRANCHISE AGREEMENT WHICH WOULD REQUIRE YOU TO WAIVE**

YOUR RIGHTS TO ANY PROCEDURE, FORUM OR REMEDIES PROVIDED FOR BY THE LAWS OF THE STATE OF MINNESOTA IS DELETED FROM ANY AGREEMENT RELATING TO FRANCHISES OFFERED AND SOLD IN THE STATE OF MINNESOTA; PROVIDED, HOWEVER, THAT THIS PARAGRAPH WILL NOT AFFECT THE OBLIGATION IN THE FRANCHISE AGREEMENT RELATING TO ARBITRATION.

- 4. WITH RESPECT TO FRANCHISES GOVERNED BY MINNESOTA LAW, WE WILL COMPLY WITH MINNESOTA STATUTE SECTION 80C.14, SUBDS. 3, 4 AND 5, WHICH REQUIRE, EXCEPT IN CERTAIN SPECIFIED CASES, THAT YOU BE GIVEN 90 DAYS' NOTICE OF TERMINATION (WITH 60 DAYS TO CURE) AND 180 DAYS' NOTICE FOR NON-RENEWAL OF THE FRANCHISE AGREEMENT; AND THAT CONSENT TO THE TRANSFER OF THE FRANCHISE WILL NOT BE UNREASONABLY WITHHELD.**
- 5. ITEM 13 OF THE FDD IS HEREBY AMENDED TO STATE THAT WE WILL PROTECT YOUR RIGHTS UNDER THE FRANCHISE AGREEMENT TO USE THE MARKS, OR INDEMNIFY YOU FROM ANY LOSS, COSTS, OR EXPENSES ARISING OUT OF ANY THIRD PARTY CLAIM, SUIT OR DEMAND REGARDING YOUR USE OF THE MARKS, IF YOUR USE OF THE MARKS IS IN COMPLIANCE WITH THE PROVISIONS OF THE FRANCHISE AGREEMENT AND OUR SYSTEM STANDARDS.**
- 6. MINNESOTA RULE 2860.4400(D) PROHIBITS A FRANCHISOR FROM REQUIRING A FRANCHISEE TO ASSENT TO A GENERAL RELEASE. AS A RESULT, THE FDD AND THE FRANCHISE AGREEMENT, WHICH REQUIRE YOU TO SIGN A GENERAL RELEASE PRIOR TO RENEWING OR TRANSFERRING YOUR FRANCHISE, ARE HEREBY DELETED FROM THE FRANCHISE AGREEMENT, TO THE EXTENT REQUIRED BY MINNESOTA LAW.**
- 7. THE FOLLOWING LANGUAGE WILL APPEAR AS A NEW PARAGRAPH OF THE FRANCHISE AGREEMENT:**

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.
- 8. MINNESOTA STATUTE SECTION 80C.17 STATES THAT NO ACTION FOR A VIOLATION OF MINNESOTA STATUTES, SECTIONS 80C.01 TO 80C.22 MAY BE COMMENCED MORE THAN THREE (3) YEARS AFTER THE CAUSE OF ACTION ACCRUES. TO THE EXTENT THAT THE FRANCHISE AGREEMENT CONFLICTS WITH MINNESOTA LAW, MINNESOTA LAW WILL PREVAIL.**
- 9. ITEM 6 OF THE FDD AND SECTION 4.6 OF THE FRANCHISE AGREEMENT IS HEREBY AMENDED TO LIMIT THE INSUFFICIENT FUNDS CHARGE TO \$30 PER OCCURRENCE PURSUANT TO MINNESOTA STATUTE 604.113.**

NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

The following is added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

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

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

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

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

The following language replaces the “Summary” section of Item 17(d), titled “Termination by Franchisee”:

You may terminate the agreement on any grounds available by law.

The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of Forum”, and Item 17(w), titled “Choice of Law”:

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

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

Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that related to the franchise relationship.

NORTH DAKOTA

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.

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

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

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

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

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

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

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

OHIO

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.

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials _____ Date _____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to M. H. Franchise Company Inc, 950 S. Cherry Street, Suite 850, Denver, Colorado 80246, not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: _____

By: _____

Print Name: _____

Its: _____

RHODE ISLAND

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.

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

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

SOUTH DAKOTA

Intentionally left blank.

VIRGINIA

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.

