FRANCHISE DISCLOSURE DOCUMENT

UHSI FRANCHISE, LLC, a Delaware limited liability company
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We are UHSI FRANCHISE, LLC, a Delaware limited liability company. We offer franchises to qualified individuals and entities to own and operate an Ululani's Hawaiian Shave Ice franchise under our service marks, trade names, programs, and systems under the name "Ululani's Hawaiian Shave Ice" and our related trademarks, services and logos (collectively the "Marks"). Our franchisees offer high quality shave ice and related products and services to the public under the Marks and the Ululani's Hawaiian Shave Ice programs and systems (the "Method of Operation").

The approximate total investment necessary to begin operation of an Ululani's Hawaiian Shave Ice franchise is $245,800 to $526,300. This includes $48,000 payable to the franchisor or its affiliate(s).

The total investment necessary to begin operation under an Ululani's Hawaiian Shave Ice Multiple Franchise Purchase Addendum is $283,800 to $660,300. This includes $86,000 (for the right to develop two franchises *without* a protected Development Area) to $182,000 (for the right to develop four franchises *with* a protected Development Area) 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 to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Brad Edgerton at 13517 NE 42nd Ave., Vancouver, Washington 98686, (360) 903-5236, Braduhsifranchise@gmail.com.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the

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

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

Issuance Date: March 8, 2023

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends 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 C.

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

Special Risks to Consider About *This* Franchise

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

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

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.

TABLE OF CONTENTS

ITEM		PAGE #
1.	THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
2.	BUSINESS EXPERIENCE	2
3.	LITIGATION	2
4.	BANKRUPTCY	3
5.	INITIAL FEES	3
6.	OTHER FEES	5
7.	ESTIMATED INITIAL INVESTMENT	9
8.	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	12
9.	FRANCHISEE'S OBLIGATION	16
10.	FINANCING	17
11.	FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	18
12.	TERRITORY	23
13.	TRADEMARKS	26
14.	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	28
15.	OBLIGATION OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	29
16.	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	29
17.	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	30
18.	PUBLIC FIGURES	35
19.	FINANCIAL PERFORMANCE REPRESENTATIONS	35
20.	OUTLETS AND FRANCHISEE INFORMATION	45
21.	FINANCIAL STATEMENTS	49
22.	CONTRACTS	49
23.	RECEIPTS	49

EXHIBITS

A Financial Statements

B Standard Franchise Agreement
- Exhibit 1 Franchise Territory
- Exhibit 2 Lease Rider
- Exhibit 3 State Law Addendum
- Exhibit 4 Multiple Franchise Purchase Addendum
- Exhibit 5 Copy of Settlement and Coexistence Agreement
- Exhibit 6 Confidentiality and Non-Compete Agreement
- Exhibit 7 Guaranty

C List of State Agents for Service of Process and State Administrators

D Conditional Assignment of Telephone and Directory Listings

E Abandonment, Relinquishment, & Termination of Assumed/Fictitious Business Name

F Electronic Funds Transfer Authorization

G SBA Addendum to Franchise Agreement

H Operations Manual Table of Contents

I Form of General Release

J State Effective Dates

K Receipts

Item 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

We are UHSI FRANCHISE, LLC, a Delaware limited liability company (called "we," "us," or "our" in this disclosure document). We do business under the name "Ululani's Hawaiian Shave Ice" and the Ululani's Hawaiian Shave Ice logos. We do not intend to do business under any other names. "You" means the prospective purchaser of an Ululani's Hawaiian Shave Ice franchise, and includes owners or partners of a corporation, partnership, or other legal entity that purchases an Ululani's Hawaiian Shave Ice franchise.

We are the franchisor of the Ululani's Hawaiian Shave Ice franchise system. We license our franchisees to own and to operate franchises under the "Ululani's Hawaiian Shave Ice" names and marks. We authorize our franchisees to offer high quality shave ice and related products and services to the public and to use our Method of Operation and our Marks in the operations of the franchisee's business.

We offer the opportunity to qualified candidates to purchase multiple franchises simultaneously through a Multiple Franchise Purchase Addendum attached to the Franchise Agreement. The Multiple Franchise Purchase Addendum contains a Development Schedule with deadlines to open your franchises. You would sign all the relevant Franchise Agreements simultaneously upfront.

In this disclosure document, the location of the franchised operation is referred to as the "Franchise Premises".

Our principal office address is 13517 NE 42nd Ave., Vancouver, Washington 98686. Our telephone number is (360) 903-5236. We have offered franchises since 2016. We do not have any other business activities. We have never offered franchises in any other line of business. We do not operate any businesses of the type being franchised. We may sell products and services to our franchisees. These may include advertising materials, branded merchandise and other products and services. We and our affiliates may attempt to negotiate group discount rates for the benefit of our franchisees for products and services and marketing and sales materials.

Our registered agents for service of process are outlined in Exhibit C to this Disclosure Document.

We have no predecessors or parents that are required to be disclosed in this Disclosure Document. We have affiliate companies as described below.

UHSI International, LLC ("UHSI International"), a Delaware limited liability company, licenses certain intellectual property to us as described in this disclosure document. It was our parent company from our inception in 2015 to 2020. UHSI International does not have any other business activities. Its principal business address is the same as ours.

Ululani's Hawaiian Shave Ice, LLC, a Washington limited liability company, is an affiliate of ours (our "Affiliate"). Its principal address is the same as ours. Our Affiliate currently owns and operates several shave ice operations at various locations in Maui, Hawaii. It began operations in 2008. In addition, our Affiliate has operated Sugar Beach Bake Shop (selling baked goods and related items) since 2013. Ululani's Hawaiian Shave Ice, LLC has never offered franchises in this or any other lines of business.

UHSI Food, LLC, a Delaware limited liability company, is an affiliate of ours. Its principal address is 215 E. Reserve Street, Unit 101, Vancouver, Washington 98661. UHSI Food, LLC has never offered franchises

in this or any other lines of business.

One of our founders, Charlotte "Ululani" Yamashiro, began creating delicious recipes and selling shave ice at farmer's markets and similar venues in 2003.

We and our affiliate(s) retain the right to own or operate additional Ululani's Hawaiian Shave Ice franchises.

The market for high quality shave ice and related products and services is developing. The principal sources of direct competition for your franchise are other shave ice shops, including some franchise systems. Sources of indirect competition may include other food and dessert shops of all varieties.

The business concept is seasonal, with sales typically peaking during warmer months. However, sales may not be seasonal for shops within closed environments, such as indoor shopping malls.

We are not aware of legal regulations that relate specifically to our industry apart from those that apply to all food related and restaurant businesses. It is your responsibility to identify and comply with all laws applicable to your franchise, and we urge you to investigate these laws and regulations before becoming an Ululani's Hawaiian Shave Ice franchisee.

Item 2
BUSINESS EXPERIENCE

Charlotte "Ululani" Yamashiro – Member

Ms. Yamashiro has been one of our Members (or a Member of UHSI International, which previously was our sole Member) since 2015. She has been a Managing Member and Chief Operating Officer for our Affiliate, Ululani's Hawaiian Shave Ice, LLC, since its inception in 2008.

David Yamashiro – Member

Mr. Yamashiro has been one of our Members (or a Member of UHSI International, which previously was our sole Member) since 2015. He has been Chief Executive Officer for our Affiliate since its inception in 2008.

Bradly Edgerton, Ph.D. – Member

Dr. Edgerton has been one of our Members (or a Member of UHSI International, which previously was our sole Member) through his separate entity since 2015. He has been a Managing Member and Chief Financial Officer for our Affiliate since its inception in 2008. Dr. Edgerton has owned and operated Health Trends, Inc., a hearing conservation and wellness company, in Vancouver, Washington since 1984.

Item 3
LITIGATION

No litigation is required to be disclosed in this Item.

Item 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

Item 5
INITIAL FEES

Initial Franchise Fees – Unit Franchises

Currently, the Initial Franchise Fee for your first Franchise is $48,000. If you already own and operate one or more Franchises and are purchasing an additional Franchise, then the Initial Franchise Fee is reduced to $38,000. The Initial Franchise Fee is paid in consideration of our sales expenses, administrative overhead, return on investment, and start-up costs related to the execution of the Franchise Agreement and the opening of the Franchise and for our lost or deferred opportunity to sell franchises in the Franchise Territory to others.

Initial Franchise Fees – Multiple Unit Franchises

If you purchase multiple Franchises *simultaneously* , then the Initial Franchise Fee for the first Franchise is $48,000, and the Initial Franchise Fee for each additional Franchise is reduced to $38,000. The fees will be paid upon simultaneous execution of the multiple Franchise Agreements and corresponding Multiple Franchise Purchase Addenda.

In addition to the Initial Franchise Fees described in the paragraph immediately above, if you desire to purchase a protected area in which to develop your multiple franchises, then you may purchase a "Development Area" at the time you simultaneously purchase such franchises. The fee to purchase a Development Area is $5,000 times the number of Franchises to be developed (the "Development Fee"). The Development Fee is payable in full up front. (See Exhibit 4 to Franchise Agreement).

Timing for Payment of Initial Franchise Fees

Simultaneous with the execution of the Franchise Agreement for your first Franchise, you will pay to us the entire Initial Franchise Fee. The Initial Franchise Fees for additional Franchises (purchased subsequently or simultaneously) are payable one-half upon signing the Franchise Agreement and one-half before you open each additional Franchise. We do not finance any portion of the Initial Franchise Fee (see Item 10, below).

Refund

If you do not pass the mandatory Initial Training Program (see Item 11, below) to our exclusive satisfaction, we may terminate the Franchise Agreement by refunding 75% of the Initial Franchise Fee. This refund is only available for your First Franchise.

You must commence business operations within 270 days of effective date of the Franchise Agreement. If

you fail to meet the opening deadline, then we may terminate the Franchise Agreement upon refunding 50% of the Initial Franchise Fee. If you purchase multiple Franchises simultaneously, then we will not refund any portion of the Initial Franchise Fees you will have paid for your additional Franchises purchased under Multiple Franchise Purchase Addenda.

Initial Purchases from Us or Our Affiliates

You must purchase from us or our affiliates our proprietary shave ice syrups, certain branded items (such as certain t-shirts and hats) and certain branded dry goods such as spoons and cups. We estimate that your cost for an initial stock of these items will range from $20,000 to $30,000.

Site Selection

You are responsible for finding the location of the Franchise Premises. If you request assistance in selecting a site for the Franchise Premises, we may provide reasonable assistance in finding a location acceptable to you. If requested, you will pay for all reasonable out-of-pocket expenses related to any such site selection assistance, including travel and lodging expenses we incur to help you locate sites. Any on-site assistance is subject to our discretion and availability. You will bear all other site selection and lease negotiation expenses.

Transfer Fee

If you obtain a franchise by purchasing the business of one of our existing franchisees, you or the existing franchisee must pay us a transfer fee of $5,000. In addition, you must pay our then-current fee for our initial training programs currently based in Maui, Hawaii (currently $14,240). If you sell your franchised operation, a separate transfer fee may apply. Payment of the transfer fee covers reasonable legal, accounting, credit check, and investigation expenses that result from the transfer and relieves you of your obligation to pay the initial franchise fee.

Miscellaneous

You will be responsible for paying all other fees required under the applicable franchise agreements as provided in those agreements. These fees are not refundable under any circumstances.

The initial fees are uniform except as described in this Item 5. We intend to raise the initial franchise fee after certain growth levels have been attained. The increased franchise fee and timing have not been determined as of this date.

We may offer franchises at a reduced rate to prospective franchisees who in our opinion possess the knowledge and experience to conduct business with minimal assistance from us or who are purchasing multiple franchises. Occasionally, we may grant new franchises to our owners and employees and their family members with reduced or no initial fees. We did not offer or grant franchises with reduced Initial Franchise Fees or Development Fees during our last fiscal year.

No initial fees are refundable or transferable in whole or in part except under the specific circumstances listed above.

Item 6
OTHER FEES

Type of Fee	Amount	Date Due	Remarks
Monthly Royalty Fee	The following percentages of your monthly Gross Revenue[1]: 5% during your first year of operations and 6% thereafter	Payable monthly by the 5th day of each month for the prior month	This fee must be paid through automatic debit processes as outlined in the Operations Manual.[2]
Monthly Advertising Fee[2]	The following percentages of your monthly Gross Revenue[1]: 0.5% during your first year of operations and 1% thereafter	Payable monthly by the 5th day of each month for the prior month	This fee may be payable through automatic debit processes as outlined in the Operations Manual.[2]
Monthly Technical Support Fee[6]	Currently $75 per month	Payable monthly by the 5th day of each month for the prior month	This fee may be payable through automatic debit processes as outlined in the Operations Manual.[2] This fee is subject to increases at our reasonable discretion.
Additional Training at Franchisee's Request[3]	Then-current rates, currently $990 per day. You must also reimburse us for our reasonable out of pocket costs (travel, accommodations, etc.).	Before opening or after you open your franchise for business.	See Note 5.
Additional Training Required by Franchisor Based on Franchisee Default or Sales Performance	Then-current rates, currently $990 per day. You must also reimburse us for our reasonable out of pocket costs (travel, accommodations, etc.).	Before training	We may require you to participate in additional training and to pay our then-current training fees if you fail to comply with any material requirement in your Franchise Agreement or our

Type of Fee	**Amount**	**Date Due**	**Remarks**
			Operations Manual (or other written standards and specifications) or if we deem, in our discretion, that such training is needed based on your sales performance.
Additional Training or Conventions Required or Recommended by Franchisor	We do not impose a training fee for training we require or recommend unless the training is required based on your default or sale performance (as described above). However, you are responsible for your travel, meals, lodging and employee wages during training.	Before opening or after you open your franchise for business.	In our discretion, we may use funds from the Advertising Fund to cover our reasonable expenses related to periodic franchisee conventions.
Transfer Fee[4]	Currently $5,000	Before transfer	Paid to us if you transfer your franchise. This amount covers our legal, accounting, credit check, and investigation expenses that result from the transfer.
Renewal Fee	You will reimburse us for our reasonable out-of-pocket costs related to the renewal.	Upon renewal	
Relocation	You will reimburse us for our reasonable out-of-pocket costs related to the relocation.	Before relocation	
Interim Management Fees	As incurred	As Incurred	You must pay us a reasonable management fee for management services if we step-in to operate your franchise pursuant to the Franchise Agreement. We will not be liable for any debts, losses, costs or

Type of Fee	**Amount**	**Date Due**	**Remarks**
			expenses incurred in the operation of the Franchise during any interim management period.
Late Charge	1.5% per month (18% per annum)	Each month that amounts owed remain unpaid	You will not be compelled to pay late charges at a rate greater than the maximum allowed by applicable law. The late charge is 10% per annum in California.
Late Payment Penalty	5% of the amount due	As incurred	You will not be compelled to pay late payment penalty in an amount greater than the maximum allowed by applicable law.
Proposed Source Testing Costs	As incurred	As incurred	You must reimburse us for our out of pocket expenses and costs we incur to test new products or sources you request for approval (See Item 8 and Franchise Agreement Section 5.1).
Audit[6]	Our reasonable costs for the audit if you understate revenue by more than 2% or fail to deliver to us required reports on time	Immediately upon demand	See notes below.

*All fees are imposed by and payable to us (unless specified otherwise). All fees are non-refundable. All fees are uniformly imposed except as otherwise provided in this Item 6. The Monthly Advertising Fee and Monthly Royalty Fee are not uniformly imposed.

Notes

1) Gross Revenue and Reporting. "Revenue" means all receipts generated by the franchise from any source including sales, exchanges, services, labor, service charges, etc. Credit sales shall be calculated as of the date of sale without deduction for uncollected credit accounts. "Revenue" shall not include bona fide credits for returns, promotional discounts, or the amounts collected and paid to appropriate governmental authorities under the provisions of any Sales Tax, Retailer's

Occupation, or similar Act. The proceeds from any business interruption insurance or eminent domain recovery you receive are included in "Revenue." "Gross Revenue" means your total Revenue for each calendar month (or other specified period).

You will deliver to us, as outlined in the Operations Manual, an itemized report of your Gross Revenue for the preceding month. The report must be in the form we designate. All Royalty Fee, Advertising Fee and other fee payments based upon the Gross Revenue for the preceding month must be submitted with the report.

Taxes. You must pay any taxes imposed as a result of your payment to us of initial or ongoing fees.

Automatic Withdrawal. We may require you to make fee payments by automatic account withdrawal or other automatic processes we reasonably specify in the Operations Manual, such as check, cash, certified check, money order, credit or debit card, automatic pre-authorized payment plan, electronic funds transfer or the Internet.

2) Advertising Fee. The Advertising Fee is described in more detail in Item 11 of this disclosure document. Advertising Fee payments are in addition to and exclusive of any sums that you may decide to spend on local advertising and promotion.

3) Additional Training. You must give us not less than 30 days' prior written notice of your desire to receive additional training. The duration of training is negotiable depending upon your needs. You will not receive any compensation for services rendered by the trainee during this or any other training. We may designate qualified franchisees or master franchisees to conduct some or all of your training.

4) Transfer Fee. The Transfer Fee is payable by you or the transferee if you transfer your franchise (see Franchise Agreement, Section 7.1). If you obtain a franchise by purchasing the business of one of our existing franchisees, then you may also incur certain costs associated with bringing your Franchised Operation into compliance with our requirements.

5) Audits. We may audit your reports, books, statements, business records, cash control devices, and tax returns at any time during normal business hours. Audits will be conducted at our expense unless you understate the Gross Revenue for any reported period or periods by more than 2% or unless you fail to deliver any required report of Gross Revenue or any required financial statement in a timely manner. In the event of an understatement or failure to deliver, you will reimburse us for all audit costs. These will include, among other things, the charges of any independent accountant and the travel expenses, room, board, and compensation of our employees incurred in connection with the audit. You will immediately pay all Royalty Fees, Advertising Fees, all other fees and late payment charges that the audit determines are owed. These payments will not prejudice any other remedies we may have under this Agreement or by law.