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for M. H. Franchise Company Inc. for use in the Commonwealth of Virginia shall be amended as follows:

The Following risk factor is added to the “Special Risks to Consider About This Franchise” page:

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

Item 17(h). The following is added to Item 17(h):

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

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

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

WASHINGTON

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.

- 1. IN THE EVENT OF A CONFLICT OF LAWS, THE PROVISIONS OF THE WASHINGTON FRANCHISE INVESTMENT PROTECTION ACT, CHAPTER 19.100 RCW WILL PREVAIL.**
- 2. RCW 19.100.180 MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. THERE MAY ALSO BE COURT DECISIONS WHICH MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE.**
- 3. IN ANY ARBITRATION OR MEDIATION INVOLVING A FRANCHISE PURCHASED IN WASHINGTON, THE ARBITRATION OR MEDIATION SITE WILL BE EITHER IN THE STATE OF WASHINGTON, OR IN A PLACE MUTUALLY AGREED UPON AT THE TIME OF THE ARBITRATION OR MEDIATION, OR AS DETERMINED BY THE ARBITRATOR OR MEDIATOR AT THE TIME OF ARBITRATION OR MEDIATION. IN ADDITION, IF LITIGATION IS NOT PRECLUDED BY THE FRANCHISE AGREEMENT, A FRANCHISEE MAY BRING AN ACTION OR PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THE SALE OF FRANCHISES, OR A VIOLATION OF THE WASHINGTON FRANCHISE INVESTMENT PROTECTION ACT, IN WASHINGTON.**

4. A RELEASE OR WAIVER OF RIGHTS EXECUTED BY A FRANCHISEE MAY NOT INCLUDE RIGHTS UNDER THE WASHINGTON FRANCHISE INVESTMENT PROTECTION ACT OR ANY RULE OR ORDER THEREUNDER EXCEPT WHEN EXECUTED PURSUANT TO A NEGOTIATED SETTLEMENT AFTER THE AGREEMENT IS IN EFFECT AND WHERE THE PARTIES ARE REPRESENTED BY INDEPENDENT COUNSEL. PROVISIONS SUCH AS THOSE WHICH UNREASONABLY RESTRICT OR LIMIT THE STATUTE OF LIMITATIONS PERIOD FOR CLAIMS UNDER THE ACT, OR RIGHTS OR REMEDIES UNDER THE ACT SUCH AS A RIGHT TO A JURY TRIAL, MAY NOT BE ENFORCEABLE.
5. TRANSFER FEES ARE COLLECTABLE TO THE EXTENT THAT THEY REFLECT THE FRANCHISOR'S REASONABLE ESTIMATED OR ACTUAL COSTS IN EFFECTING A TRANSFER.
6. PURSUANT TO RCW 49.62.020, A NONCOMPETITION COVENANT IS VOID AND UNENFORCEABLE AGAINST AN EMPLOYEE, INCLUDING AN EMPLOYEE OF A FRANCHISEE, UNLESS THE EMPLOYEE'S EARNINGS FROM THE PARTY SEEKING ENFORCEMENT, WHEN ANNUALIZED, EXCEED \$100,000 PER YEAR (AN AMOUNT THAT WILL BE ADJUSTED ANNUALLY FOR INFLATION). IN ADDITION, A NONCOMPETITION COVENANT IS VOID AND UNENFORCEABLE AGAINST AN INDEPENDENT CONTRACTOR OF A FRANCHISEE UNDER RCW 49.62.030 UNLESS THE INDEPENDENT CONTRACTOR'S EARNINGS FROM THE PARTY SEEKING ENFORCEMENT, WHEN ANNUALIZED, EXCEED \$250,000 PER YEAR (AN AMOUNT THAT WILL BE ADJUSTED ANNUALLY FOR INFLATION). AS A RESULT, ANY PROVISIONS CONTAINED IN THE FRANCHISE AGREEMENT OR ELSEWHERE THAT CONFLICT WITH THESE LIMITATIONS ARE VOID AND UNENFORCEABLE IN WASHINGTON.
7. RCW 49.62.060 PROHIBITS A FRANCHISOR FROM RESTRICTING, RESTRAINING, OR PROHIBITING A FRANCHISEE FROM (I) SOLICITING OR HIRING ANY EMPLOYEE OF A FRANCHISEE OF THE SAME FRANCHISOR OR (II) SOLICITING OR HIRING ANY EMPLOYEE OF THE FRANCHISOR. AS A RESULT, ANY SUCH PROVISIONS CONTAINED IN THE FRANCHISE AGREEMENT OR ELSEWHERE ARE VOID AND UNENFORCEABLE IN WASHINGTON.
8. EACH PROVISION OF THIS AMENDMENT SHALL BE EFFECTIVE ONLY TO THE EXTENT, WITH RESPECT TO SUCH PROVISION, THAT THE JURISDICTIONAL REQUIREMENTS OF THE WASHINGTON FRANCHISE INVESTMENT PROTECTION ACT §§19.100.010 THROUGH 19.100.940 ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS AMENDMENT.

WISCONSIN

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.

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

(Signature Page Follows)

APPLICABLE ADDENDA

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

☐	California	☐	Michigan	☐	Rhode Island
☐	Hawaii	☐	Minnesota	☐	South Dakota
☐	Illinois	☐	New York	☐	Virginia
☐	Iowa	☐	North Dakota	☐	Washington
☐	Indiana	☐	Ohio	☐	Wisconsin
☐	Maryland				

The undersigned does hereby acknowledge receipt of this addendum.

M. H. FRANCHISE COMPANY INC:

FRANCHISEE:

By: _____

If Franchisee is an entity:

Name: _____

Entity Name

Title: _____

By: _____

Date: _____

Printed Name: _____

Title: _____

Date: _____

If Franchisee is an individual:

Signature

Printed Name

Date: _____

EXHIBIT H

CONTRACTS FOR USE WITH THE TERIYAKI MADNESS FRANCHISE

The following contracts are contracts that the franchisee may be required to utilize or execute after signing the Franchise Agreement in the operation of a Teriyaki Madness Business. The following are the forms of contracts that franchisor uses as of the Issuance Date of the Franchise Disclosure Document. They are subject to change at any time.

EXHIBIT H-1
TERIYAKI MADNESS FRANCHISE
SAMPLE WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (this “**Release**”), dated _____, is entered into by and among _____, a _____ (“**Franchisee**”), each individual holding an ownership interest in Franchisee (“**Owners**”; collectively with Franchisee, “**Releasors**”), and M. H. Franchise Company Inc, a Colorado corporation (“**Franchisor**”).

WHEREAS, Franchisor and Franchisee have entered into that certain Franchise Agreement, dated _____ (the “**Franchise Agreement**”) pursuant to which Franchisee was granted the right to own and operate a Teriyaki Madness business; and

WHEREAS, [Franchisee has notified Franchisor of its desire to transfer the Franchise Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Franchise Agreement] or [the Franchise Agreement is being terminated/or indicate other reason for the requirement of this waiver and release], and Franchisor has consented to such [transfer/successor franchise agreement/amendment/termination/other reason]; and

WHEREAS, as a condition to Franchisor’s consent to [transfer the Franchise Agreement/enter into a successor franchise agreement/amend the Franchise Agreement/terminate the Franchise Agreement/other reason], Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor’s consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Franchisee represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each Owner represents and warrants that he or she is duly authorized to enter into and execute this Release on behalf of Franchisee. Franchisee further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release of Claims.

(a) Release. Releasors, for themselves and on behalf of their respective subsidiaries, officers, directors, employees, partners, equity holders, affiliates, agents, representatives, attorneys, accountants, consultants, heirs, beneficiaries, executors, administrators, successors and assigns (collectively, the “**Releasing Parties**”), do hereby fully and irrevocably remise, release and forever discharge Franchisor and its subsidiaries, officers, directors, managers, employees, partners, equity holders, affiliates, agents, representatives, attorneys, accountants, consultants, successors and assigns (collectively, the “**Released Parties**”), of and from any and all manner of claims, actions, causes of action, grievances, liabilities, obligations, promises, damages, agreements, rights, debts and expenses (including claims for attorneys’ fees and costs) of every kind, either in law or in equity, whether contingent, mature, known or unknown, or suspected or unsuspected, including, without limitation, any claims arising under any federal, state, local or municipal law, common law or statute, whether arising in contract or in tort, and any claims arising under any other laws or regulations of any nature whatsoever, that any of the Releasing Parties ever had, now have or may in the future have, for or by reason of any cause, matter or thing whatsoever that arose or occurred on or prior to the Effective Date with respect to any of the Released Parties (collectively,

the “Claims”), including, but not limited to, any and all Claims relating to or arising under or in connection with the Franchise Agreement and the offer and sale of the franchise related thereto, if applicable, and any other agreements, written or oral, express or implied, to which any of Releasors and Franchisor are, or may in the past have been, a party.