6) Technical Support Fee. This fee is payable to us for ongoing technical support for the point of sale system and the software for inventory and reporting. This fee is subject to periodic increases at our reasonable discretion.

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT
(Single Franchise Agreement)

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Initial Franchise Fee[1]	$48,000	Cash, Certified Check or Wire Transfer	Upon execution of the Franchise Agreement (unless otherwise provided in State Addenda to the Franchise Agreement).	Us
Rent and Security Deposit[2]	$12,000 to $20,000 first three months ($3,000 to $5,000 per month plus deposit)	As Incurred	As Incurred	Landlord
Construction, Remodeling and Leasehold Improvements[3]	$60,000 to $250,000	As Arranged	As Incurred	Vendors or Contractors
Utility Deposits and Fees	$1,800 to $5,500 first 3 months ($600 to $1833 per month)	As Incurred	As Incurred	Suppliers
Computer Hardware and Software[4]	$2,500 to $4,500	As Arranged	Before Opening	Approved Suppliers
Fixtures and Furnishings[5]	$5,000 to $15,000	As Incurred	Before Opening	Approved Suppliers
Equipment and Supplies[6]	$35,000 to $55,000	As Incurred	Before Opening	Approved Suppliers
Opening Inventory[7]	$30,000	As Incurred	As Incurred (Before Opening)	Us and Approved Suppliers
Signage[8]	$5,000 to $10,000	As Incurred	Before Opening	Approved Suppliers
Payroll – 3 months	$24,500 to $42,000 ($8,166.67 to	As Incurred	As Incurred	Employees

TYPE OF EXPENDITURE	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS MADE**
	$14,000 per month)			
Out-of-Pocket Expenses During Training[9]	$5,500 to $7,500	As Incurred	During Training	Transportation Suppliers, Hotel, Restaurants, etc.
Initial Advertising[10]	$5,000 to $15,000	As Incurred	Before Opening	Suppliers
Licenses and Permits	$500 to $3,000	As Incurred	As Incurred	Government agencies, etc.
Professional Fees	$3,500 to $5,000	As Incurred	As Incurred	Professionals (such as Accountant or Lawyer)
Insurance	$1,000 to $2,000 first 3 months ($333 to $666 per month)	As Incurred	Before Opening	Insurers
Bank Fees (Automatic Payment Processing)	$500 to $800 first 3 months ($166 to $266 per month)	As Incurred	As Incurred	Bank
Miscellaneous Opening Costs	$1,000 to $3,000	As Incurred	As Incurred	Suppliers, Utilities, etc.
Additional Funds – 3 months[11]	$5,000 to $10,000	As Incurred	As Incurred	Employees, Suppliers, Utilities, etc.
TOTAL[12]	**$245,800** to **$526,300**			

You should anticipate the preceding initial expenditures in connection with the establishment of an Ululani's Hawaiian Shave Ice franchised business and your first three months of operations. Additional factors related to each expenditure category are described in the following notes.

Financing sources may reduce your initial cash requirements, and the availability and terms of financing to any individual franchisee will depend upon factors like the availability of financing in general, your credit worthiness, the collateral security that you may have and policies of lending institutions concerning the type of business to be operated by you.

Notes:

[1] Initial Franchise Fees. See Item 5 for more information about the Initial Franchise Fee.

[2] Rent and Security Deposit. You must lease appropriate space if you do not own adequate space. Typically, the Franchise Premises will be approximately 750 to 1,450 square feet and will be located at a strip shopping center, mall, or other high foot traffic area such as a tourist area. It is difficult to estimate lease acquisition costs because of the wide variation in these costs between various locations. Lease costs will vary based upon square footage, cost per square foot and required maintenance costs.

[3] Construction. Construction and remodel costs vary widely depending on the condition of your site and its size and, in the case of new construction, the amount of tenant improvements allowed by the landlord, and other factors. This estimate assumes that the site is not new construction. This estimate includes fees for our designated draftsman and your local architect. As of the issuance date of this disclosure document, our designated draftsman charges a fixed fee of $450 to draft a preliminary test fit floor plan. This fee is subject to increase. You may be required to pay our designated draftsman for more than one location. You will incur fees for your own local architect as well.

[4] Computer Hardware and Software. Computer hardware and software is required as outlined in the Operations Manual. The low end of the estimate assumes you already have certain computer hardware and software that meets our criteria. You must have or purchase a computer, printer and scanner and have access to a facsimile machine, telephone and high-speed internet consistent with minimum requirements and standards that may be outlined in the Franchise Agreement and the Operations Manual.

[5] Fixtures and Furnishings. You may be required or recommended to purchase additional fixtures and furnishings as outlined in the Operations Manual. The low-end of this estimate assumes that the site's previous use was for a similar food service business.

[6] Equipment and Supplies. You must purchase equipment and office supplies consistent with the operational needs of your franchised business and as may be required in our Operations Manual.

[7] Opening Inventory. You must purchase inventory as outlined in the Operations Manual.

[8] Signage. You may be required or recommended to purchase additional signage as outlined in the Operations Manual.

[9] Training. The costs of training are included in your Initial Franchise Fee. The estimates in the above table cover out-of-pocket expenses that you incur associated with the training. These estimates are based on one or two people attending training. We will have no obligation to provide initial training at our expense except for your first franchise. Additional training is outlined in Item 11, below.

[10] Initial Advertising. We recommend that you conduct a marketing campaign, especially before and during the initial phase of your franchise operations.

[11] Initial Start-Up Phase and Working Capital. We estimate that the initial phase covered by the additional funds estimate to be approximately 3 months. Additional funds are provided only as estimates and apply only to your initial three months of operations of your first Franchise. The high and low range estimates are based on our Affiliate's experience in opening and operating similar businesses in Hawaii. This is only an estimate and we cannot guarantee that the amounts specified will be adequate.

[12] Refunds and Financing. Except as provided in Section 5, above, any fees paid to us are not refundable. Amounts paid to any third parties may be refundable, depending upon the contracts between them and you. We do not finance any of these initial expenses (see Item 10, below).

YOUR ESTIMATED INITIAL INVESTMENT
(Multiple Franchise Purchase Addendum)

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
Initial Franchise Fee for Multiple Franchise Purchaser (1)	$86,000	$182,000	Cash	At Signing	Us
Other Expenditures for First Location (2)	$197,800	$478,300	As disclosed in first table above	As disclosed in first table above	As disclosed in first table above
Grand Total	**$283,800**	**$660,300**			

1) The low-end of this estimate is based on purchasing the right to develop two franchisees *without* a protected Development Area ($48,000 + $38,000). The high-end of this estimate is based on purchasing the right to develop four franchises *with* a protected Development Area [$48,000 + ($38,000 x 3) plus ($5,000 x 4) = $182,000]. See the explanations below.

If you purchase multiple Franchises simultaneously, then the Initial Franchise Fee for the first Franchise is $48,000, and the Initial Franchise Fee for each additional Franchise is reduced to $38,000. The fees will be paid upon simultaneous execution of the multiple Franchise Agreements and corresponding Multiple Franchise Purchase Addenda.

In addition to the Initial Franchise Fees described in the paragraph immediately above, if you desire to purchase a protected area in which to develop your multiple franchises, then you may purchase a "Development Area" at the time you simultaneously purchase such franchises. The Development Fee to purchase a Development Area is $5,000 times the number of Franchises to be developed.

2) If you sign Multiple Franchise Purchase Addenda for the right to develop multiple franchises, you should expect to incur these same expenses and fees for each separate franchise you develop, subject to inflation and other increases over time.

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS & SERVICES

Products, Equipment and Services

We will lend to you a copy of our Operations Manual at the mandatory training program described in Section 11, below. The Operations Manual may be provided through password protected intranet access. We may amend the Operations Manual, including changes that may affect minimum requirements for your franchise operations. You will strictly follow the requirements of the Operations Manual as we amend it. You will carry out immediately all changes at your cost unless we otherwise specify. We reasonably may designate minimum standards for operations and designate guidelines, as specified in the Operations Manual. The Operations Manual is confidential and our exclusive property.

The Operations Manual contains the Ululani's Hawaiian Shave Ice System and related specifications, which may include standards, build-out and furnishing requirements, operating procedures, accounting and bookkeeping methods, marketing programs and ideas, advertising layouts, advertising guidelines, operation requirements, public relations guidelines, service guidelines and other rules that we may prescribe.

We may designate a single supplier (including us and/or our affiliates) or exclusive suppliers for any products or services and may approve a supplier only as to certain products or services.

Specific Requirements for Supplies and Suppliers

We may require you to purchase advertising materials and all other items that bear the Ululani's Hawaiian Shave Ice names or logos from us or designated or approved suppliers. You must purchase branded merchandise (such as t-shirts, hats, and gift items) from exclusively designated suppliers.

You must purchase your hardware and software for your point of sale system and financial accounting, merchant processing, database management, inventory tracking, and reporting software from suppliers we exclusively designate, which may include us or our affiliates.

You must have an iPad; computer, keyboard and monitor; up-to-date Microsoft Office software; printer; scanner; router; modem; and high-speed internet; all of which must comply with our specifications.

You must use merchant account provider(s) we exclusively designate.

You must purchase certain food items (including our proprietary shave ice syrups, purees, and sugar); certain small wares and supplies (including spoons, straws and cups); and certain equipment (including ice production machines and ice shaving machines) from exclusively designated suppliers, which may include us or our affiliates.

We or our affiliates are currently the only designated and approved suppliers of our proprietary shave ice syrups and certain branded items (such as certain t-shirts and hats).

You must construct and develop your shop at your own cost and expense. You must develop your shop in accordance with such exterior and interior materials and finishes, dimensions, design, image, interior layout, décor, fixtures, furnishings, equipment, color schemes and signs consistent with System products and Marks. You must utilize our designated draftsman to draft a preliminary test fit floor plan; you will pay the draftsman directly. You must engage our designated draftsman at such time as we will specify. The preliminary test fit floor plan will be one factor we consider in determining whether to approval your Franchise Premises. You may be required to pay our designated architect for more than one location. You must prepare all required construction plans and specifications to suit the shape and dimensions of your site and to ensure that the plans and specifications comply with applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. The architect that you use for a full set of construction documents and required engineering must be approved by us. You must submit construction plans and specifications to us for our review before you begin construction of your shop, and you must submit all revised and "as built" plans and specifications to us during the course of construction. Our review is not designed to assist with compliance with local ordinances and building codes, including ADA standards and requirements, or obtaining any required permits and is limited to review of such plans to assess compliance with our design standards.

You must purchase all other products and services for the operation of your franchise from approved suppliers, which may include us or our affiliates, unless otherwise provided in the Operations Manual. As

of the issuance date of this disclosure document, you may acquire certain items from suppliers of your choosing (including your purchase or lease of the water filtration system and the purchase of napkins and certain small wares). However, you must always comply with our minimum standards and specifications.

The actual amount purchased may vary. The amount that you pay to any approved supplier is refundable only to the extent negotiated with such approved supplier.

All specifications that we require of you and lists of equipment and designated and approved suppliers will be included in the Operations Manual. We will upon request provide our minimum specifications to approved suppliers and suppliers seeking approval. We will use our best judgment to set and modify specifications to maintain the integrity and quality of our franchise system.

Seeking Approval of Alternate Suppliers

Except for products and services you must purchase from us or exclusively designated suppliers, with advance written notice, you may request our approval to obtain products, equipment, supplies or materials from sources that we have not previously approved. We may require you to give us sufficient information, photographs, drawings, samples, and other data to allow us to determine whether the items from these other sources meet our specifications and standards, as established from time to time. These specifications and standards will relate to quality, taste, durability, value, cleanliness, texture, composition, strength, finish and appearance, and the suppliers' capacity and facility to supply your needs in the quantities, at the times, and with the reliability necessary for efficient operation. We may require that samples from any supplier be delivered to a designated independent testing laboratory for testing before approval and use. You will reimburse us for the actual cost of the tests. We will license any supplier that can meet or exceed our quality control requirements and standards, for a reasonable license fee, to produce and deliver Ululani's Hawaiian Shave Ice products to you but to no other person. Our confidential recipes, requirements, designs, systems and formulas will be revealed to potential suppliers only after we have received reasonable evidence that the proposed supplier is trustworthy and reputable; has the capacity to consistently follow our standards, requirements and testing procedures; will maintain the confidentiality of the designs, systems and formulas; and will adequately supply your reasonable needs. We may require a Confidentiality and Non-Disclosure Agreement signed by the proposed supplier prior to release of any confidential information. We will not unreasonably withhold approval of a supplier you propose (unless we have previously designated a single supplier or exclusive suppliers for certain products or services). We will notify you in writing of the approval or disapproval of any supplier you propose within 30 days of our receipt from you of your written notice of request for approval.

We or our agents may inspect any approved manufacturer's, supplier's or distributor's facilities and products to assure proper production, processing, packaging, storing, and transportation. If such inspection is made because a manufacturer, supplier or distributor has not been previously approved by us and you have requested such approval, then we will provide you with an estimate of the reasonable out of pocket costs and expenses we expect to incur in undertaking such inspection, and if thereafter you desire us to proceed with such inspection, then you will reimburse us for the costs and expenses incurred in making the inspection. Permission for inspection will be a condition of our continued approval of any manufacturer, supplier or distributor. If we find from any inspection that a manufacturer, supplier or distributor fails to meet our specifications and standards, we will give written notice describing this failure to you and to the manufacturer, supplier or distributor, with a notice that unless the failure or deficiency is corrected within 30 days, the manufacturer, supplier or distributor will no longer be approved.

Deriving Revenue; Supplier Rebates

We estimate that purchases from us, our affiliates or approved suppliers will be from 35% to 55% of the

total purchases you make to establish your franchise.

We estimate that purchases from us, our affiliates or approved suppliers will be from 35% to 55% of the total purchases you make to operate your franchise.

We and our affiliates may derive revenue from providing products and services directly to our franchisees. During our fiscal year ended December 31, 2022, we received such revenue in the amount of $63,368.51 (which was 69% of our total revenue of $92,388). During our last fiscal year, our Affiliate did not receive any such revenue.

We and our affiliates may receive rebates, price adjustments, or discounts on products or services sold to our franchisees by recommended or approved suppliers. As of the date of this disclosure document, we and our affiliates do not receive any such rebates, price adjustments, or discounts.

Miscellaneous

There are no other obligations for you to purchase or lease according to specifications or from approved suppliers. Except as explained above, we have no required specifications, designated suppliers or approved suppliers for goods, services, or real estate related to your franchise business. Except as explained above, we will not derive revenue from your purchases or leases.

We currently provide material benefits to franchisees based on use of designated or approved sources including the right to renew your franchise rights and to obtain additional franchises.

We intend to negotiate purchase arrangements with suppliers, including price terms, for the benefit of our franchisees. We have not yet entered into any formal purchasing or distribution cooperatives related to our franchise system, but we reserve the right to do so. In the future, we hope to create and augment the effectiveness of cooperatives for the purchase of materials and the provision of advertising, for the benefit of the Ululani's Hawaiian Shave Ice franchise system.

You may not sell any products, services or activities other than those specifically recognized and approved by us as part of our franchise system without our prior written approval.

You are required to follow our customer service and warranty requirements outlined in the Operations Manual.

Insurance

Upon commencement of franchise operations, and during the term of the Franchise Agreement, you will obtain and keep in force by advance payment of premium appropriate fire and extended coverage, vandalism, malicious mischief, general liability, food borne illness and products liability insurance. This insurance will be in an amount sufficient to replace the equipment, the Franchise Premises, if any, and your personal property upon loss or damage. This insurance will be written by a financially responsible insurance company satisfactory to us in accordance with our standards and specifications in the Operations Manual. The insurance will include, at a minimum, the following:

A. Commercial general liability insurance, including food borne illness, products liability, completed operations, property damage, contractual liability, independent contractor's liability, owned and non-owned and hired automobile coverage, and personal injury coverage with a combined single limit of at least $1,000,000 per occurrence and $3,000,000 aggregate, including umbrella coverage.

B. Workers' compensation and employer's liability insurance, and other insurance required by statute or rule of the state in which the franchise is located and operated.

C. Business income (interruption) insurance.

D. Errors and omissions insurance.

The insurance will insure us, you, and our respective subsidiaries, owners, officers, directors, partners, members, employees, servants, and agents against any loss, liability, products liability, personal injury, death or property damage that may accrue due to your operation of the Franchise. Your policies of insurance (other than for casualty to the Franchise Premises, workers' compensation, and employer's liability insurance) will contain a separate endorsement naming us as an additional named insured. The insurance will not be limited in any way because of any insurance we maintain. The insurance will not be subject to cancellation except upon 20 days' written notice to us. Certificates of your insurance policies will be kept on deposit with us. Maintenance of the required insurance will not diminish your liability to us under the indemnities contained in this Agreement. The policy or policies will insure against our vicarious liability for actual and (unless prohibited by applicable law) punitive damages assessed against you.

All insurance policies you obtain will contain a blanket waiver of the insurer's rights of subrogation in respect of or against us and our officers, agents, employees and representatives; and will not contain any insured vs. insured exclusion clause, but will contain a severability clause providing that each the policy will be treated as though a separate insurance policy had been issued to each named insured.

We may require you to increase the minimum limits of and types of coverage to keep pace with regular business practice and prudent insurance custom.

Item 9
FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN FRANCHISE AGREEMENT ("FA")	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition or lease	FA Section 1.1, 1.2, 1.3, 4.2 & Exhibit 2	Items 5, 6, 12, 14 & 17
b. Pre-opening purchases and leases	FA Sections 4.1, 5.1 & 8.2	Items 7, 8 & 11
c. Site development and other pre-opening requirements	FA Sections 1.3, 1.4, 3.1, 4.1 & 5.1	Items 5, 7, 8 & 12
d. Initial and ongoing training	FA Sections 3.1, 3.2 & 3.3	Items 5, 6, 7 & 11
e. Opening	FA Sections 4.1 and 5.1	Item 11
f. Fees	FA Sections 2, 6.1, 6.3.3, 7.1 &	Items 5, 6, 11 & 17

OBLIGATION	SECTION IN FRANCHISE AGREEMENT ("FA")	DISCLOSURE DOCUMENT ITEM
	Exhibit 4	
g. Compliance with standards & policies/Operations Manual	FA Sections 5 & 6.3, 9.8-E	Items 11 & 17
h. Trademarks and proprietary information	FA Sections 1.1, 1.7-A, 5.1, 5.3, 5.4, 5.5, 5.6, 5.8, 5.9, 6.5, 9.2 & 9.10	Items 12, 13, 14, 17 & 19
i. Restrictions on products and services offered	FA Sections 1.1, 1.2, 2.6 F-7, 5.1, 5.2, 5.3, 5.4, 5.5, 5.8, 5.9, 6.3 & 6.5	Items 8, 12, 13, 16 & 17
j. Warranty and customer service requirements	FA Sections 5.1, 5.2, 5.5 & 5.14	Item 11
k. Territorial development and sales quotas	FA Section 1 & Exhibit 4	Items 7 & 12
l. Ongoing product & service purchases	FA Sections 2.11, 5.1, 5.2, 5.5, 5.10, 5.13, 8.2 & 9.14-K	Items 7 & 8
m. Maintenance, appearance and remodeling requirements	FA Sections 1.4, 1.5, 5.1, 5.2, 5.5 & 6.5	Items 7, 11 & 17
n. Insurance	FA Section 8.2	Items 7 & 8
o. Advertising	FA Sections 2.5, 5.1, 5.2, 5.3, 5.4, 5.5 & 6.5	Items 9 & 11
p. Indemnification	FA Sections 6.7, 7.1-D & 8.1	Item 6
q. Owner's participation/ management/ staffing	FA Sections 2.11, 3, 4.1, 5, 6.5, 6.8, 7, 9.3, 9.10, 9.12 & 9.14	Items 11, 15 & 17
r. Records and reports	FA Sections 2.9, 2.10, 5.1, 5.2 & 5.5	Items 6, 11 & 17
s. Inspections and audits	FA Sections 2.10, 5.1, 5.2 & 5.5	Items 6, 11 & 17
t. Transfer	FA Section 7	Items 5 & 17
u. Renewal	FA Section 6.1	Item 17
v. Post-termination obligations	FA Sections 2.6 F-8, 5.8, 5.9, 6.5, 6.6, 6.8, 9.6, 9.9 & 9.10	Item 17
w. Non-competition covenants	FA Sections 5.8, 5.9, 6.5, 6.6, 6.8, 9.9, 9.10	Item 17
x. Dispute resolution	FA Sections 9.7 & 9.8	Item 17

Item 10
FINANCING

We do not provide direct or indirect financing and do not assist in providing financing for you. We do not guarantee any notes or financial obligations you may incur in setting up and operating your franchise.

Item 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Pre-Opening Obligations

Before you open your franchise, we will:

1) Designate your Franchise Territory in the Franchise Agreement before the Franchise Agreement is executed. (Franchise Agreement, Section 1.1) The exact determination of the Franchise Territory will depend upon your approval and our market analysis, market penetration plans and franchise placement strategies. Among the factors we consider to determine the feasibility of possible franchise territories are population demographics and other businesses in the area pursuant to census and chamber of commerce information.
2) Approve or disapprove of proposed sites for the Franchise Premises and the lease(s) for the Franchise Premises. (Franchise Agreement, Section 1.3).
3) If requested, we may choose to provide reasonable advice and input related to your selection of a site(s) for the Franchise Premises. You will pay for all our reasonable expenses related to any such requested services, including our travel and lodging expenses. Our rendering such services is based upon our availability. (Franchise Agreement, Section 1.3).
4) Provide initial orientation and training to you and your designated manager(s). (Franchise Agreement, Section 3.1).
5) Loan you a copy of the confidential Operations Manual. We will deliver the Operations Manual to you at the initial training program as long as you have paid to us the Initial Franchise Fee in full [unless we are required in the State Law Addendum for your State (see Exhibit 3 to the Franchise Agreement) to defer receipt of the Initial Franchise Fee until you open for business]. (Franchise Agreement, Section 5.1).
6) Give you a list of approved or designated suppliers. (Franchise Agreement, Section 5.1)

Time to Open

The typical length of time between the signing of the Franchise Agreement or first payment of consideration for the Franchise and the opening of the Franchise for business is about 120 to 270 days. You must commence business operations within 270 days of effective date of the Franchise Agreement. The store opening deadlines are revised if you purchase multiple franchises simultaneously. (See Exhibit 4 to Franchise Agreement). If you fail to meet this opening deadline, then we may terminate the Franchise Agreement upon refunding 50% of the Initial Franchise Fee.

Operations Manual Table of Contents

The Operations Manual is confidential and remains our property. It contains mandatory and suggested specifications, standards and procedures. We may modify the Operations Manual, but the modifications will not alter your basic status and rights under the franchise agreement. The revisions may include advancements and developments in services, supplies, equipment, sales, marketing, operational techniques, and other items and procedures used for the operation of the franchise. As of the date of this disclosure

document, the current version of the Operations Manual consists of approximately 55 pages. The Table of Contents is found in Exhibit H.

Mandatory Initial Training

Before you commence your franchised business operations, our affiliate, Ululani's Hawaiian Shave Ice, LLC, will provide you a mandatory initial training program that lasts approximately seven to ten days. The initial training program is held at a location we designate, typically our affiliate's headquarters (currently in Kahului, Hawaii). (Franchise Agreement, Section 3.1). The initial training program is included in the Initial Franchise Fee. Accommodations, travel, room, board, and wage expenses for any of your personnel during this period are borne by you. If the franchise is managed by any persons other than you, you must notify us of the identity of the manager(s). The training program must be completed by all franchisees and their designated manager(s) (if any) unless, at our reasonable discretion, based upon a franchisee's or a designated manager's experience, it is deemed unnecessary.

As of the date of this disclosure document, the current agenda for the training includes:

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Shop lay out and operating efficiency, POS operation	4	8	Typically Our Affiliate's Headquarters (currently in Kahului, Hawaii)
Ice equipment set-up, trouble shooting, simple repair, and maintenance	4		
Ice production and storage and syrup and topping preparation	4	6	
Ice shaving, syrup pouring, making Ululani's shave ice	8	32	
Daily shop opening and closing	4	6	

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Customer care and management	4	4	
Reporting, inventory management, ordering	4	2	
Approximate Total	**32**	**58**	

** The Training Schedule may be amended.*

Our trainers are Charlotte "Ululani" Yamashiro, David Yamashiro, Bradly Edgerton, and Merial Ramirez. Ms. Yamashiro has been one of our Members (or a Member of UHSI International, which previously was our sole Member) since 2015. Her experience in the subjects she teaches at training dates back to at least 2003. Mr. Yamashiro has been one of our Members (or a Member of UHSI International, which previously was our sole Member) since 2015. His experience in the subjects he teaches at training dates back to at least 2003. Dr. Edgerton has been one of our Members (or a Member of UHSI International, which previously was our sole Member) through his separate entity since 2015. His experience in the subjects he teaches at training dates back to at least 2008. Ms. Ramirez has been corporate trainer for our affiliate, Ululani's Hawaiian Shave Ice, LLC, since 2022. Her experience in the subjects she teaches at training dates back to at least 2022.

Training is scheduled and held on an "as needed" basis depending on the number of franchisees requesting training in a particular time frame and the franchisor's training personnel's availability. The initial training program must be completed no later than two weeks before the scheduled date of the opening of the franchise.

You and any designated full-time manager must complete the initial mandatory training program to our satisfaction or we may terminate the Franchise Agreement upon refunding 75% of the Initial Franchise Fee we collected. You are encouraged to participate in the training session as soon as possible after executing the Franchise Agreement and before incurring any costs or expenses related to the opening of the Franchise. We will not be liable for your costs or expenses if we terminate the Franchise Agreement because you or the manager fails to complete the mandatory training to our satisfaction.

The initial training is included in the Initial Franchise Fee. However, you are responsible for all expenses you and your employees may incur to participate in the initial training, including wages or benefits.

We will offer the initial training program, and you and any designated manager must complete the course, no later than two weeks prior to opening the Franchise for business. You and any designated manager must complete initial training within 60 days of the date of the Franchise Agreement (subject to our availability).

If you desire to have more than three individuals receive initial training, these additional individuals will be accommodated at our convenience. We reserve the right to charge a reasonable fee for the provision of the training for these additional individuals.

We may at any time during initial training inform you that an individual attending training on your behalf

is not suitable due to criminal activities, disruptive behavior or other reasons. Upon that notice, our obligations to train that individual will be deemed to have been discharged.

Grand Opening Assistance

One or more of our trainers will spend up to five days at your location before and in conjunction with the grand opening of your franchise. The expenses of this assistance are included in your Initial Franchise Fee. (Franchise Agreement, Section 3.4).

Our Obligations During the Operation of Your Franchise Business

After you open your franchise, we will:

1) At your option and upon not less than 30 days' prior written notice to us, you may receive additional training at our training center or at other agreed upon locations. This training is subject to our availability. All expenses of this training will be borne by you, including but not limited to your travel, lodging, meals, compensation, and our reasonable costs and expenses including a reasonable training fee at our then-current rates. The duration of training is negotiable depending upon your needs. You will not receive any compensation for services rendered by the trainee during this or any other training. (Franchise Agreement, Section 3.2).
2) We may provide refresher training programs or seminars and may require that you or your managers attend and complete them to our satisfaction. These programs and seminars will be held at locations we designate and will be provided without charge to you. These programs and seminars may be held be on the internet or intranet. You will be exclusively responsible for paying all travel, living and other expenses and compensation of attending these programs and seminars (if applicable). We will not require you to participate in more than 40 hours of such trainings during any calendar year. (Franchise Agreement, Section 3.3).
3) We may require you to participate in additional training at our then-current training fees if you fail to comply with any material requirement in your Franchise Agreement or our Operations Manual (or other written standards and specifications) or if we deem, in our discretion, that such training is needed based on your sales performance. (Franchise Agreement, Section 3.3).
4) Administer our advertising program and formulate and conduct national and regional promotion programs. (Franchise Agreement, Section 2).
5) In our discretion, we may inspect the Franchise and conduct activities to ensure compliance with the terms of the Franchise Agreement and Operations Manual to assure consistent quality and service throughout our franchise system. (Franchise Agreement, Sections 2.11 and 5).
6) In our discretion, we may inspect the facilities of your manufacturers, suppliers and distributors and notify you and the manufacturers, suppliers, and distributors in writing of any failure to meet our specifications and standards. (Franchise Agreement, Sections 2.11 and 5).
7) We may provide other supervision, assistance or services although we are not bound by the Franchise Agreement or any related agreement to do so. These may include, among other things, advertising materials, literature, additional assistance in training, promotional materials, bulletins on new products or services, and new sales and marketing developments and techniques.

Advertising

Currently we may promote our franchises through print, internet (including social media marketing), and public relations. This may be done locally and regionally through advertising cooperatives. We may use in-house advertising departments and may use regional or national advertising agencies. We may provide to you advertising materials and point of sales aids for you to use in your local advertising and promotional

efforts.

Advertising Funds

You must pay us an Advertising Fee equal to the following percentages of your monthly Gross Revenue: 0.5% during your first year of operations and 1% thereafter. We will administer the funds we receive for Advertising Fees and direct all regional and national advertising programs with sole discretion over the creative ideas, materials, endorsements, placement and allocation of overhead expenses. We may promote our franchises through any medium we choose, such as print, internet (including website and social media) and public relations. We may use in-house advertising departments and may use regional or national advertising agencies.

We may use the Advertising Fees to maintain, administer, direct, prepare, and review national, regional, or local advertising materials and programs and public relations efforts, as we, in our sole discretion, deem proper. We may use the Advertising Fees to maintain and update our website. We are under no obligation to administer the use of Advertising Fees to ensure that expenditures are proportionate to contributions of franchisees for any given market area or that any franchise benefits directly or proportionately from the development or placement of advertising. We shall not be obligated to expend all or any part of the Fees we receive during any specific period. (Franchise Agreement, Section 2.6)

Our company or affiliate-owned Ululani's Hawaiian Shave Ice operations offering products and services similar to our franchisees do not make advertising fee contributions to the advertising fund.

Any Advertising Fees not used in the fiscal year in which they were contributed will be applied and used for advertising and marketing expenses in the following year.

Summary of Advertising Fee Contributions and Expenses for Fiscal Year 2022

Expenses:	Corporate overhead	$0	0%
	Production of commercials and market research	$0	0%
	Market level advertising	$0	0%
Total expenses:		**$0**	**100%**
Advertising fund contributions:		$0	100%
Excess of expenses over contributions:		$0	0%

The Advertising Fees are administered by us. The Advertising Fees are not audited. You may obtain an accounting of the Advertising Fees and expenditures upon written request to us.

While advertising materials may note that franchises are available from us, no advertising fees or assessments we collect form our franchisees are used for advertising that is principally a solicitation for the sale of franchises.

Promotional Materials / Webpage / Social Media Marketing

You will submit to us all advertising copy and other advertising and promotional materials before you use them in your local advertising program. You will not use any advertising copy or other promotional material until we approve it.

You will not establish a website to promote our brand or your Franchise. We will list your location on our website.

Your use of social media internet marketing to promote your franchise must be in strict compliance with our standards as outlined in our Operations Manual. We reserve the right to require you to get our prior approval of any social media internet marketing (including in respect to proposed platforms and content). We reserve the right to prohibit you from using certain social media platforms. We retain the right to reserve unto ourselves the exclusive right to promote our brand via social media or other online mediums.

You are not required to participate in a local or regional advertising cooperative.

Computer Systems

We will require you to have computer equipment and systems that meet our specifications.

You must purchase certain point of sale software and hardware and financial accounting, merchant processing, database management, inventory tracking, and reporting software from suppliers we exclusively designate.

We also require you to use specific financial accounting, financial reporting, and inventory management software (approximately $100 to $150 per month) that we designate.

You must lease, purchase or otherwise acquire, from sources of your choice and at your expense, other software and hardware that strictly conforms to our specifications. You must have an iPad, computer, keyboard and monitor; up-to-date Microsoft Office software; printer; scanner; router; modem; and high-speed internet; all of which must comply with our specifications.

We will give you at least 30 days' written notice, describing the hardware, software, and upgrading requirements of the system before you are obligated to initially install the computer systems. If you do not already have the computer systems that we require before you purchase a franchise, the estimated cost of purchasing the computer systems that we require is approximately $2,500 to $4,500.

If we require, you must record and transmit all financial information using our designated systems and our designated ISP or other communication vendors. We may at our discretion change standards for reporting to provide effective technology for the entire system. We will have full ability to poll your data, computer system and related information by means of direct access whether in person or by electronic means. We will have independent access to the information that will be generated and stored in your information processing and communication system. We will have access to all of your data and there will be no contractual limitation on our right to access your information or data.

Neither we nor our affiliates will have any obligation to provide any ongoing maintenance, repairs, upgrades or updates related to your computer software and hardware. However, you must upgrade or update your computer hardware and software as we may direct during the term of the franchise agreement. There are no contractual limitations on the frequency and cost of this obligation. We estimate that these updates or upgrades will be approximately $0 to $350 per year.

Item 12
TERRITORY

Franchise Premises and Protected Territory

You will operate your Franchise from a location approved by us (the "Franchise Premises") and will be

given a specific territory for each franchised business (the "Franchise Territory" or "Territory"). Ordinarily, the Franchise Territory will be based on a mileage radius from your Franchise Premises. Franchise territories for our franchisees may vary in size and dimensions based on various factors, including population density; population demographics (including whether a franchise services primarily a local population or a tourist population); growth trends; traffic flow; affluence of nearby population; topography; and geography. For a suburban area, we anticipate a Franchise Territory with a radius of approximately three miles from the Franchise Premises, and for an urban area, we anticipate a Franchise Territory with a radius of approximately 0.5 mile from the Franchise Premises.

The exact description of your Franchise Territory will be indicated in Exhibit 1 of the Franchise Agreement. We will designate your Franchise Territory when you sign the Franchise Agreement if you have found a Franchise Premises that is approved by us before you sign the Franchise Agreement. Otherwise, the Franchise Territory will be designated upon our approval of your Franchise Premises.

Except as provided in the paragraphs under the heading "Our Use of the Marks and Ululani's Hawaiian Shave Ice Products and Services", below, so long as the Franchise Agreement is in force and you are not in default in any material provision of the Agreement, we will not establish or allow others to establish an Ululani's Hawaiian Shave Ice shop located within your Franchise Territory or any retail storefront, food truck, kiosk or cart operation using any of our authorized products within the Franchise Territory. You may not establish or operate any other Ululani's Hawaiian Shave Ice establishment without signing a separate franchise agreement for that facility.

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. However, as stated above, we will not place or authorize anyone else to place an Ululani's Hawaiian Shave Ice franchise shop location within your Franchise Territory.

Development Area

If you desire to purchase a protected area in which to develop your multiple franchises, then you may purchase a Development Area at the time you simultaneously purchase such franchises. We do not have a minimum Development Area size. The size and dimensions of the Development Area will be based on various factors, including population density in the Development Area; population demographics (including whether a franchise services primarily a local population or a tourist population); growth trends; traffic flow; affluence of nearby population; topography; and geography.

Upon the earlier of the opening of your last franchise or the deadline for opening your last franchise under your Development Schedule (described in Exhibit 4 to the Franchise Agreement), your rights with respect to the Development Area will automatically terminate. Thereafter, we and our affiliates will have the right to operate or grant to others the right to operate outlets within the Development Area. However, your Franchise Territory (defined above) for each of your operating franchises will remain in force.

Marketing and Providing Services

You may not establish or operate any other Ululani's Hawaiian Shave Ice establishment without signing a separate franchise agreement for that facility. You may operate only one Franchise in your Franchise Territory. You may not use alternative distribution channels to make sales outside or inside your Franchise Territory, except as otherwise allowed by us in the Operations Manual.