(b) No Transfer of Claims. Releasors hereby represent and warrant that none of the Releasing Parties has sold, assigned, transferred or otherwise conveyed to any other person or entity, whether voluntarily or by operation of law, all or any portion of the Claims, and Releasors hereby covenant and agree that none of the Releasing Parties will sell, assign, transfer or otherwise convey, to any other person or entity, whether voluntarily or by operation of law, all or any portion of the Claims.

(c) No Future Claims. Releasors further covenant and agree that: (i) none of the Releasing Parties will sue or bring, or assign to any third person, any Claims or charges against any of the Released Parties with respect to any matter covered by the release set forth above, and (ii) none of the Releasing Parties will assert against any of the Released Parties any action, grievance, suit, litigation or proceeding for any matter covered by the release set forth above.

3. Newly-Discovered Facts. The parties hereto hereby acknowledge and agree that they may hereafter discover facts different from or in addition to those that they now know or believe to be true, and they expressly agree to assume the risk of the possible discovery of additional facts, and agree that this Release will be and remain effective regardless of such additional or different facts. The parties expressly agree that this Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown or unsuspected claims, demands, causes of action, governmental, regulatory or enforcement actions, charges, obligations, damages, liabilities, and attorneys’ fees and costs, if any, as well as those relating to any other claims, demands, causes of action, obligations, damages, liabilities, charges, and attorneys’ fees and costs specified herein.

4. Scope of Release. The parties hereby acknowledge and agree that the release set forth in Section 2(a) is intended to be enforceable against the Releasing Parties in accordance with the express terms and scope thereof notwithstanding any express negligence rule or any similar directive that would prohibit or otherwise limit releases because of the simple or gross negligence (whether sole, concurrent, active or passive) or other fault or strict liability of any of the Released Parties.

5. Non-disparagement. Each Releasor agrees not to make any false representation of facts regarding, or to defame, disparage, discredit, or deprecate, any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

6. Confidentiality. Each Releasor agrees that it will not disclose, distribute or disseminate to any individual or entity any information concerning the existence or terms of this Release, except as required by law.

7. Miscellaneous.

(a) Entire Agreement. This Release contains the entire agreement between the parties and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereto, and no party shall be liable or bound to any other party in any manner by any warranties, representations, guarantees or covenants except as specifically set forth in this Release. No party relied upon any representation or warranty, whether written or oral, made by any other party or any of its affiliates, officers, directors, employees, agents or representatives, in making its decision to enter into this Release.

(b) Amendment. This Release may not be amended, modified or supplemented except by an instrument or instruments in writing signed by all of the parties hereto.

(c) Governing Law. This Release shall be governed by and construed in accordance with the laws of the State of Colorado, without regard to the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

(d) VOLUNTARY AGREEMENT. EACH PARTY ACKNOWLEDGES AND AGREES THAT IT HAS READ THIS RELEASE, IT HAS HAD AN ADEQUATE OPPORTUNITY TO OBTAIN THE ADVICE OF COUNSEL, IT HAS CONSULTED WITH LEGAL COUNSEL OR VOLUNTARILY DECLINED TO CONSULT WITH LEGAL COUNSEL, IT FULLY UNDERSTANDS ALL OF THE TERMS OF THIS RELEASE, AND IT IS EXECUTING THIS RELEASE FULLY AND VOLUNTARILY AND OF ITS OWN FREE WILL, WITHOUT ANY COERCION, EITHER ECONOMIC OR PHYSICAL, FROM ANY PARTY OR THIRD PARTY, WITH FULL KNOWLEDGE OF THE LEGAL SIGNIFICANCE AND CONSEQUENCES OF THIS RELEASE

(e) Joint & Several Liability. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

(f) Enforcement. The parties agree that irreparable damage would occur in the event that any of the provisions of this Release were not performed in accordance with their specific terms or were otherwise breached. Accordingly, each of the parties shall be entitled to specific performance of the terms hereof, including an injunction or injunctions to prevent breaches of this Release and to enforce specifically the terms and provisions of this Release in any State or federal court sitting in Denver, Colorado, this being in addition to any other remedy to which such party is entitled at law or in equity. Each of the parties hereby further waives: (a) any defense in any action for specific performance that a remedy at law would be adequate; and (b) any requirement under any law to post security as a prerequisite to obtaining equitable relief. In the event that it shall be necessary for any party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

(g) Severability. If any provision of this Release or the application thereof to any person or circumstance is held to be invalid or unenforceable to any extent, the remainder of this Release shall remain in full force and effect and shall be reformed to render this Release valid and enforceable while reflecting to the greatest extent permissible the intent of the parties

(h) Further Acts. Releasors agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably request to consummate, evidence, or confirm the release contained herein in the matter contemplated hereby.