Except with our prior written permission, you may not do business, operate or place advertisements using our trade names or service marks in or originating from any area other than the Franchise Territory. This

includes, but is not limited to, internet, catalog sales, telemarketing or other direct marketing. You may not advertise in any media whose primary circulation is outside the Franchise Territory, except with our prior written permission and the prior written consent of any of our franchisees whose territory is reached by that media.

All issues related to local customers who deal with several franchisees in the Ululani's Hawaiian Shave Ice franchise system and local opportunities that could involve more than one franchise will be addressed and resolved by the Ululani's Hawaiian Shave Ice franchisees in the involved local area, subject to our right to give reasonable direction and oversight.

All internet marketing is part of our marketing programs described in the Operations Manual and defined in the Franchise Agreement and must be coordinated through us and approved by us. You may not acquire an independent Internet domain name or web site.

Relocation

You must receive our written permission before you relocate your franchise. Any relocation will be at your sole expense. You must satisfy our then-current franchise placement and demographics criteria, as expressed in the Operations Manual.

First Right of Purchase and Right of First Refusal

You do not receive the right and you have no options, rights of first refusal or similar rights to acquire additional franchises or grant sub franchises within the Franchise Territory or in contiguous territories.

Our Use of the Marks and Ululani's Hawaiian Shave Ice Products and Services

We retain all rights not specifically granted to you in the Franchise Agreement. This includes our right to use or license the use of our service marks and trademarks or any other trademarks or service marks. Neither we nor our affiliates are restricted from participating in other distribution methods, whether or not within your Franchise Territory, under marks and product or service configurations different than those offered through your franchise. We will have no obligation to compensate you for any such sales made within your Franchise Territory.

For example, we may place Ululani's Hawaiian Shave Ice establishments in airports, mall food courts, stadiums, and similar limited access environments ("Limited Access Venue") in your Franchise Territory subject to your option to purchase described below. Before we establish a company-owned or franchised outlet using our Marks and Method of Operation at a particular Limited Access Venue within your Franchise Territory, we will provide written notice to you, and you will have the first option to purchase a franchise to be operated at such Limited Access Venue. To exercise this option, you will sign our then-current franchise agreement and exhibits and pay us our then-current initial franchise fees (after any legally required franchise disclosure and waiting periods). If you do not exercise this option within 30 days of receipt of written notice from us, then we may establish a company-owned outlet or sell a franchise to be operated at such Limited Access Venue.

We may place present and future Ululani's Hawaiian Shave Ice products (such as shave ice syrup) for sale in grocery stores and food markets at any location, whether or not within the Franchise Territory. We may offer branded merchandise (such as apparel and gift items) within the Franchise Territory, including through online sales.

Except for the business operations of our Affiliate, Ululani's Hawaiian Shave Ice, LLC (see Item 1) we

have not established other franchises or company-owned outlets selling similar products or services under a different trademark. We are not contractually restricted from doing so.

We may purchase or be purchased by, or merge or combine with, competing businesses, wherever located.

Item 13
TRADEMARKS

UHSI International has active registrations on the Principal Register of the U.S. Patent and Trademark Office ("USPTO") as follows:

Mark	Registration Number	Registration Date
	5025623	August 23, 2016
Ululani's Hawaiian Shave Ice (standard characters)	3736157	January 12, 2010
ALL SHAVE ICE IS NOT CREATED EQUAL (standard characters)	4756550	June 16, 2015
	5861572	September 17, 2019
	6035027	February 27, 2019
	6801493	July 26, 2022

We signed a license agreement (the "License Agreement") with USHI International dated January 1, 2016 for the license right to use, and to grant to our franchisees the right to use, the Marks in our franchise system. The License Agreement is for 10-year renewable terms and may only be terminated for good cause. We do not anticipate any issue with your use of the marks stemming from the License Agreement because UHSI International is our affiliate.

We and our affiliates also claim common law rights to the **"Ululani's Hawaiian Shave Ice"** names and all related marks, logos, designs, trade dress, and slogans.

We will allow you to use these and all other trade names, trademarks, service marks, and logos we now own or may in the future develop for our franchise system.

All goodwill associated with the trademarks, including any goodwill that might be deemed to have arisen through your activities, will accrue directly and exclusively to our benefit (or the benefit of UHSI International), except as otherwise provided by applicable law.

You will immediately notify us of any infringement of, or challenge to, your use of the trademarks or any marks identical to or confusingly similar to the trademarks, including any claims of infringement or unfair competition, when you learn of the same. While we will make reasonable efforts to protect your rights to use the trademarks, we will have sole discretion to take or not to take action, as we deem appropriate. If we undertake the defense or prosecution of any litigation or administrative action involving you or any litigation or administrative action involving the trademarks, you agree to execute any and all documents and to do all acts and things that in the opinion of our counsel are reasonably necessary or advisable to carry out the defense or prosecution. This may be done either in our name or in your name, as we will elect. We will not be required to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the trademarks or if the proceeding is resolved unfavorably to you.

We may change or discontinue any part of the trademarks at any time in our sole discretion. You will modify or discontinue use of any franchise names or trademarks, or will use one or more substitute names or marks, if we so direct in writing at any time. Under no circumstances will we be liable to you for any damages, costs, losses, rights, or detriments related to any modification, discontinuance, or substitution. All obligations or requirements imposed upon you relating to the trademarks will apply with equal force to any modified or substituted names or marks.

There are no presently effective determinations of the USPTO, the trademark administrator of any state or any court, any pending interference, opposition or cancellation proceeding and any pending material litigation involving the trademarks in any state.

Our Affiliate entered into a Settlement and Coexistence Agreement with Ululani Coffee Company, Inc. in October 2009. The parties agreed that our Affiliate may use the mark "Ululani's Hawaiian Shave Ice" in conjunction with the shave ice cone logo and pursuant to the sale of shave ice. Other than the Settlement and Coexistence Agreement and License Agreement, there are no other currently effective agreements that significantly limit our rights to use or license the use of the marks listed in this Item 13 in a manner material to the franchise.

You must follow our rules when you use the trademarks. You may not use the trademarks in any manner we have not authorized in writing. You may not use or give others permission to use the trademarks, or any colorable imitation of them, combined with any other words or phrases.

Item 14
PATENTS, COPYRIGHT & PROPRIETARY INFORMATION

We intend to affix a statutory notice of copyright to our Operations Manual, to certain of our advertising materials, training materials, websites, proprietary software, and to all modifications and additions to them. There are no determinations, agreements, infringements or obligations currently affecting these notices or copyrights. You have no rights to the copyrighted material. You are granted the right and are required to use the copyrighted items only with your operation of the franchise during the term of your franchise agreement.

The Operations Manual is described in Item 11. Although we have not filed applications for copyright registration, all copyrighted materials are our property. Item 11 describes limits on use of the copyrighted materials by you and your employees. You are only permitted to use our proprietary processes and systems in accordance with the Franchise Agreement and only as long as you are a franchisee. Your failure to comply with the confidentiality requirements of the Franchise Agreement may result in your payment of liquidated damages to us as specified in the Franchise Agreement. You must contact us immediately if you learn of any unauthorized use of our proprietary information. You must also agree to not contest our rights to, and interest in, our copyrights and other proprietary information.

We do not know of any prior rights or infringing uses that could materially affect your use of our copyrighted materials. You must notify us immediately after receiving notice of any claim, demand or cause of action pertaining to the copyrighted materials or on learning that any third party uses the copyrighted materials without authorization. After receipt of timely notice of an action, claim or demand against you relating to the copyrighted materials, we have the right, but not the obligation, to defend or settle any such action. The Franchise Agreement does not obligate us to take affirmative action when notified of infringement. We have the right to contest or bring action against any third party regarding the third party's unauthorized use of any of the copyrighted materials. We have the right to control all actions but are not obligated to take any action. You may not make any demand against any alleged infringer, prosecute any claim or settle or compromise any claim by a third party without our prior written consent. In any defense or prosecution of any litigation relating to the copyrighted materials undertaken by us, you must cooperate with us, execute any and all documents, and take all actions as may be desirable or necessary in the opinion of our counsel, to carry out such defense or prosecution.

We may change or discontinue any part of the copyrighted materials at any time at our sole discretion. You will modify or discontinue use of any copyrighted materials, or will use one or more substitute copyrighted materials, if we so direct in writing at any time. You will bear all costs and expenses that may be reasonably necessary because of these changes or modifications. Under no circumstances will we be liable to you for any damages, costs, losses, rights, or detriments related to any modification, discontinuance, or substitution. All obligations or requirements imposed upon you relating to the copyrighted materials will apply with equal force to any modified or substituted copyrighted materials.

We have no patents material to your franchise.

We claim proprietary rights to certain confidential information and trade secrets related to our business processes and supplier relationships that you will learn during training and through online tutorials. We consider such processes and modifications to be our trade secrets.

You must use reasonable best efforts to continuously improve the products, processes and services used in

the System and to develop new products, processes and services for use as part of the System. All the improvements, inventions and developments you make, develop or create for use in the System will be our property (or that of our parent or an affiliate) and we alone (or our parent or an affiliate) will hold any patent, trademark registration or other form of protection for those improvements, inventions, developments, processes, methods and practices.

Item 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We strongly recommend that you (or one of your owners if you are a corporation or partnership), participate fully in the actual day-to-day operation of the franchise business at least for the first 30 days of operations. However, you may designate a manager to assume responsibility for day-to-day operations. Any managers you employ to help you to operate the franchise must successfully complete the mandatory training program described in Item 11. The manager is not required to have any equity interest in your franchise business entity.

All of your owners must sign the Franchise Agreement directly or sign a Confidentiality and Non-Competition Agreement in the form attached as Exhibit 6 to the Franchise Agreement. To the full extent permitted by applicable law, your managers must sign confidentiality and non-competition agreements containing substantially the same protections as provided in relevant clauses in the Franchise Agreement. You are responsible for ensuring the adequacy and enforceability under local law of any sample form we provide in this regard.

All of your owners must sign the Franchise Agreement directly or sign a Personal Guaranty in the form attached as Exhibit 7 to the Franchise Agreement.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require that you use, offer and sell only those products and services that we approve in writing. You must offer all products and services that we designate as required by our franchisees. We reserve the right, without limitation, to modify, delete and add to the authorized products and services, and you must adopt such changes at your expense.

All online marketing is part of our marketing programs described in the Operations Manual and defined in the Franchise Agreement, and must be coordinated through us and approved by us.

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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 ("FA")**	**Summary**
a. Length of the franchise term	FA Section 1.1	10 years from the effective date of your Franchise Agreement
b. Renewal or extension of term	FA Section 6.1	If you are not in breach, you may renew the franchise for successive single 10-year periods (or such other period as provided in your then-current franchise agreement).
c. Requirements for franchisee to renew or extend	FA Section 6.1	"Renewal" means that you, upon the expiration of the original term of the franchise agreement, have the right to enter into a new agreement according to our then-current franchise agreement forms that may have materially different terms and conditions than your original contract. You must give notice at least three and not more than 6 months before expiration of the initial term; faithfully perform under the initial agreement; refurbish the Franchise and replace obsolete equipment; sign general release; sign a new agreement that may contain materially different terms and conditions from the original contract; reimburse us for our costs related to the renewal (with a minimum of $1,000); and go through retraining (if needed). Upon renewal, the Franchise Territory

Provision	**Section in Franchise Agreement ("FA")**	**Summary**
		may be modified and its geographic area may be reduced or expanded to meet our then-current franchise market penetration and demographic standards.
d. Termination by franchisee	FA Section 6.2	Subject to state law, you may terminate the Franchise Agreement if you comply with the agreement and if we substantially breach any material provision of the agreement and fail to cure (or reasonably begin to cure) that breach within 30 days after receipt of written notice from you. Post-termination covenants still apply.
e. Termination by franchisor without cause	None	
f. Termination by franchisor with cause	FA Section 6.3	We can terminate only if you default. Any material violation or breach of the Franchise Agreement is deemed a material breach of any other franchise or other agreement between you and us. The non-breaching party then will be entitled to enforce the penalties of or to terminate the Franchise Agreement and any relevant addenda and any or all of such other franchise agreements.
g. "Cause" defined – curable defaults	FA Section 6.3(A)	You have 30 days to cure any default not listed in Section 6.3.
h. "Cause" defined – non-curable defaults	FA Section 6.3(B)	Bankruptcy and insolvency, abandonment, repeated default, misrepresentations, levy of execution, criminal conviction,

Provision	**Section in Franchise Agreement ("FA")**	**Summary**
		noncompliance with laws, non-payment of fees, repeated under reporting of sales, disclosure of confidential information, and other defaults described in FA Section 6.3(B).
i. Franchisee's obligations on termination or nonrenewal.	FA Section 6.5 & 6.8	De-identification, return of manuals, release of phone numbers and listings, de-identification of your franchise equipment and premises, payment of sums owed, confidentiality, and non-competition.
j. Assignment of contract by franchisor	FA Section 7.1	There are no restrictions on our right to transfer.
k. "Transfer" by franchisee – defined	FA Section 7.1	Restrictions apply if you sell, transfer, assign, encumber, give, lease, or sublease (collectively called "transfer") the whole or any part of the franchise agreement, substantial assets of the franchise, or ownership or control of you.
l. Franchisor's approval of transfer by franchisee	FA Section 7.1	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	FA Section 7.1	The transferee must qualify as a franchisee, assume your obligations, and successfully pay for and complete the mandatory training. You may not be in default, must release us, and you or the transferee must pay the Transfer Fee.
n. Franchisor's right of first refusal to acquire franchisee's business	FA Section 7.3	If you receive an offer, we will have the right to purchase on the same terms and conditions as offered to you, 30-day notice and right to decide.

Provision	**Section in Franchise Agreement ("FA")**	**Summary**
o. Franchisor's option to purchase franchisee's business	FA Section 7.3	You will give us the right of first purchase before soliciting offers from a third party if you choose to sell your franchise business. You agree to notify us in writing if you desire to sell or transfer any interest in you or in your franchised business. We will elect to exercise our option to purchase within 30 business days after our receipt of your written notification and required information. If we offer you an amount that you do not agree to, you may try to sell to a third party. You are obligated before any transfer to a third party to comply with all criteria outlined in the paragraphs related to First Right of Refusal.
p. Death or Disability of franchisee	FA Section 7.2	Within 180 days, your heirs, beneficiaries, devisees or legal representatives may apply to continue to operate the franchise, or transfer Franchise interest.
q. Non-Competition Covenants During the Term of the Franchise	FA Sections 5.8 & 5.9	You may not disclose confidential information or compete.
r. Non-Competition Covenants After the Franchise is Terminated or Expires	FA Sections 5.9 & 6.8	Subject to state law, no competition is allowed for 3 years within the Territory, within a 50-mile radius of the Territory, and within a 50-mile radius of any location where we operate or have granted the franchise to operate an Ululani's Hawaiian Shave Ice business. If legally unenforceable, then the judge or arbitrator may reduce the duration and scope to 35-mile radius and 2 years, or if

Provision	**Section in Franchise Agreement ("FA")**	**Summary**
		that is legally unenforceable, then to 25-mile radius and 1 year.
s. Modification of the Agreement	FA Sections 5.5 and 9.7	We may modify the Operations Manual. Modifications to the language of the Franchise Agreement require the signed written agreement of the parties.
t. Integration/Merger Clause	FA Sections 5.1, 5.5, & 9.7	Subject to state law, only the terms of the Franchise Agreement and Operations Manual are binding. Any other promises may not be enforceable. Nothing in the Franchise Agreement is intended to disclaim the representations we made in the franchise disclosure document that we delivered to you.
u. Dispute Resolution by Arbitration or Mediation	FA Section 9.8	Subject to state law, before taking any other legal action, the parties agree to mediate most types of disputes in Vancouver, Washington.
v. Choice of Forum	FA Section 9.8	Subject to state law, litigation must be in Clark County, Washington. Some states do not allow franchisees to give up their right to bring or defend lawsuits in the courts of their state. See the State Law Addendum to the Franchise Agreement and this Disclosure Document for state-specific addenda to this Item.
x. Choice of Law	FA Section 9.8	Subject to state law, Washington law applies except as otherwise provided in the Franchise Agreement. See the State Law Addendum to the

Provision	**Section in Franchise Agreement ("FA")**	**Summary**
		Franchise Agreement and this Disclosure Document for state-specific addenda to this Item.

See State Law Addendum for disclosures related to specific states.

Item 18
PUBLIC FIGURES

No public figure is involved in our franchise program.

Item 19
FINANCIAL PERFORMANCE REPRESENATIONS

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

A. Historical Gross Sales Data for Our Affiliate

The following representations are historical financial performance representations of our Affiliate-owned operations from January 1, 2012 to December 31, 2022. In this Item 19, our "Affiliate" refers to Ululani's Hawaiian Shave Ice, LLC. The headings to the tables indicate the dates the locations commenced operations.