(i) Interpretation. Any reference to the masculine, feminine or neuter gender shall include such other genders and any reference to the singular or plural shall include the other, in each case unless the context otherwise requires.

(k) Counterparts. This Release may be executed in two or more counterparts and delivered via facsimile, each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Release as of the date first written above.

FRANCHISOR:

M.H. FRANCHISE COMPANY, INC.

By: _____

Name:

Title:

FRANCHISEE:

Entity Name

By: _____

Name:

Title:

OWNERS:

Date: _____

Signature

Print Name

Date: _____

Signature

Print Name

Date: _____

Signature

Print Name

Date: _____

Signature

Print Name

EXHIBIT H-2
TERIYAKI MADNESS FRANCHISE
SAMPLE APPROVAL OF REQUESTED ASSIGNMENT
(Assignment of Franchised Business)

This Approval of Requested Assignment (“**Agreement**”) is entered into this ____ day of _____, 20____, between M. H. Franchise Company Inc (“**Franchisor**”), a Colorado corporation, _____ (“**Former Franchisee**”), the undersigned owners of Former Franchisee (“**Owners**”) and _____, a [State] [corporation/limited liability company] (“**New Franchisee**”).

RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated _____, 20____ (“**Former Franchise Agreement**”), in which Franchisor granted Former Franchisee the right to operate a Teriyaki Madness franchise located at _____ (“**Franchised Business**”); and

WHEREAS, Former Franchisee desires to assign (“**Requested Assignment**”) the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement, including that New Franchisee sign Franchisor’s current form of franchise agreement together with all exhibits and attachments thereto (“**New Franchise Agreement**”), contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement (“**Franchisor’s Assignment Fee**”).

2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee’s signing the New Franchise Agreement pursuant to Section 5 of this Agreement.

3. Release of Claims. Former Franchisee, Owners and New Franchisee (collectively, the “**Releasing Parties**”) agree to execute a Waiver and Release of Claims substantially in the form of Exhibit H-1 to the Franchise Agreement whereby each such party will waive any and all claims they may have against Franchisor and its subsidiaries, officers, directors, managers, employees, partners, equity holders, affiliates, agents, representatives, attorneys, accountants, consultants, successors and assigns, including, but not limited to, any and all claims relating to or arising under or in connection with the Old Franchise Agreement and the Transaction, and any other agreements, written or oral, express or implied, to which any of the Releasing Parties and Franchisor are, or may in the past have been, a party.

4. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor’s Assignment Fee from Former Franchisee and the mutual execution of this

Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement and waives any obligation for Former Franchisee to enter into a subordination agreement pursuant to the Former Franchise Agreement.

5. Termination of Rights to the Franchised Business. The parties acknowledge and agree that effective upon the date of this Agreement, the Former Franchise Agreement shall terminate and all of Former Franchisee's rights to operate the Franchised Business are terminated and that from the date of this Agreement only New Franchisee shall have the sole right to operate the Franchised Business under the New Franchise Agreement. Former Franchisee and the undersigned Owners agree to comply with all of the covenants in the Former Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Former Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

6. New Franchise Agreement. New Franchisee shall execute the New Franchise Agreement for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of a Teriyaki Madness franchise as stated in Franchisor's Franchise Disclosure Document.

7. Former Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three-year period following the execution of this Agreement.

8. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("**Transaction**") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Former Franchisee and shall not involve Franchisor.

9. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or Franchised Business. New Franchisee hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

10. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

11. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Former Franchise Agreement.

12. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

13. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which

shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

14. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Colorado.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

FRANCHISOR:

M. H. FRANCHISE COMPANY INC:

By: _____

Name: _____

Title: _____

Date: _____

NEW FRANCHISEE:

If new Franchisee is an entity:

Entity Name

By: _____

Printed Name: _____

Title: _____

Date: _____

If new Franchisee is an individual:

Signature

Printed Name

Date: _____

FORMER FRANCHISEE:

If former Franchisee is an entity:

Entity Name

By: _____

Printed Name: _____

Title: _____

Date: _____

If former Franchisee is an individual:

Signature

Printed Name

Date: _____

OWNERS:

Signature

Printed Name

Date: _____

Signature

Printed Name

Date: _____

Signature

Printed Name

Date: _____

Signature

Printed Name

Date: _____

EXHIBIT H-3
TERIYAKI MADNESS FRANCHISE
SAMPLE FRANCHISE TRANSFER AGREEMENT AND CONSENT
(Assignment of Franchise Agreement for Single Franchise packages)

THIS FRANCHISE TRANSFER AGREEMENT AND CONSENT (this “**Transfer Agreement**”) is entered into this ____ day of _____, 20 __, by and among _____, an individual (the “**Assignor**”), _____, a _____, [corporation] [limited liability company] [other entity] (“**Assignee**”), and M.H. Franchise Company, Inc., a Colorado corporation (“**Franchisor**”).

Recitals

WHEREAS, Assignor and Franchisor entered into that certain Franchise Agreement dated _____, _____ (the “**Franchise Agreement**”), pursuant to which Assignor was granted the right to develop and operate a Teriyaki Madness restaurant; and

WHEREAS, in connection with the execution of the Franchise Agreement, Assignor and Franchisor entered into certain other addenda and agreements on or about the date the Franchise Agreement was executed (collectively, the “**Other Agreements**”; together with the Franchise Agreement, the “**Agreements**”); and

WHEREAS, Assignor wishes to assign all of Assignor’s right, title and interest in and to the Agreements to Assignee; and

WHEREAS, Assignor has completed a franchisee information form substantially in the form of Attachment E to the Franchise Agreement, which form is attached hereto as Exhibit A and incorporated by reference herein (the “**Franchisee Information Form**”); and

WHEREAS, Assignor owns all of the issued and outstanding voting equity interests in Assignee as set forth on the Franchisee Information Form; and

WHEREAS, Franchisor is willing to consent to the assignment of the Agreements to Assignee, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises and the representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

1. Assignment. Assignor hereby assigns, transfers, and conveys to Assignee all of Assignor’s right, title and interest in and to the Agreements (the “**Assignment**”).
2. Assumption. Assignee hereby accepts the assignment, transfer and conveyance of the Agreements and agrees to assume and perform all obligations of Assignor under the Agreements.
3. Continuing Obligations. Assignor understands, acknowledges and agrees that Assignor is not released from any liability under the Agreements, that Assignor will continue to be personally liable and responsible for Assignee’s compliance with all of the terms and conditions of the Agreements as if the Assignment had not occurred, and that Assignor hereby guarantees to Franchisor the payment and

performance by Assignee of each and every representation, warranty, covenant and agreement of Assignor set forth in the Agreements.

4. Consent. Franchisor hereby consents to the transfer of the Agreements from Assignor to Assignee subject to the full satisfaction by Assignor or Assignee, as the case may be, of each of the following conditions precedent:

(a) Assignor will pay all amounts due and owing by Assignor to Franchisor under the Agreements through the date of this Transfer Agreement;

(b) Assignor will enter into an owners agreement with Franchisor substantially in the form of Attachment F to the Franchise Agreement; and

(c) Assignor will enter into a Waiver and Release of Claims with Franchisor substantially in the form of Attachment H-1 to the Franchise Disclosure Document that contained the Franchise Agreement.

5. Certain Representations and Warranties. Assignor and Assignee represent and warrant that the Franchisee Information Form is true and correct and that neither Assignor nor Assignee will take any action that will result in a transfer of any ownership interests in Assignee without Franchisor's prior written consent.

6. Waiver of Transfer Fee. Franchisor hereby waives Assignor's obligation to pay the transfer fee set forth in the Franchise Agreement in connection with the Assignment.

7. Notice. Assignee agrees that any notices by Franchisor to Assignee under this Transfer Agreement shall be delivered to Assigned in the manner and at the location set forth in the Franchise Agreement.

8. Amendment. This Transfer Agreement may not be amended, modified or supplemented except by an instrument or instruments in writing signed by the party against whom enforcement of any such amendment, modification or supplement is sought.

9. Governing Law. This Transfer Agreement shall be governed by and interpreted in accordance with Colorado law applicable to contracts made and to be wholly performed therein without regard to its conflicts of law rules; *provided, however*, that this provision is not intended to subject this Transfer Agreement to any franchise or similar law, rule, or regulation of the State of Colorado to which it would not otherwise be subject. Any claims brought by any party hereto against any other party hereto shall be governed by the dispute resolutions provisions set forth in Section 18 of the Franchise Agreement.

10. Severability. If any provision of this Transfer Agreement or the application thereof to any person or circumstance is held to be invalid or unenforceable to any extent, the remainder of this Transfer Agreement shall remain in full force and effect and shall be reformed to render this Transfer Agreement valid and enforceable while reflecting to the greatest extent permissible the intent of the parties.

11. Interpretation. Any reference to the masculine, feminine or neuter gender shall include such other genders and any reference to the singular or plural shall include the other, in each case unless the context otherwise requires.

12. Counterparts. This Transfer Agreement may be executed in two or more counterparts and delivered electronically, each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement.

13. Further Instruments. Upon notice from Franchisor, Assignor and Assignee will execute and deliver any supplemental agreements and other instruments and take any other action necessary to consummate the transactions contemplated in this Transfer Agreement and make this Transfer Agreement duly and legally effective, binding, and enforceable as between the parties hereto and as against third parties.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have executed this Transfer Agreement as of the day and year first above written.

ASSIGNOR:

Signature

Printed Name

Date: _____

Signature

Printed Name

Date: _____

Signature

Printed Name

Date: _____

FRANCHISOR:

M. H. FRANCHISE COMPANY INC:

By: _____

Name: _____

Title: _____

Date: _____

ASSIGNEE:

Entity Name

By: _____

Printed Name: _____

Title: _____

Date: _____

EXHIBIT H-4
FRANCHISE TRANSFER AGREEMENT AND CONSENT
(Individual Franchisee to Business Entity Franchisee)

THIS AGREEMENT is made this day of , 20 __, by and between _____, an individual located at _____, and _____, an individual located at _____ (collectively, the “Assignor”); _____, a _____ [corporation] [limited liability company] [other entity] located at _____ (“Assignee”); and M.H. Franchise Company, INC., a Colorado corporation located at 950 S. Cherry Street, Suite 850, Denver, CO 80246 (“Teriyaki Madness”).

RECITALS

A. Assignor is a franchisee of Teriyaki Madness pursuant to a Franchise Agreement between Assignor and Teriyaki Madness that was executed on _____, ____ (the “Franchise Agreement”) to operate a business (the “Teriyaki Madness Business”) at _____. Assignor and Teriyaki Madness entered into certain other agreements, including the _____ (if applicable) (collectively, the “Other Agreements”).

B. Assignor owns a controlling equity interest in Assignee as is evidenced by the Statement of Ownership attached hereto as Exhibit A and incorporated herein by reference.

C. Assignor desires to assign all right, title and interest in the Franchise Agreement and the Other Agreements to Assignee.

D. Assignor is willing to guaranty the performance of Assignee under the Franchise Agreement and Other Agreements.

E. Teriyaki Madness is willing to consent to the assignment of the Franchise Agreement and the Other Agreements to Assignee, without requiring Assignee to enter into a new Franchise Agreement with Teriyaki Madness, pursuant to the provisions below.

AGREEMENT

1. Assignor transfers, conveys and assigns to Assignee all of Assignor’s right, title and interest in the Franchise Agreement and the Other Agreements.

2. Assignee ratifies the Franchise Agreement and the Other Agreements.

3. Assignee assumes all rights and obligations of Assignor under the Franchise Agreement and the Other Agreements, as if Assignee were listed as the Franchisee, Maker or otherwise (as applicable); and Assignee acknowledges that it will be obligated to fully comply with all of the provisions in the Franchise Agreement and the Other Agreements.

4. Assignor understands and acknowledges that he/she/they are not released from any liability under the Franchise Agreement or any of the Other Agreements; and that he/she/they continue to be personally bound, in their individual capacities, under the Franchise Agreement and Other Agreements, including but not limited to the entirety of Article 13 - Covenants, of the Franchise Agreement, as if this

assignment had not occurred, and hereby guarantee to Teriyaki Madness that Assignee will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Franchise Agreement and Other Agreements.

5. Assignor represents and warrants that all contracts, obligations, rights, interest, costs, fees, and expenses relevant to the Teriyaki Madness Business, will immediately be assigned to Assignee.