Ululani's Hawaiian Shave Ice, LLC

Location #1: 333 Dairy Road, Kahului, HI

Began operations December 2009

	2012 Gross Sales	2013 Gross Sales	2014 Gross Sales	2015 Gross Sales	2016 Gross Sales	2017 Gross Sales	2018 Gross Sales	2019 Gross Sales	2020 Gross Sales	2021 Gross Sales	2022 Gross Sales
Annual Gross Sales:	$181,449	$234,661	$276,308	$233,159	$158,582	$189,269	$200,052	$259,098	$139,653	$326,852	$150,319

Ululani's Hawaiian Shave Ice, LLC

Location #2: 790 Front Street, Lahaina, HI

Began operations June 2011

	2012 Gross Sales	**2013 Gross Sales**	**2014 Gross Sales**	**2015 Gross Sales**	**2016 Gross Sales**	**2017 Gross Sales**	**2018 Gross Sales**	**2019 Gross Sales**	**2020 Gross Sales**	**2021 Gross Sales**	**2022 Gross Sales**
Annual Gross Sales:	**$391,835**	**$531,082**	**$772,016**	**$862,037**	**$1,108,350**	**$1,254,067**	**$1,444,871**	**$1,629,045**	**$362,925**	**$1,466,865**	**$1,815,926**

Ululani's Hawaiian Shave Ice, LLC

Location #3: 61 S. Kihei Road, Kihei, HI

Began operations May 2012

	2012 Gross Sales	2013 Gross Sales	2014 Gross Sales	2015 Gross Sales	2016 Gross Sales	2017 Gross Sales	2018 Gross Sales	2019 Gross Sales	2020 Gross Sales	2021 Gross Sales	2022 Gross Sales
Annual Gross Sales:	$150,598 *	$368,278	$530,117	$648,456	$735,216	$835,729	$977,956	$1,201,270	$492,916	$1,122,854	$1,319,969

** 8 months of operations in 2012*

Ululani's Hawaiian Shave Ice, LLC

Location #4: 50 Maui Lani Parkway, Wailuku, HI

Began operations December 2014

	2012 Gross Sales	2013 Gross Sales	2014 Gross Sales	2015 Gross Sales	2016 Gross Sales	2017 Gross Sales	2018 Gross Sales	2019 Gross Sales	2020 Gross Sales	2021 Gross Sales	2022 Gross Sales
Annual Gross Sales:	N/A	N/A	N/A	$313,446	$241,838	$267,965	$294,871	$394,459	$203,742	$441,615	$580,816

Ululani's Hawaiian Shave Ice, LLC

Location #5: 200 Nohea Kai Drive, Kaanapali, HI

Began operations December 2014

	2012 Gross Sales	2013 Gross Sales	2014 Gross Sales	2015 Gross Sales	2016 Gross Sales	2017 Gross Sales	2018 Gross Sales	2019 Gross Sales	2020 Gross Sales	2021 Gross Sales	2022 Gross Sales
Annual Gross Sales:	N/A	N/A	N/A	$323,300	$378,982	$383,991	$450,017	$581,568	$195,031	$725,769	$747,607

Ululani's Hawaiian Shave Ice, LLC

Location #6: 115 Hana Highway Unit D, Paia, HI

Began operations March 2018

	2012 Gross Sales	2013 Gross Sales	2014 Gross Sales	2015 Gross Sales	2016 Gross Sales	2017 Gross Sales	2018 Gross Sales	2019 Gross Sales	2020 Gross Sales	2021 Gross Sales	2022 Gross Sales
Annual Gross Sales:	N/A	N/A	N/A	N/A	N/A	N/A	$408,594*	$668,775	$122,250	$637,895	$657,012

** 10 months of operations in 2018*

Ululani's Hawaiian Shave Ice, LLC

Location #7: 626 Front Street, Lahaina, HI

Began operations November 2021

	2012 Gross Sales	2013 Gross Sales	2014 Gross Sales	2015 Gross Sales	2016 Gross Sales	2017 Gross Sales	2018 Gross Sales	2019 Gross Sales	2020 Gross Sales	2021 Gross Sales	2022 Gross Sales
Annual Gross Sales:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$76,688*	$46,198**

** 2 months of operations in 2021*

*** Closed February 2022 temporarily. We anticipate that this outlet will re-open during 2023.*

B. Historical Gross Sales Data for Our Franchisee(s)

The following representations are historical financial performance representations of our Franchisee-owned operations from January 1, 2017 to December 31, 2022. The heading to the table indicates the date the location commenced operations.

Franchise Location in Kona, Hawaii

Location #1: 75-5660 Palani Road, Kailua Kona, HI

Began operations September 30, 2017

	2017 Gross Sales	2018 Gross Sales	2019 Gross Sales	2020 Gross Sales	2021 Gross Sales	2022 Gross Sales
Annual Gross Sales:	$61,320*	$290,105	$460,032	$86,224	$148,835	$353,095

** 3 months of operations in 2017*

Franchise Location in Hollywood, California

Location #2: 4661 Hollywood Blvd., Los Angeles, CA

Began operations October 15, 2022

	2017 Gross Sales	2018 Gross Sales	2019 Gross Sales	2020 Gross Sales	2021 Gross Sales	2022 Gross Sales
Annual Gross Sales:	N/A	N/A	N/A	N/A	N/A	$35,408*

** 2.5 months of operations in 2022*

C. Historical Income and Expenses Data

The following tables provide historical income and expense information for our Affiliate-owned operations from January 1, 2012 to December 31, 2022. It should be noted that because Maui is an international tourist destination with limited labor pools, the cost of labor may be considerably higher than many other areas of the United States.

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Ululani's Hawaiian Shave Ice

Income Statement by Location

	Dairy Road Location										
	480 sq foot kiosk location, opened December 2009										
Income	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Shave Ice Sales	181,449	234,661	276,308	233,159	159,058	189,269	200,052	259,098	139,653	326,852	150,319
Total Income	$181,449	$234,661	$276,308	$233,159	$159,058	$189,269	$200,052	$259,098	$139,653	$326,852	$150,319
per sq ft sales	*$378*	*$489*	*$576*	*$486*	*$331*	*$394*	*$417*	*$540*	*$291*	*$681*	*$313*
Cost of Goods Sold				(closed 50 days in 2016)							
Syrup & Ice Cream	29,533	33,332	33,745	25,633	17,579	18,762	20,173	23,605	16,032	34,455	18,347
Dry Goods	4,726	4,816	5,486	7,121	4,651	5,240	4,236	4,513	1,687	4,267	3,388
Merchandise Cost	0	0	3,097	999	1,387	2,544	3,135	3,483	1,457	5,645	1,046
Total Cost of Goods Sold	$34,259	$38,147	$42,328	$33,753	$23,617	$26,546	$27,545	$31,601	$19,175	$44,367	$22,781
Gross Profit	$147,190	$196,514	$233,980	$199,406	$135,441	$162,724	$172,507	$227,497	$120,478	$282,484	$127,538
	81%	84%	85%	86%	85%	86%	86%	88%	86%	86%	85%
Expenses											
Payroll Totals											
Wages	62,822	83,002	88,017	80,900	72,081	73,250	56,940	59,044	47,768	54,757	28,841
Payroll Taxes	7,370	8,186	11,620	9,458	8,478	7,789	6,935	6,549	7,646	8,372	4,058
Employee Benefit	3,781	5,441	9,569	6,871	1,365	850	3,226	879	1,124	139	387
Total Payroll	$73,973	$96,629	$109,206	$97,229	$81,924	$81,890	$67,101	$66,472	$56,537	$63,268	$33,286
Rent	14,976	13,728	14,976	17,280	17,280	17,280	17,280	20,568	17,088	28,016	20,331
Royalty Fee	10,887	14,080	16,578	13,990	9,544	11,356	12,003	15,546	8,379	19,611	9,019
Advertising Fee	1,814	2,347	2,763	2,332	1,591	1,893	2,001	2,591	1,397	3,269	1,503
Insurance	1,348	1,329	846	645	587	470	405	454	1,367	821	262
Utilities	Included in Rent until 2016				2,267	3,337	3,783	3,595	3,731	3,840	4,011
Supplies	735	803	905	1,734	1,302	899	812	1,573	1,651	2,360	1,427
Repairs & Maintenance	33	65	41	896	712	1,364	321	327	843	1,351	998
Marketing	1,799	2,537	3,188	5,378	4,410	5,857	5,806	8,754	1,798	3,622	2,646
Credit Card Fees	2,148	1,326	2,432	2,358	1,852	2,510	3,103	4,593	3,206	8,318	3,782
Computer Expenses	669	1,212	1,862	593	0	0	343	0	0	398	1,038
General Expenses	98	278	321	770	1,011	1,554	905	711	727	1,776	1,914
Total Expenses	$108,480	$134,333	$153,118	$143,204	$122,478	$128,409	$113,863	$125,183	$96,724	$136,650	$80,217
Net Ordinary Income	$38,710	$62,181	$80,862	$56,202	$12,963	$34,315	$58,645	$102,314	$23,754	$145,835	$47,321
	21%	26%	29%	24%	8%	18%	29%	39%	17%	45%	31%

* Depreciation and Amortization expense not included as it will vary based on build out cost and choice of depreciation schedule.

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Ululani's Hawaiian Shave Ice

Income Statement by Location

	Market Place Location										
	750 sq foot free standing shop, opened June 2011										
Income	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Shave Ice Sales	391,835	531,082	772,016	903,854	1,112,112	1,254,067	1,444,871	1,629,045	362,925	1,466,865	1,815,926
Total Income	$391,835	$531,082	$772,016	$903,854	$1,112,112	$1,254,067	$1,444,871	$1,629,045	$362,925	$1,466,865	$1,815,926
per sq ft sales	*$522*	*$708*	*$1,029*	*$1,205*	*$1,483*	*$1,672*	*$1,926*	*$2,172*	*$484*	*$1,956*	*$2,421*
Cost of Goods Sold											
Syrup & Ice Cream	61,759	69,702	70,567	100,820	107,147	124,777	131,260	134,876	36,830	137,266	158,043
Dry Goods	12,741	12,982	14,789	29,194	23,168	27,064	26,261	27,713	6,172	25,421	38,892
Merchandise Cost	0	0	26,144	17,538	12,290	15,985	21,092	23,936	5,842	28,757	38,916
Total Cost of Goods Sold	$74,500	$82,684	$111,500	$147,552	$142,605	$167,826	$178,614	$186,525	$48,844	$191,444	$235,851
Gross Profit	$317,335	$448,398	$660,516	$756,302	$969,506	$1,086,241	$1,266,258	$1,442,520	$314,081	$1,275,421	$1,580,075
	81%	84%	86%	84%	87%	87%	88%	89%	87%	87%	87%
Expenses											
Payroll Totals											
Wages	143,931	190,165	201,655	211,274	232,373	233,565	342,009	375,353	145,007	289,253	327,606
Payroll Taxes	16,573	18,409	26,132	28,283	26,946	25,226	37,737	50,861	20,884	43,411	51,621
Employee Benefit	8,968	12,903	22,693	21,348	8,181	8,174	8,631	11,881	9,831	19,653	28,005
Total Payroll	$169,473	$221,478	$250,480	$260,906	$267,500	$266,965	$388,377	$438,094	$175,722	$352,317	$407,232
Rent	56,658	63,234	74,931	83,709	98,720	110,078	125,494	140,215	41,870	107,866	144,933
Royalty Fee	23,510	31,865	46,321	54,231	66,727	75,244	86,692	97,743	21,776	88,012	108,956
Advertising Fee	3,918	5,311	7,720	9,039	11,121	12,541	14,449	16,290	3,629	14,669	18,159
Insurance	3,616	3,564	2,268	2,386	3,910	3,367	3,078	3,085	3,645	3,636	2,969
Utilities	7,162	21,768	19,350	25,325	12,354	5,270	7,298	8,727	7,659	8,925	22,210
Supplies	1,859	2,032	2,289	5,438	6,640	6,475	5,823	5,612	3,208	13,282	11,442
Repairs & Maintenance	2,768	5,545	3,479	5,276	2,910	5,260	6,298	11,739	2,042	18,609	12,088
Marketing	1,993	2,810	3,532	6,739	5,361	7,471	7,099	10,092	2,185	3,874	2,646
Credit Card Fees	6,194	3,825	7,015	10,314	12,245	17,245	22,246	28,628	6,818	36,968	45,695
Computer Expenses	786	1,425	2,190	427	306	3,274	2,953	904	113	2,903	1,766
General Expenses	840	2,380	2,746	2,168	1,785	1,699	1,862	1,601	1,105	14,141	5,584
Total Expenses	$278,777	$365,237	$422,321	$465,957	$489,580	$514,888	$671,668	$762,730	$269,772	$665,201	$783,680
Net Ordinary Income	$38,558	$83,161	$238,195	$290,345	$479,927	$571,353	$594,589	$679,790	$44,310	$610,220	$796,395
	10%	16%	31%	32%	43%	46%	41%	42%	12%	42%	44%

* Depreciation and Amortization expense not included as it will vary based on build out cost and choice of depreciation schedule.

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Ululani's Hawaiian Shave Ice

Income Statement by Location

	Kihei Location										
	845 sq ft free standing location, opened May 2012.										
Income	*2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Shave Ice Sales	252,833	368,278	554,742	672,853	740,289	835,729	977,956	1,201,270	492,916	1,122,854	1,319,969
Total Income	$252,833	$368,278	$554,742	$672,853	$740,289	$835,729	$977,956	$1,201,270	$492,916	$1,122,854	$1,319,969
per sq ft sales	*$299*	*$436*	*$656*	*$796*	*$876*	*$989*	*$1,157*	*$1,422*	*$583*	*$1,329*	*$1,562*
Cost of Goods Sold											
Syrup & Ice Cream	57,479	64,871	65,676	70,965	75,742	79,652	87,701	99,547	49,498	110,137	127,871
Dry Goods	9,062	9,234	10,520	20,275	14,292	15,075	15,090	19,224	6,162	14,404	25,413
Merchandise Cost	0	0	13,176	10,275	9,319	13,092	12,353	7,822	1,078	4,411	3,720
Total Cost of Goods Sold	$66,541	$74,105	$89,372	$101,515	$99,353	$107,819	$115,144	$126,593	$56,739	$128,952	$157,004
Gross Profit	$186,292	$294,173	$465,370	$571,338	$640,936	$727,910	$862,813	$1,074,677	$436,177	$993,903	$1,162,965
	74%	80%	84%	85%	87%	87%	88%	89%	88%	89%	88%
Expenses											
Payroll Totals											
Wages	97,634	128,996	136,790	156,640	161,870	182,141	188,087	232,792	110,245	199,159	286,809
Payroll Taxes	11,274	12,523	17,776	19,932	19,179	20,387	20,814	27,777	16,561	31,129	42,411
Employee Benefit	0	8,379	14,738	14,610	1,827	1,364	3,596	5,253	7,505	13,000	15,788
Total Payroll	$108,908	$149,898	$169,304	$191,182	$182,876	$203,892	$212,497	$265,822	$134,311	$243,289	$345,008
Rent	25,080	48,741	34,904	39,115	42,509	49,335	62,843	83,736	54,114	72,444	68,412
Royalty Fee	15,170	22,097	33,284	40,371	44,417	50,144	58,677	72,076	29,575	67,371	79,198
Advertising Fee	2,528	3,683	5,547	6,729	7,403	8,357	9,780	12,013	4,929	11,229	13,200
Insurance	4,289	4,227	2,690	2,049	2,542	2,193	2,106	2,359	5,011	2,698	2,183
Utilities	6,316	19,196	17,064	14,533	14,035	15,637	16,814	22,028	16,705	17,736	20,279
Supplies	1,597	1,746	1,967	2,880	2,944	2,379	3,324	4,214	3,170	9,870	14,291
Repairs & Maintenance	1,361	2,726	1,711	3,333	1,759	2,727	1,464	6,921	3,275	21,886	51,153
Marketing	1,896	2,673	3,360	5,750	4,407	6,727	6,083	9,062	1,862	4,255	2,660
Credit Card Fees	3,870	2,390	4,383	6,707	7,174	10,324	13,507	19,827	10,383	27,949	32,934
Computer Expenses	662	1,200	1,843	889	14	1,645	343	0	169	1,910	2,118
General Expenses	345	976	1,126	817	850	939	1,224	759	513	2,509	3,961
Total Expenses	$172,021	$259,553	$277,183	$314,356	$310,932	$354,299	$388,661	$498,818	$264,017	$483,143	$635,397
Net Ordinary Income	$14,271	$34,620	$188,187	$256,982	$330,004	$373,611	$474,152	$575,858	$172,160	$510,759	$527,568
	6%	9%	34%	38%	45%	45%	48%	48%	35%	45%	40%

* Depreciation and Amortization expense not included as it will vary based on build out cost and choice of depreciation schedule.