6. Teriyaki Madness consents to the transfer of the Franchise Agreement and the Other Agreements from Assignor to Assignee subject to fulfillment by Assignor or Assignee, as the case may be, of the following conditions precedent:

a. Assignor shall pay all amounts due and owing from Assignor to Teriyaki Madness through the date of this Agreement.

b. Assignee and Assignor warrant that the Statement of Ownership attached hereto as Exhibit A is true and correct; and

c. Neither Assignee nor Assignor shall take any action that will result in a change in ownership of 25% or more of the ownership interests in Assignee without Teriyaki Madness's prior written approval, which shall not be unreasonably withheld as set forth in the Franchise Agreement.

7. Teriyaki Madness waives the transfer fee set forth in the Franchise Agreement.

8. In consideration for Teriyaki Madness's consent hereunder, except as otherwise provided for in this Agreement, Assignor, for him/her/themselves, his/her/their heirs, successors and assigns, fully and forever waive, release, and forever discharge Teriyaki Madness and its officers, directors, employees, and agents from any and all past and present claims, demands, obligations, causes of action, liabilities or damages, whether known or unknown, contingent or certain, liquidated or unliquidated, that Assignor may have against Teriyaki Madness.

9. Assignee agrees that any notices by Teriyaki Madness to Assignee under this Agreement, the Franchise Agreement or the Other Agreements may be given to Assignee at the location of its Teriyaki Madness Business, at any other business address of Assignee set forth in the Franchise Agreement or otherwise delivered to Teriyaki Madness, or at the residence of any officer, director, shareholder, member, or agent of Assignee.

10. The laws of the State of Colorado govern all rights and obligations of the parties under this Agreement. Teriyaki Madness, Assignor, and Assignee agree that the dispute resolution and attorneys' fees provisions in the Franchise Agreement will also apply to this Agreement.

11. Assignor and Assignee will take all additional actions and execute all other documents, if any are necessary, to consummate the transactions contemplated in this Agreement.

ASSIGNOR:

Signature

Printed Name

Date: _____

Signature

Printed Name

Date: _____

FRANCHISOR:

M. H. FRANCHISE COMPANY INC:

By: _____

Name: _____

Title: _____

Date: _____

ASSIGNEE:

Entity Name

By: _____

Printed Name: _____

Title: _____

Date: _____

EXHIBIT I

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	April 17, 2023
Hawaii	March 24, 2023
Illinois	April 4, 2023
Indiana	April 15, 2023
Maryland	
Michigan	March 24, 2023
Minnesota	April 17, 2023
New York	
North Dakota	March 28, 2023
Rhode Island	April 19, 2023
South Dakota	March 24, 2023
Virginia	March 24, 2023
Wisconsin	March 24, 2023

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT J
RECEIPT



RECEIPT
(Franchisee's Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If M. H. Franchise Company Inc offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, M. H. Franchise Company Inc must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires M. H. Franchise Company Inc to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If M. H. Franchise Company Inc does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
--

Michael Haith, 950 S. Cherry Street, Suite 850, Denver, Colorado 80246 and 303-997-0730

Issuance Date: March 15, 2023

I have received a Franchise Disclosure Document dated March 15, 2023, that included the following Exhibits:

- Exhibit A List of State Administrators and Agents for Service of Process
- Exhibit B Financial Statements
- Exhibit C Franchise Agreement
- Exhibit D Development Agreement
- Exhibit E Operations Manual Table of Contents
- Exhibit F List of Current and Former Franchisees
- Exhibit G State Addenda and Agreement Riders
- Exhibit H Contracts for use with the Teriyaki Madness Franchise
- Exhibit I State Effective Dates
- Exhibit J Receipt

Date	Signature	Printed Name
------	-----------	--------------

Date	Signature	Printed Name
------	-----------	--------------



PLEASE RETAIN THIS COPY FOR YOUR RECORDS.

RECEIPT

(Franchisor's Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If M. H. Franchise Company Inc offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, M. H. Franchise Company Inc must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires M. H. Franchise Company Inc to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If M. H. Franchise Company Inc does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
--

Michael Haith, 950 S. Cherry Street, Suite 850, Denver, Colorado 80246 and 303-997-0730

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Exhibit E	Operations Manual Table of Contents
Exhibit F	List of Current and Former Franchisees
Exhibit G	State Addenda and Agreement Riders
Exhibit H	Contracts for use with the Teriyaki Madness Franchise
Exhibit I	State Effective Dates
Exhibit J	Receipt

Date

Signature

Printed Name

Date

Signature

Printed Name

**Please sign this copy of the receipt, date your signature, and return it to
M. H. Franchise Company Inc, 950 S. Cherry Street, Suite 850, Denver, Colorado 80246.**