* 2012 Kihei extrapolated January through April to Annualized Figures as shop opened in May 2012

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Ululani's Hawaiian Shave Ice
Income Statement by Location

	Maui Lani Location 869 sq ft free standing location, opened December 2014								Hyatt Location 720 sq foot kiosk location, opened December 2014							
Income	2015	2016	2017	2018	2019	2020	2021	2022	2015	2016	2017	2018	2019	2020	2021	2022
Shave Ice Sales	323,614	242,171	267,965	294,871	394,459	203,742	441,615	580,816	323,300	379,806	383,991	450,017	581,568	195,031	725,769	747,607
Total Income	$323,614	$242,171	$267,965	$294,871	$394,459	$203,742	$441,615	$580,816	$323,300	$379,806	$383,991	$450,017	$581,568	$195,031	$725,769	$747,607
per sq ft sales	*$372*	*$279*	*$308*	*$339*	*$454*	*$234*	*$508*	*$668*	*$449*	*$528*	*$533*	*$625*	*$808*	*$271*	*$1,008*	*$1,038*
Cost of Goods Sold																
Syrup & Ice Cream	38,242	32,250	33,176	35,757	40,903	24,412	47,222	61,934	29,473	28,187	30,187	28,842	39,803	14,030	58,406	61,389
Dry Goods	10,540	7,055	7,296	7,538	7,568	3,338	7,453	13,020	9,304	8,225	9,286	10,021	10,888	2,803	8,378	12,624
Merchandise Cost	4,241	2,506	3,942	5,285	7,332	2,326	10,322	20,852	640	584	1,967	1,682	889	2,040	1,645	679
Total Cost of Goods Sold	$53,022	$41,811	$44,413	$48,580	$55,803	$30,075	$64,998	$95,806	$39,417	$36,996	$41,440	$40,545	$51,580	$18,873	$68,428	$74,692
Gross Profit	$270,592	$200,359	$223,552	$246,290	$338,656	$173,667	$376,617	$485,010	$283,883	$342,809	$342,551	$409,473	$529,988	$176,159	$657,341	$672,915
	84%	83%	83%	84%	86%	85%	85%	84%	88%	90%	89%	91%	91%	90%	91%	90%
Expenses																
Payroll Totals																
Wages	120,601	102,557	75,800	103,020	142,460	96,199	161,215	188,860	109,659	99,958	104,441	115,335	115,322	41,675	188,709	177,996
Payroll Taxes	14,119	12,262	8,436	12,129	19,793	16,242	21,735	27,099	12,376	11,317	11,015	12,367	15,123	5,829	26,579	26,358
Employee Benefit	11,027	8,918	2,942	448	3,635	10,416	7,371	8,157	13,011	4,412	3,698	7,381	5,807	1,762	19,701	11,595
Total Payroll	$145,747	$123,737	$87,179	$115,598	$165,888	$122,857	$190,321	$224,116	$135,045	$115,686	$119,154	$135,083	$136,252	$49,265	$234,989	$215,949
Rent	51,703	57,027	62,817	56,270	49,239	36,065	72,102	64,631	37,339	45,583	44,333	53,387	65,773	27,919	80,612	82,706
Royalty Fee	19,417	14,530	16,078	17,692	23,668	12,225	26,497	34,849	19,398	22,788	23,039	27,001	34,894	11,702	43,546	44,856
Advertising Fee	3,236	2,422	2,680	2,949	3,945	2,037	4,416	5,808	3,233	3,798	3,840	4,500	5,816	1,950	7,258	7,476
Insurance	749	880	783	648	726	1,974	1,056	961	786	1,271	1,018	972	1,180	1,974	1,759	1,222
Utilities	8,220	13,379	13,982	16,451	19,250	10,625	15,618	25,089	2,413	2,463	2,000	2,400	2,269	1,417	2,504	2,598
Supplies	1,796	1,928	1,513	1,176	3,119	2,414	4,093	5,450	4,554	2,015	2,782	1,547	1,906	1,281	6,022	6,696
Repairs & Maintenance	621	2,855	3,220	2,465	4,818	3,036	4,018	6,462	2,478	2,524	4,932	317	1,445	263	1,584	3,865
Marketing	5,882	4,224	5,539	5,891	8,841	1,829	3,641	2,646	5,250	4,552	6,726	6,558	10,569	2,141	4,794	3,745
Credit Card Fees	3,837	2,707	3,846	4,560	6,851	4,684	11,239	14,811	2,042	2,300	2,703	4,709	7,569	3,307	15,619	14,915
Computer Expenses	438	0	295	0	440	169	628	259	54	0	307	343	259	0	850	311
General Expenses	5,975	1,430	1,385	1,249	2,376	791	2,204	3,512	1,196	1,451	1,197	1,422	1,612	1,497	8,755	5,461
Total Expenses	$247,621	$225,120	$199,316	$224,949	$289,160	$198,706	$335,833	$388,594	$213,788	$204,430	$212,032	$238,239	$269,544	$102,716	$408,292	$389,801
Net Ordinary Income	$22,971	($24,761)	$24,236	$21,342	$49,496	($25,039)	$40,784	$96,416	$70,095	$138,379	$130,519	$171,234	$260,444	$73,442	$249,049	$283,114
	7%	-10%	9%	7%	13%	-12%	9%	17%	22%	36%	34%	38%	45%	38%	34%	38%

* Depreciation and Amortization expense not included as it will vary based on build out cost and choice of depreciation schedule.

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Ululani's Hawaiian Shave Ice

Income Statement by Location

	Paia Location					Banyan Tree Location	
	980 sq ft free standing location, opened March 2018					1,047 sq foot free standing shop, opened November 2021	
Income	2018	2019	2020	2021	2022	2021	2022
Shave Ice Sales	408,594	668,775	122,250	637,895	657,012	76,688	46,198
Total Income	$408,594	$668,775	$122,250	$637,895	$657,012	$76,688	$46,198
per sq ft sales	*$417*	*$682*	*$125*	*$651*	*$670*	*$73*	*$44*
Cost of Goods Sold							
Syrup & Ice Cream	44,706	62,137	13,287	60,296	61,557	7,502	3,701
Dry Goods	13,502	11,433	1,651	7,198	12,389	959	351
Merchandise Cost	11,270	16,628	3,283	24,620	29,634	4,763	1,767
Total Cost of Goods Sold	$69,478	$90,198	$18,220	$92,114	$103,580	$13,225	$5,819
Gross Profit	$339,117	$578,576	$104,029	$545,781	$553,432	$63,463	$40,379
	83%	87%	85%	86%	84%	83%	87%
Expenses							
Payroll Totals							
Wages	147,971	221,445	51,317	129,952	131,249	14,468	8,598
Payroll Taxes	15,933	29,545	7,152	18,884	19,133	1,845	1,301
Employee Benefit	6,501	11,577	3,777	3,040	2,584	24	1,283
Total Payroll	$170,405	$262,567	$62,246	$151,876	$152,966	$16,337	$11,182
Rent	143,000	164,586	147,397	177,569	182,896	26,131	79,375
Royalty Fee	24,516	40,126	7,335	38,274	39,421	4,601	2,772
Advertising Fee	4,086	6,688	1,222	6,379	6,570	767	462
Insurance	891	1,270	1,215	1,525	1,048	235	87
Utilities	12,657	15,586	8,674	13,900	19,822	3,601	9,667
Supplies	5,300	3,208	1,159	4,009	5,214	4,489	208
Repairs & Maintenance	4,894	9,920	1,478	2,888	2,805	3,012	2,945
Marketing	7,146	9,157	1,672	3,643	2,646	958	657
Credit Card Fees	6,752	12,160	2,137	16,117	16,451	2,087	1,197
Computer Expenses	1,777	0	0	628	835	2,083	0
General Expenses	15,410	23,290	3,715	8,654	3,670	930	3,153
Total Expenses	$396,834	$548,559	$238,251	$425,462	$434,344	$65,231	$111,705
Net Ordinary Income	($57,717)	$30,018	($134,221)	$120,319	$119,088	($1,769)	($71,326)
	-14%	4%	-110%	19%	18%	-2%	-154%

* Depreciation and Amortization expense not included as it will vary based on build out cost and choice of depreciation schedule.

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Some operations have sold or earned the amounts disclosed in the above tables. Your individual results may differ. There is no assurance you'll sell or earn as much.

The financial performance representations are based on our Affiliate's records and information we received from our franchisee(s). The information has not been audited.

We strongly urge you to consult with your financial advisor or personal accountant concerning the financial analysis that you should make in determining whether or not to purchase a franchise.

Written substantiation for this financial performance representation is available to you upon reasonable written request.

Notes to Tables:

1. The above tables in Sections A and B do not reflect any of the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. The tables in Section C represent typical ongoing costs; however these tables do not reflect all costs and expenses you may incur. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the disclosure document (if any), may be one source of this information.

2. Although our Affiliate did not pay Monthly Royalty Fees or Monthly Advertising Fees, these fees have been included in the income statements for our Affiliate in Section C.

3. In this Item 19, the following definitions shall apply: "Gross Sales" and "Total Income" mean all receipts generated by the outlet from any source, but excluding refunds, adjustments, discounts, credits, and sales taxes. "Net Ordinary Income" means Total Income minus cost of goods sold, ordinary and recurring operating expenses, interest, income taxes, depreciation, and amortization.

Except as provided in this financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Brad Edgerton, Chief Financial Officer, UHSI FRANCHISE, LLC, 13517 NE 42nd Ave., Vancouver, Washington 98686, (360) 903-5236, Braduhsifranchise@gmail.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

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Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEMWIDE OUTLET SUMMARY
For Fiscal Years Ending December 31, 2020, 2021, 2022

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	1	1	0
	2021	1	1	0
	2022	1	2	+1
Company or Affiliate Owned*	2020	6	6	0
	2021	6	7	+1
	2022	7	7	0
Total Outlets	**2020**	**7**	**7**	**0**
	2021	**7**	**8**	**+1**
	2022	**8**	**9**	**+1**

***** Owned and operated by our Affiliate, Ululani's Hawaiian Shave Ice, LLC

Table No. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(other than the Franchisor)
For Fiscal Years Ending
December 31, 2020, 2021, 2022

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Hawaii	2020	0
	2021	0
	2022	0
Total	**2020**	**0**
	2021	**0**
	2022	**0**

Table No. 3
STATUS OF FRANCHISED OUTLETS
For Fiscal Years Ending
December 31, 2020, 2021, 2022

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
California	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	1
Hawaii	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Total	**2020**	**1**	**0**	**0**	**0**	**0**	**0**	**1**
	2021	**1**	**0**	**0**	**0**	**0**	**0**	**1**
	2022	**1**	**1**	**0**	**0**	**0**	**0**	**2**

Table No. 4
STATUS OF COMPANY-OWNED OUTLETS
For Fiscal Years Ending
December 31, 2020, 2021, 2022

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of Year
Hawaii	2020	6	0	0	0	0	6
	2021	6	1	0	0	0	7
	2022	7	0	0	0	0	7
All Other States	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Total	**2020**	**6**	**0**	**0**	**0**	**0**	**6**
	2021	**6**	**1**	**0**	**0**	**0**	**7**
	2022	**7**	**0**	**0**	**0**	**0**	**7**

Table No. 5
PROJECTED OPENINGS
As of December 31, 2022 (Through December 31, 2023)

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Current Fiscal Year
California	3	3	0
Florida	0	1	0
Hawaii	2	2	0
Nevada	0	1	0
Texas	1	1	0
TOTALS	**6**	**8**	**0**

The following is a complete listing of all of our current franchisees in operation and the addresses and telephone numbers of all of their operations as of December 31, 2022:

Name	**Address**	**Phone**
OHANA SHAVE ICE, INC. and Nick Gallo	4661 Hollywood Blvd. Los Angeles, California 90027	310-892-9386
BREIT KONA TRS LLC	Courtyard King Kamehameha's Kona Beach Hotel, 75-5660 Palani Road, Kailua-Kona, Hawaii 96740	1-800-367-2111

Following is a list of franchisees who have signed franchise agreements but whose outlets were not yet opened as of December 31, 2022:

Name	**Address**	**Phone**
Leli's Dream LLC and Monica Shiu	Shops at Livermore, 3020 W. Jack London Bl, #B-4 Livermore, CA 94551	415-533-7409
THE J.A.G. GROUP, CORP. and Joseph Anthony Genua	206 State Street Redlands, CA 92373	201-899-5294
Dang's Enterprise LLC and Jonnie Dang	2130 Pacific Ave Stockton, CA 95204	209-598-8227
JJ Enterprise Group Inc., Jak Hu and Jamie Wong	909 Kapahulu Ave, #4 Honolulu HI 96816	808-683-6229
KE Anuenue Enterprises LLC, Shontaz Naweli and Osborn Naweli	41-1537 Kalanianeole Hwy, #7 Waimanalo, HI 96795	808-368-1789
O&F Ice, LLC and John Dacles	4500 E. Palm Valley Blvd, #116 Round Rock, TX 78665	973-704-4538

The following is a complete listing of all of our current company-owned and Affiliate-owned outlets and the addresses and telephone numbers of all of their operations as of December 31, 2022:

Name	**Address**	**Phone**
Ululani's Hawaiian Shave Ice, LLC	61 South Kihei Rd. Kihei, Hawaii 96753	(360) 903-5236
	790 Front St. Lahaina, Hawaii 96761	
	333 Dairy Rd. Kahului, Hawaii 96753	
	200 Nohea Kia Drive Kaanapali, Hawaii 96761	
	50 Maui Lani Parkway Unit E1 Wailuku, Hawaii 96793	
	115 Hana Highway Unit D Paia, Hawaii 96779	
	626 Front Street Lahaina, HI 96761	

Currently, we have no area developers or area representatives.

The following is a list of the name, city and state, and the current telephone number (or if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or has not communicated with us within 10 weeks of the date of this Disclosure Document.

Name	**City and State**	**Phone**
None		

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

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

We have not created, sponsored or endorsed any trademark-specific franchisee organization associated with the franchise system being offered.

No independent franchisee organizations have asked to be included in this disclosure document.

Item 21
FINANCIAL STATEMENTS

Attached in Exhibit A to this Disclosure Document are our audited financial statements as of December 31, 2020, 2021, and 2022. Our fiscal year-end is December 31.

Item 22
CONTRACTS

The following agreements are exhibits:

1. Franchise Agreement (including State Law Addendum and other exhibits and schedules) - Exhibit B
2. Conditional Assignment of Telephone and Directory Listings - Exhibit D
3. Abandonment, Relinquishment, & Termination of Assumed Business Name - Exhibit E
4. Authorization for Electronic Funds Transfer - Exhibit F
5. SBA Addendum to Franchise Agreement - Exhibit G
6. Form of General Release – Exhibit I

Item 23
RECEIPTS

Attached to this Disclosure Document are two Receipt pages. They are duplicates that evidence your receipt of this Disclosure Document – the first is to be retained by you, the other by us (Exhibit K).

EXHIBIT A to Ululani's Hawaiian Shave Ice Franchise Disclosure Document

FINANCIAL STATEMENTS

UHSI FRANCHISE, LLC

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022, 2021, AND 2020

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

UHSI FRANCHISE, LLC

Table of Contents

	Page
Independent auditor's report	3
Balance sheets	5
Statements of operations	6
Statements of members' equity	7
Statements of cash flows	8
Notes to the financial statements	9

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

Independent Auditor's Report

To the Members
UHSI Franchise, LLC
Vancouver, WA

Opinion

We have audited the accompanying financial statements of UHSI Franchise, LLC, which comprise the balance sheets as of December 31, 2022, 2021, and 2020, and the related statements of operations, members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UHSI Franchise, LLC as of December 31, 2022, 2021, and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

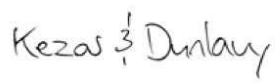
In performing an audit in accordance with generally accepted auditing standards, we:

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

Restrictions on Use

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.



St. George, Utah
February 1, 2023

UHSI FRANCHISE, LLC
BALANCE SHEETS
As of December 31, 2022, 2021, and 2020

	2022	2021	2020
Assets			
Current assets			
Cash and cash equivalents	$ 16,876	$ 8,558	$ 3,963
Accounts receivable	5,928	714	-
Total current assets	22,804	9,272	3,963
Total assets	$ 22,804	$ 9,272	$ 3,963
Liabilities and Members' Deficit			
Current liabilities			
Accounts payable	$ 5,741	$ 27	$ 3,839
Due to related party	87,545	112,000	102,110
Deferred revenue, current	25,438	2,938	2,938
Total current liabilities	118,724	114,965	108,887
Non-current liabilities			
Deferred revenue, non-current	12,811	15,749	18,687
Total liabilities	131,535	130,714	127,574
Members' deficit	(108,731)	(121,442)	(123,611)
Total liabilities and members' deficit	$ 22,804	$ 9,272	$ 3,963

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

UHSI FRANCHISE, LLC

STATEMENTS OF OPERATIONS

For the years ended December 31, 2022, 2021, and 2020

	2022	2021	2020
Operating revenue:			
Product and merchandise sales	$ 41,011	$ 24,682	$ 14,829
Royalties	22,358	8,930	5,184
Initial franchise fees	27,938	2,938	2,938
Other revenue	1,081	501	1,081
Total revenue	92,388	37,051	24,032
Cost of revenue	18,880	13,510	7,055
Gross profit	73,508	23,541	16,977
Operating expenses:			
Professional fees	32,618	16,517	19,362
General and administrative	28,179	4,855	2,555
Total operating expenses	60,797	21,372	21,917
Net income (loss)	$ 12,711	$ 2,169	$ (4,940)

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

UHSI FRANCHISE, LLC

STATEMENTS OF CHANGES IN MEMBERS' DEFICIT

For the years ended December 31, 2022, 2021, and 2020

Balance as of January 1, 2020	$ (118,671)
Net loss	(4,940)
Balance as of December 31, 2020	(123,611)
Net income	2,169
Balance as of December 31, 2021	(121,442)
Net income	12,711
Balance as of December 31, 2022	$ (108,731)

The accompanying notes are an integral part of the financial statements

UHSI FRANCHISE, LLC
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022, 2021, and 2020

	2022	2021	2020
Cash flow from operating activities:			
Net income (loss)	$ 12,711	$ 2,169	$ (4,940)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:			
Changes in operating assets and liabilities:			
Accounts receivable	(5,214)	(714)	6,875
Accounts payable	5,714	(3,812)	3,075
Deferred revenue	19,562	(2,938)	(2,938)
Net cash provided (used) by operating activities	32,773	(5,295)	2,072
Cash flows from financing activities:			
Net activity on due to related party	(24,455)	9,890	(4,109)
Net cash provided (used) by financing activities	(24,455)	9,890	(4,109)
Net change in cash and cash equivalents	8,318	4,595	(2,037)
Cash at the beginning of the year	8,558	3,963	6,000
Cash at the end of the year	$ 16,876	$ 8,558	$ 3,963
Supplementary disclosures of cash flows			
Cash paid for interest and taxes	$ -	$ -	$ -

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

(1) Nature of Operations and Summary of Significant Accounting Policies

(a) Nature of Operations

UHSI Franchise, LLC (the "Company") was organized in March 2015 under the laws of the State of Delaware for the purpose of developing and operating a franchising system, as franchisor, for a shaved ice business. The Company's headquarter is located in Vancouver, Washington.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

(b) Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission (SEC), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of December 31, 2022, 2021, and 2020, the Company had cash and cash equivalents of $16,876, $8,558, and $3,963, respectively.

(e) Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and other revenues. These receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts. Management regularly evaluates individual customer receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. As of December 31, 2022, 2021, and 2020, the Company had receivables of $5,928, $714, $0, respectively. As of December 31, 2022, 2021, and 2020, the Company had no allowance for uncollectible accounts.

(f) Revenue Recognition

The Company's revenues consist of fees from franchised locations operated by conventional franchisees and area representatives. Revenues from franchisees consist of product sales, initial franchise fees, transfer fees, and royalties based on a percentage of gross revenues. Revenues from area representatives consist of initial fees.

On January 1, 2019, the Company adopted ASC 606, *Revenue from Contracts with Customers* using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch-up adjustment recognized upon adoption. As such, comparative information in the Company's financial statements has not been restated and continues to be reported under the accounting standards in effect for those periods. Management determined that the effect of adopting ASC 606 did not have a material effect on the Company's financial statements.

ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each area representative agreement and franchised location, the Company enters into a formal agreement that clearly outlines the transaction price, which includes an initial fee, ongoing royalties, and the Company's performance obligations.

Upon evaluation of the five-step process, the Company has determined that product sales are to be recognized upon shipment of products. Royalties from locations operated by franchisees, which are based on a percentage of gross revenue, are to be recognized at the time the underlying sales occur. For transfer fees and area representative fees, the Company will amortize the initial fee over the length of the agreement.

In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following:

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business

The Company has determined that the fair value of pre-opening services exceeds the initial fees received; as such, the initial fees are allocated to the pre-opening services, which are recognized as revenue upon commencement of operations.

(g) Cost of Revenue

Cost of revenue includes product and merchandise development costs, purchases, and costs associated with the delivery of products and merchandise.

(h) Income Taxes

The entity is structured as a limited liability company (LLC) under the laws of the State of Delaware. A limited liability company is classified as a partnership for federal and state income tax purposes and, accordingly, the income or loss of the Company will be included in the income tax returns of the member. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the member rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2022, the 2021, 2020, and 2019 tax years were subject to examination.

(i) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, long term notes receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

(j) Concentration of Risk

The Company maintains its cash in bank deposit accounts which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) Related Party Transactions

The Company has incurred costs which were paid by its affiliate, Ululani's Hawaii Shave Ice, LLC. The balance does not accrue interest and is due on demand. As of December 31, 2022, 2021, and 2020, the amount payable was $87,545, $112,000, and $102,110, respectively.

During the years ended December 31, 2022, 2021, and 2020, the Company has not incurred rent or other typical operating expenses. An affiliate through common ownership provides office space, telephone services, and labor at no charge. The Company is not expected to reimburse these costs. Were these expenses to be charged, the Company's net income would decrease while the net loss and members' deficit would increase for each year presented.

(3) Franchise Agreements

The Company's franchise agreements generally provide for a payment of initial fees as well as continuing royalty based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the Ululani's Hawaii Shave Ice system for a period of ten years. Under the Company's revenue recognition policy, the Company recognized initial franchise fees when operations commence. Area developer and transfer fees are amortized over the life of the contract. In addition, the Company defers related contract costs such as broker commissions over the same period and records them as deferred contract costs.

The Company has estimated the following current and non-current portions of deferred revenue as of December 31, 2022, 2021, and 2020:

	2022	2021	2020
Deferred revenue, current	$ 25,438	$ 2,938	$ 2,938
Deferred revenue, non-current	12,811	15,749	18,687
	$ 38,249	$ 18,687	$ 21,625

(4) Commitments and Contingencies

On March 11, 2020, the World Health Organization classified the outbreak of a new strain of the coronavirus ("COVID-19") as a pandemic. The COVID-19 outbreak in the United States began in mid-March 2020 and has continued through 2021 and subsequent to the fiscal year end. It is continuing to disrupt supply chains and affect production and sales across a range of industries. Management believes the pandemic has had a material effect on the Company's operations, reducing revenue from both new and existing franchisees. The extent of the impact of COVID-19 on the Company's future operational and financial performance continues to evolve and will depend on certain ongoing developments, including the duration and spread of the outbreak, impact on the Company's customers and vendors all of which are uncertain and cannot be reasonably estimated. At this point, the full extent to which COVID-19 may impact the Company's future financial condition or results of operations is uncertain.

In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

On March 11, 2020, the World Health Organization classified the outbreak of a new strain of the coronavirus ("COVID-19") as a pandemic. The COVID-19 outbreak in the United States began in mid-March 2020 and has continued through 2022 and subsequent to the fiscal year end. It is continuing to disrupt supply chains and affect production and sales across a range of industries. Management believes the pandemic has had a material effect on the Company's operations, reducing revenue from both new and existing franchisees. The extent of the impact of COVID-19 on the Company's future operational and financial performance continues to evolve and will depend on certain ongoing developments, including the duration and spread of the outbreak, impact on the Company's customers and vendors all of which are uncertain and cannot be reasonably estimated. At this point, the full extent to which COVID-19 may impact the Company's future financial condition or results of operations is uncertain.

(5) Subsequent Events

Management has reviewed and evaluated subsequent events through February 1, 2023, the date on which the financial statements were issued.

EXHIBIT B to Ululani's Hawaiian Shave Ice Franchise Disclosure Document

FRANCHISE AGREEMENT

UHSI FRANCHISE, LLC

13517 NE 42nd Ave.
Vancouver, Washington 98686

(360) 903-5236

TABLE OF CONTENTS

1 GRANT OF FRANCHISE AND FRANCHISE TERRITORY
- 1.1 Grant of Franchise and Franchise Territory
- 1.2 One Location for Franchise
- 1.3 Assistance in Site Location
- 1.4 Franchise Development
- 1.5 Relocation of the Franchise
- 1.6 Existence of Divergent Forms of Franchise Contracts
- 1.7 Rights We Reserve
- 1.8 Nonexclusive
- 1.9 Pricing

2 PAYMENT OF FEES AND OTHER FINANCIAL REQUIREMENTS
- 2.1 Initial Franchise Fee
- 2.2 Monthly Royalty Fee
- 2.3 Monthly Advertising Fee
- 2.4 Automatic Withdrawal
- 2.5 Advertising Standards
- 2.6 "Revenue" Defined
- 2.7 You Will Pay Taxes and Indebtedness
- 2.8 Royalty Fees, Advertising Fees, and Other Sums to Be Paid Promptly
- 2.9 Records
- 2.10 Audits
- 2.11 You are to Pay all Franchise Costs
- 2.12 Application of Payments
- 2.13 Technical Support Fee

3 TRAINING
- 3.1 Mandatory Training
- 3.2 Additional Training Requested by You
- 3.3 Additional Training Required or Offered by Us
- 3.4 Grand Opening Assistance

4 COMMENCEMENT OF OPERATIONS
- 4.1 Time to Complete Training and Commence Operation
- 4.2 Lease Assumption and Real Property Security Assignments

5 FRANCHISE STANDARDS OF OPERATION
- 5.1 Operations Manual, Equipment, Plans and Specifications, and Public Relations
- 5.2 Standards to Be Maintained
- 5.3 Marks, Operations Manual, and Method of Operation Are Our Exclusive Property
- 5.4 You Will Not Use Names or Marks in Combination
- 5.5 Marks, Operations Manual, and Method of Operation May Be Changed
- 5.6 You Will Not Communicate Confidential Information
- 5.7 Conflicting or Competing Interests
- 5.8 Computer Systems
- 5.9 Working Capital Requirements
- 5.10 Notice of Court Action
- 5.11 Credit Card Programs

5.12 Catering Services

6 RENEWAL, TERMINATION AND INTERIM MANAGEMENT
6.1 Renewal of Franchise
6.2 Termination by You
6.3 Termination by Us
6.4 Time Frames Subject to Applicable Law
6.5 You Will Discontinue Use of Marks, Operations Manual, and Method of Operation on Termination of Agreement
6.6 We May Assign Territory Upon Termination
6.7 You and your Owners Not to Compete on Expiration, Termination or Transfer of Agreement
6.8 Interim Management

7 TRANSFER
7.1 Sale or Assignment
7.2 Your Death or Disability
7.3 First Right of Purchase
7.4 First Right of Refusal

8 INDEMNITY, INSURANCE, CONDEMNATION AND CASUALTY
8.1 Indemnity
8.2 Insurance
8.3 Condemnation
8.4 Casualty
8.5 Proceeds from Insurance or Recovery

9 NOTICE AND MISCELLANEOUS
9.1 Notices
9.2 Business Name
9.3 We and You Are Not Joint Venturers, Partners, or Agents
9.4 Waiver
9.5 Time Is of the Essence
9.6 Documents
9.7 Construction
9.8 Enforcement
9.9 Future General Release
9.10 Agreement Binding on Successors and Assigns
9.11 Execution in Counterparts and Our Acceptance
9.12 Approval by Shareholders, Members or Partners
9.13 Guarantee
9.14 Representations and Acknowledgments

10 SIGNATURES

F R A N C H I S E A G R E M E N T

THIS AGREEMENT has been entered this _____ day of _____, 20_____ (the "Effective Date"). It is by and between **UHSI FRANCHISE, LLC**, a Delaware limited liability company, ("we, us") and _____and _____and _____ (jointly and severally "you").

RECITALS

For purposes of this Agreement "you" may include an individual, corporation, partnership, limited liability company or other legal entity. "You" includes any corporation, partnership, limited liability company, individual, combination of individuals, or other legal entity that owns a majority interest of you, or in which you own a majority interest. The term "you" will include all persons who succeed to your interest by transfer or by operation of law.

We have certain rights to, have registered in various jurisdictions, and intend to continue to develop names, trademarks, service marks, logos, commercial symbols, and styles. These include, but are not limited to, "ULULANI'S HAWAIIAN SHAVE ICE" and related logos (the "Marks"). We own valuable goodwill and have valuable expertise, confidential information, methods, procedures, techniques, uniform standards, operations manuals, inventory control guidelines, systems, layouts, merchandise, and materials. These are connected with the operation, promotion, and advertising of businesses that offer high quality shave ice and related products and services to the public under the Marks (the "Method of Operation").

You desire us to train you and to authorize you to operate a high-caliber Ululani's Hawaiian Shave Ice franchise and to use our Method of Operation and Marks. We are willing to grant you such a franchise on the terms and conditions set forth in this Agreement.

You acknowledge that the terms of our prior franchise offerings may have materially differed from the terms of this Agreement.

You realize that entering into this Agreement will obligate you to operate your franchise in strict accordance and conformity with the standards, specifications and procedures as set forth in the Operations Manual that we will loan to you. If you operate your Ululani's Hawaiian Shave Ice Franchise below the standards we require, customers who patronize that Ululani's Hawaiian Shave Ice franchise location will be less likely to patronize other Ululani's Hawaiian Shave Ice store locations. This would damage the business of others. It will be difficult for us to obtain new franchisees if a prospective purchaser observes that you do not maintain the required standards.

AGREEMENT

THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the parties agree as follows:

1 GRANT OF FRANCHISE AND FRANCHISE TERRITORY

1.1 **Grant of Franchise and Franchise Territory**. We grant to you, and you accept from us, the franchise, license, and privilege to use the Marks, the Method of Operation, and merchandise bearing the Marks, for ten (10) years from the Effective Date of this Agreement (the "Franchise").

A. Franchise Premises and Franchise Territory. This grant solely is for the operation

by you of one Ululani's Hawaiian Shave Ice franchise in the geographical territory identified in the attached Exhibit 1 (the "Franchise Territory") unless otherwise provided in an addendum to this Agreement. For purposes of this Agreement and its exhibits, "Franchise Premises" means that specific location identified in Exhibit 1 from which you will operate your Ululani's Hawaiian Shave Ice franchise.

B. Territorial Protection. Except as otherwise provided in this Agreement or its attachments, during the term of this Agreement, we agree not to locate, or license anyone else to locate, any business using the Marks or the Method of Operation within the Franchise Territory, without your prior written consent. However, we may purchase or be purchased by, or merge or combine with, competing businesses, wherever located.

C. Marketing Within Territory. Except with our prior written permission, you may not do business, operate or place advertisements using our trade names or service marks in or originating from any area other than the Franchise Territory. This includes, but is not limited to, internet, catalog sales, telemarketing or other direct marketing. You may not advertise in any media whose primary circulation is outside the Franchise Territory, except with our prior written permission and the prior written consent of any of our franchisees whose territory is reached by that media.

All issues related to local customers who deal with several franchisees in the Ululani's Hawaiian Shave Ice franchise system and local opportunities that could involve more than one franchise will be addressed and resolved by the Ululani's Hawaiian Shave Ice franchisees in the involved local area, subject to our right to give reasonable direction and oversight.

D. Additional Locations. You may not establish or operate any other Ululani's Hawaiian Shave Ice establishment without executing a separate Franchise Agreement for that operation. Among other things, we may require as a condition to our approval of your purchase of additional franchises (from our existing franchisees or affiliates, or from us) that you sign a general release in a form we prescribe, following applicable law, to release us from any claims you may have against us.

E. Co-Branding. Some Ululani's Hawaiian Shave Ice franchises may be placed at a location where another, separate business is operated under another business name. If the Franchise Premises is at that type of location, it will be deemed "co-branded" for the purposes of this Agreement. If the Franchise Premises is located in a co-branded location, the exact basis and calculation of Gross Revenue will follow the requirements and procedures we outline in the Operations Manual. If the Franchise Premises is in a co-branded location, you will obtain and keep, or make arrangements for us to have access to, a complete and accurate set of books and records of the operation of all businesses operated at and all business done through the co-branded location, although Revenue will be limited to Ululani's Hawaiian Shave Ice related receipts. If the Franchise Premises is located in a co-branded location, we may enter upon the Franchise Premises at reasonable times to interview co-branded partners and to inspect and copy any books, records and documents related to the co-branded location in order to verify your compliance with the terms of the Franchise Agreement. The Operations Manual may contain additional information about co-branded locations.

1.2 **One Location for Franchise**. You will operate the Franchise only at the Franchise Premises. If not determined when this Agreement is executed, you are responsible for selecting the site for the Franchise Premises within the location search area (the "Search Area") outlined in Exhibit 1 and in accordance with this Agreement.

1.3 **Assistance in Site Location**.

1.3.1 You are responsible for finding the location of the Franchise Premises subject to

our approval. If you request assistance in selecting a site for the Franchise Premises, we may provide reasonable assistance in finding a location acceptable to you. If requested, you will pay for all reasonable out-of-pocket expenses related to any such site selection assistance, including travel and lodging expenses we incur to help you locate sites. Any on-site assistance is subject to our availability. You will bear all other site selection and lease negotiation expenses.

1.3.2 It is your responsibility to investigate all applicable zoning, licensing, leasing and other requirements for any proposed site. You must ensure that the site you select complies with these requirements.

1.3.3 You acknowledge and agree that any location we select or approve, and any lease we approve will be with the understanding that it meets our minimum acceptable criteria. The location for the Franchise Premises must meet minimum square footage requirements and comply with other standards outlined in our Operations Manual.

1.3.4 You acknowledge that you are responsible for reviewing and determining the appropriateness and desirability of the lease. Before you enter a lease or purchase agreement for the Franchise Premises, you will submit the lease or purchase documents to us for approval. The lease for the Franchise Premises must include the terms set forth in the Franchise Premises Lease Rider attached in Exhibit 2.

1.3.5 We do not guarantee success for any location you select. We will not be liable for any consequences of your choice of any franchise site. Any site recommendation or approval we make is not a representation that any particular site is available or legally appropriate for use as a franchise site. Our minimum criteria are not a representation or guarantee that the location will be successful or that the terms of the lease are reasonable. We will have no liability with respect to the selection or approval of a location or any lease for the Premises, nor liability with respect to any site recommendations or approval we make.

1.4 **Franchise Development**. You will be responsible to furnish and equip the Franchise.

A. We will furnish to you a schedule of equipment packages for the Franchise. Any modifications you propose must be approved in writing by us. All approvals will be solely within our discretion to maintain a uniform image consistent with Ululani's Hawaiian Shave Ice franchise system concepts.

B. You will comply with the standards and specifications we establish for design, layout, equipment, and furnishings, among other things. Modifications or variations require our prior written consent.

C. You will comply within a time we deem reasonable with any requirement we impose to modify the layout, furnishings, and equipment.

D. All equipment will conform to our equipment specifications. If we require any changes in or additions to equipment, you will modify, replace or add to your existing equipment at your sole expense.

E. You must construct and develop your shop at your own cost and expense. You must develop your shop in accordance with such exterior and interior materials and finishes, dimensions, design, image, interior layout, décor, fixtures, furnishings, equipment, color schemes and signs consistent

with System products and Marks. You must utilize our designated draftsman to draft a preliminary test fit floor plan; you will pay the draftsman directly. The preliminary test fit floor plan will be one factor we consider in determining whether to approval your Franchise Premises. You may be required to pay our designated draftsman for more than one location. You must prepare all required construction plans and specifications to suit the shape and dimensions of your site and to ensure that the plans and specifications comply with applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. The architect that you use for a full set of construction documents and required engineering must be approved by us. You must submit construction plans and specifications to us for our review before you begin construction of your shop, and you must submit all revised and "as built" plans and specifications to us during the course of construction. Our review is not designed to assist with compliance with local ordinances and building codes, including ADA standards and requirements, or obtaining any required permits and is limited to review of such plans to assess compliance with our design standards.

1.5 **Relocation of the Franchise**. You will not relocate the Franchise or your Franchise Premises, if any, without our prior written approval Any relocation will be at your sole expense. This Agreement will govern your operations at any replacement Franchise location. You may decide to relocate the Franchise for the following reasons:

- in your and our judgment there is a change in character of the location of the Franchise sufficiently detrimental to your business potential to warrant its relocation, or
- you reasonably decide to relocate the Franchise for cause.

If so, you may relocate the Franchise to another location, if:

A. you are not in breach of this Agreement;

B. you evidence to our satisfaction your ability to obtain and commence operations at the new location within a time we deem reasonable after you vacate the original location;

C. you develop, furnish, and equip, at your sole expense, the new location according to our then-current specifications and standards;

D. you pay all reasonable out-of-pocket expenses we incur because of the relocation. The terms "Franchise Territory" and "Franchise Premises" will include the relocated business site; and

E. you satisfy our then-current franchise placement and demographics criteria, as expressed in the Operations Manual.

1.6 **Existence of Divergent Forms of Franchise Contracts**. You acknowledge that we have offered franchises to others in the past the terms of which may have varied materially from those set forth in this Agreement.

1.7 **Rights We Reserve**. We retain all rights not specifically granted to you under this Agreement. Without limiting the generality of the preceding sentence, and unless otherwise provided in this Agreement, we retain the following rights (in our sole discretion and without granting any right to you):

A. To use or license the use of the Marks or any other trademarks, service marks, logos or commercial symbols in connection with the sale of any services or products other than those directly contemplated being used, offered, or sold by you under this Agreement.

B. To sell products or services anywhere, including within the Franchise Territory, through channels of distribution other than the Ululani's Hawaiian Shave Ice franchise currently reserved to you in the Franchise Territory. We will have no obligation to compensate you for any such sales made within your Franchise Territory.

C. We may place Ululani's Hawaiian Shave Ice establishments in airports, mall food courts, stadiums, and similar limited access environments ("Limited Access Venue") in your Franchise Territory subject to your option to purchase described below. Before we establish a company-owned or franchised outlet using our Marks and Method of Operation at a particular Limited Access Venue within your Franchise Territory, we will provide written notice to you, and you will have the first option to purchase a franchise to be operated at such Limited Access Venue. To exercise this option, you will sign our then-current franchise agreement and exhibits and pay us our then-current initial franchise fees (after any legally required franchise disclosure and waiting periods). If you do not exercise this option within 30 days of receipt of written notice from us, then we may establish a company-owned outlet or sell a franchise to be operated at such Limited Access Venue.

D. We may place present and future Ululani's Hawaiian Shave Ice products for sale in grocery stores and food markets at any location, whether or not within the Franchise Territory or within close proximity to an Ululani's Hawaiian Shave Ice franchise.

E. The Internet is a channel of distribution reserved exclusively to us, and you may not independently market on the Internet or conduct e-commerce except as otherwise allowed by us in the Operations Manual.

F. To locate Ululani's Hawaiian Shave Ice business locations anywhere outside of your Franchise Territory.

1.8 **Pricing**. We will be permitted, to the extent permitted by relevant law, to establish price ceilings or minimum or maximum allowable prices on the products and services you offer and sell, though we will not require you to sell products and services below your wholesale costs. We may provide suggested pricing. Except as so specified by us or as otherwise required in this Agreement and in the Operations Manual, you may determine the prices at which you sell products and services, as well as the terms and conditions of sale.

2 PAYMENT OF FEES AND OTHER FINANCIAL REQUIREMENTS

2.1 **Initial Franchise Fee**. The Initial Franchise Fee is **$48,000**. Contemporaneously with the execution of this Agreement, you have paid to us the entire Initial Franchise Fee. The Initial Franchise Fee is paid in consideration of our sales expenses, administrative overhead, return on investment, and start-up costs related to the execution of this Agreement and the opening of the Franchise and for our lost or deferred opportunity to sell franchises in the Franchise Territory to others.

Except as provided in Sections 3.1 and 4.1 below, none of the Initial Franchise Fee is refundable.

2.2 **Monthly Royalty Fee**. You will pay to us by the 5th day of each month (unless we specify a different date) a Royalty Fee equal to the following percentages of your Gross Revenue for the preceding month: 5% during your first year of operations and 6% thereafter.

2.3 **Monthly Advertising Fee**. You will pay to us (at the same time and in the same manner as the Royalty Fee) an Advertising Fee equal to the following percentages of your Gross Revenue for the preceding month: 0.5% during your first year of operations and 1% thereafter.

Advertising Fee payments are in addition to and exclusive of any sums that you may decide to spend on local advertising and promotion. We have sole discretion over the creative ideas, materials, endorsements, media, placement, and allocation of monies related to use of the Advertising Fee.

You recognize the value of advertising and the importance of the standardization of advertising and promotion to the furtherance of the goodwill and the public image of the Ululani's Hawaiian Shave Ice system and the Method of Operation.

We may use all contributions and any earnings from the Advertising Fees we receive from you in local, regional, national, Internet, or international advertising, marketing and promotion, including but not limited to the following:

A. maintaining, administering, researching, directing, preparing and placing advertising, marketing and promotional activities (including, among other things, the costs of preparing and conducting internet pay-per-click campaigns; social media marketing; television; radio; magazine and newspaper advertising campaigns; public relations programs and press releases);
B. marketing research and development;
C. marketing surveys and public relations activities;
D. development and maintenance of any Internet or e-commerce programs;
E. marketing materials;
F. decor and promotional materials;
G. artwork;
H. advertising services;
I. maintaining and updating our website;
J. training related to marketing, customer service and sales augmentation;
K. production and distribution of periodic newsletters to provide you with industry news, suggestions, and advice on franchise operations; and
L. our reasonable salaries, accounting, collection, legal and other costs related to all of the above.

Our internal artwork, advertising, promotion and newsletter production costs and associated administrative costs are paid from the Advertising Fees. These will be calculated at our cost as established from time to time. We will use your Advertising Fees to place advertising in geographic areas, in media, at times and using products and services we deem to be in the best interest of our franchisees and our franchise system.

2.4 **Automatic Withdrawal**. We may require all ongoing payments described in this Franchise Agreement (including but not limited to Royalty Fees and Advertising Fees) to be made by automatic account withdrawal or other automatic processes we reasonably specify in the Operations Manual. These may include check, cash, certified check, money order, credit or debit card, automatic pre-authorized payment plan, electronic funds transfer or the Internet. If we attempt a draw or other process that is returned unsatisfied for any reason, we may charge you a **$50** fee for each unsatisfied attempt.

2.5 **Advertising Standards**.

A. We May Advertise "Suggested Retail Prices". In national or regional advertising programs, we may include "suggested retail prices" for the goods or services sold by you and our other franchisees. We will include within all our advertising the phrase "available at participating locations only" or other cautionary language to advise the consumer that the suggested retail prices may not be adhered to by all our franchisees. We may compel you to charge "suggested retail prices" to the extent permitted by

state and federal laws and regulations.

B. Discount Programs. We may develop and market special discount or free coupon programs. You will have the right, but not the obligation, to participate in these programs. We will notify you of the creation and provisions of a discount or coupon program. Within five days after receipt of the notice, you will advise us whether or not you wish to participate in that program. If you notify us that you wish to participate, you will adhere to all provisions of the program. If you elect to be excluded from a program, we will have the right to advise consumers, by advertising, sales solicitation or otherwise, that you are not a participant. You will not be entitled to the benefits of that program. We will establish the discount or coupon programs in our sole discretion and will not have any obligation to consult or confer with you or any other of our franchisees with respect to the nature, content or amount of any discount or coupon established pursuant to any program.

C. Your Local Advertising. In addition to the Advertising Fees you pay to us, we recommend that spend each month in your local market at least 2% of your Gross Revenue to advertise and promote the Franchise (the "Local Advertising Contribution"). Upon request, you will report the nature, extent and amount of your local expenditures, in the form and at the times we require in the Operations Manual.

D. Approval of Your Local Advertising. You will submit to us all advertising copy and other advertising and promotional materials, public relations programs and press releases, radio and television advertising, and branded specialty and novelty items, before you use them in your local advertising program. You will not use any advertising copy, public relations program, press release or other promotional material until we approve it. Your failure to conform to our provisions or requirements and subsequent non-action by us to require you to cure or remedy your failures and defaults will not be deemed a waiver of future or additional failures and defaults by you under this provision or any other provision of this Agreement.

E. Internet and Social Media Marketing. Your use of social media internet marketing to promote your franchise must be in strict compliance with our standards as outlined in our Operations Manual. We reserve the right to require you to get our prior approval of any social media internet marketing (including in respect to proposed platforms and content). We reserve the right to prohibit you from using certain social media platforms. We retain the right to reserve unto ourselves the exclusive right to promote our brand via social media or other online mediums.

You will not establish a website to promote our brand or your Franchise. We will list your location on our website.

You will turn over to us ownership and control of any website, social media account, or other online presence related to our brand or your Franchise upon expiration or termination of this Agreement, regardless of the reason for the expiration or termination. The preceding sentence does not grant you rights beyond those expressly granted by this Agreement and our Operations Manual.

We retain the sole right to market on the Internet, including all use of websites, domain names, URL's, linking, meta-tags, advertising, auction sites, e-commerce, and co-branding arrangements. You will provide us content for our Internet marketing and follow our Intranet and Internet usage requirements. We also retain the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, meta-tags, and in connection with linking, advertising, co-branding, and other arrangements. We retain the right to approve any linking or other use of our website. You may not establish a presence on or market using the Internet except as we may specify, and only with our prior written consent.

Subject to the terms of use on our website, we may gather, develop and use in any lawful manner information about any visitor to our website, including but not limited to your customers, franchisees or prospective franchisees who view our website regardless of whether they were referred to you via the website or were otherwise in contact with you.

We have established or may establish in the future an intranet or comparable on-line facility. You must use it in the manner we require. You understand and agree that we may elect to provide certain assistance, deliver information and materials or otherwise communicate with you via the Internet or the intranet. At your sole expense, you will maintain and update as needed all computer system requirements and services necessary to access the Internet and the intranet in the manner we require. You are required to have high speed Internet service to your business or home office where you will be able to access downloads from us of advertising materials, operations manual revisions, training materials and corporate news.

F. Trademark and Copyright Notices. You will use the Marks in strict conformity to the Operations Manual, and will include in any advertisement, or promotional materials which use the Marks, trademark notices as are required by the Operations Manual. All copyrighted materials we supply to you or otherwise used by you in connection with the Franchise will contain copyright notices as required by the Operations Manual.

2.6 **Revenue" Defined**. "Revenue" means all receipts generated by the Franchise from any source, including, but not limited to, sales, exchanges, services, any other type of remuneration, gift, barter of products or services, charity, payment in kind, or any other benefit or value that is received or deferred to be received, and excludes discounts, refunds, and sales taxes. Credit transactions will be included in Revenue as of the date of the transaction without deduction for uncollected credit accounts. The proceeds from any business interruption insurance or eminent domain recovery you receive will be included in "Revenue." "Gross Revenue" means the total Revenue for any calendar month.

2.7 **You Will Pay Taxes and Indebtedness**. You will pay all taxes, assessments, liens, encumbrances, accounts, and other debts, regardless of their nature, assessed against you, the Franchise Premises, or inventory, materials, fixtures, and equipment used in the Franchise. Payment will be made when due and before delinquent except when being contested in good faith by appropriate proceedings. If we are charged with any tax by the authorized taxing authority of any state or political subdivision, including taxes on sales made to or licenses granted to you, or sales made by you in the Franchise Territory, you will pay these taxes. You will pay to us promptly and when due the amount of all sales taxes, personal property taxes and similar taxes imposed upon, required to be collected, or on account of collection by us of the Initial Franchise Fee, the Royalty Fee, or any other payments you make to us pursuant to this Agreement. *[IF APPLICABLE, E.G., FOR FRANCHISEES LOCATED IN THE STATE OF HAWAII: You will pay us, together with each royalty payment or any other payment required hereunder which is subject to the State of Hawaii general excise tax on gross income, as it may be amended, and all other taxes imposed on or assessed against Franchisor on account of the receipt of said royalty or other actual receipts or constructive receipts in the nature of a gross receipts tax, sales tax, privilege tax, or the like (excluding federal, state or any county net income taxes) whether imposed by the United States of America, State of Hawaii, the County of Maui, or the County of Hawaii, an amount, which when added to such fee or other payments, shall yield to us, after deduction of all such tax payable by us with respect to all such payments, a net amount equal to that which we would have realized from such payments had no such tax been imposed or assessed. The present rate for such taxes is [_____%.]*

You acknowledge that one of the benefits accruing to you and all of our other franchisees is the economy of mass purchasing power made available through us. Your failure to pay or repeated delay in making prompt payment in accordance with the terms of the invoice or statements rendered to you for payments due, or misdirection of supplies or other abuses will result in a loss of credit standing and goodwill and a

loss of benefits derived to us and other franchisees using the Method of Operation. You expressly agree to promptly make all product purchase payments on invoices and statements rendered to you in accordance with the terms of the invoices and statements and to make timely remittances of rent as required on your lease.

2.8 **Royalty Fees, Advertising Fees and Other Sums to Be Paid Promptly**. You will not set off any claim for damages or money due to you from us against any payments to be paid by you to us under this Agreement or any related agreement between the parties. No endorsement or statement on any check or payment of any sum less than the full sum due from you to us will be construed as an acknowledgment of payment in full or as an accord and satisfaction. We will have the right to accept any check or payment without prejudice to our rights to recover the balance due or to pursue any other remedy available to us.

A late charge will be added to any sums to be paid under this Agreement that remain unpaid after the date due. The late charge will equal 1.5% per month. In addition, late payments will be subject to a late payment penalty of 5% of the amount due. These interest charges and late payment penalties will not exceed any limits placed upon late charges and late payment penalties by applicable local laws.

Our acceptance of interest and late charges will not constitute a waiver of the breach created by your non-payment of any amount when due. Notwithstanding the payment of any late charges, we may exercise any rights or remedies granted by this Agreement upon your breach or any rights or remedies otherwise granted by law.

Nothing contained in this Agreement obligates us to accept any payments after due or to commit to extend credit to or otherwise finance your operation of the Franchise. You acknowledge that failure to pay all amounts when due will constitute grounds for termination of this Agreement.

Upon your failure to pay us as and when due, we may, at our election, deduct the unpaid sums from any monies or credit we hold for your account. You agree that you will not withhold payment of any amounts due to us on the grounds of any alleged non-performance by us, or in the event of any dispute or a claim by you, or for any other reason whatsoever.

2.9 **Records**. You will keep a complete and accurate set of books and records of the operation of the Franchise, produce monthly financial statements in accordance with generally accepted accounting principles and practices for each calendar month and furnish copies of these statements to us within 30 days after the end of each quarter.

You will furnish to us as outlined in the Operations Manual, an itemized report of the Gross Revenue for the prior month. This report must be certified by you to be true and correct. The report will be in the form and will include such supporting documentation as we may reasonably demand. All Royalty Fees, Advertising Fees and any other fees due based upon the Gross Revenue for the preceding month will accompany the report (unless otherwise provided in the Operations Manual).

You will keep records of all business done and Revenue received through the Franchise. These records will include, but are not limited to, order sheets, sales and rental agreement forms, daily sales summaries, tax returns, financial statements, and invoices. You will date, file in consecutive order, retain for a period of **5** years, and make available to us for inspection and audit all of your records. Without limiting the foregoing, you must send us copies of your tax returns upon our written request.

Our right to inspect will include the right to examine you books, tax returns and records of other businesses owned, in whole or in part, or operated by you to determine whether all revenue to be reported by you has been properly reported and that appropriate fees and contributions have been paid. We may establish a

uniform list of accounts and a uniform bookkeeping system for all of our franchisees. You agree to maintain your books and records in the manner we require.

You will submit to us a list of all shareholders, members, partners or other owners of the franchise business and the respective interests held by each as of the end of each fiscal year. Provided, however, if your shares are publicly traded, the list of shareholders required will include only those owning 5% or more of the shares outstanding. The required report will be submitted to us within 90 days after the end of your fiscal year.

2.10 **Audits**. We may audit your reports, books, statements, business records, cash control devices, and tax returns, profit and loss statements, and other records of the Revenues of the Franchise, at any time during normal business hours. Audits will be conducted at our expense unless you understate the Gross Revenue for any reported period or periods by more than 2% or unless you fail to deliver any required report of Gross Revenue or any required financial statement in a timely manner. In the event of an understatement or failure to deliver, you will reimburse us for all audit costs. These will include, among other things, the charges of any independent accountant and the reasonable travel expenses, room, board, and compensation of our employees incurred in connection with the audit. You will immediately pay all Royalty Fees, Advertising Fees, all other fees and late payment charges that the audit determines are owed. If the audit determines you have overstated the Gross Revenues and you have overpaid the royalties due, we will credit you the overpayment of royalties against the next royalty payment then due. These payments will not prejudice any other remedies we may have under this Agreement or by law. Our right to audit will include the right to examine the books, tax returns and records of other businesses that you own or operate, in whole or in part, to determine whether all revenue to be reported by you has been properly reported and that appropriate fees and contributions have been paid. We will not use a third-party auditor whose fee is based upon a contingency of recoveries.

2.11 **You are to Pay all Franchise Costs**. All the costs of the Franchise, including opening and operating costs, will be your sole obligation. We will have no other costs, liability or expense whatsoever with respect to your opening and operation of the Franchise. You will not use or employ the Marks in performing any activity or incurring any obligation or indebtedness in a manner that could result in making us liable for them. You are responsible for any employee wages and compensation, payroll taxes and other required withholding, worker's compensation and benefits. You will control your own employees and contractors. You will take all steps necessary to maintain a safe and healthy environment for your workers and customers.

2.12 **Application of Payments**. We have the right, in our sole discretion, to apply any payment from you to any past due indebtedness you owe to us or our affiliates, whether from monthly fee payments, purchases, late payment charges, or for any other reason. This section will apply regardless of how you may designate a particular payment is to be applied.

2.13 Technical Support Fee. You shall pay us a monthly Technical Support Fee at our then-current rates for ongoing technical support for the point of sale system and the software for inventory and reporting. The monthly due date for this fee shall be as provided in our Operations Manual. This fee is subject to periodic increases at our reasonable discretion.

3 TRAINING

3.1 **Mandatory Training**. Our affiliate will provide a mandatory training course for you or your franchise manager at a location we designated, typically our affiliate's headquarters (currently in Kahului, Hawaii). This training course will cover various aspects of the operation of the Franchise, which may include topics such as financial controls, marketing techniques, service methods, and maintenance of

quality standards.

Training is scheduled and held on an "as needed" basis depending on the number of franchisees requesting training in a particular time frame and our training personnel's availability. The initial training program will be offered prior to, and must be completed no later than two weeks before, the scheduled date of the opening of the franchise. You and any designated manager must complete initial training within 60 days of the date of the Franchise Agreement (subject to our availability).

You must complete this mandatory training program to our exclusive satisfaction or we may terminate this Agreement upon refunding 75% of the Initial Franchise Fee (less reasonable expenses we incur related to your franchise, including our expenses related to training, if applicable). We may also require your designated manager to complete this training program. You are encouraged to participate in the training before incurring any costs or expenses related to the planned opening of the Franchise. We will not be liable for any costs or expenses you incur if we terminate this Agreement because you or your manager fails to satisfactorily complete the mandatory training course.

You will pay the transportation, board and lodging expenses you and any designated manager incur related to this training. Depending upon our analysis of your training needs, generally the training course will be approximately seven to ten days long. Training and training materials may be delivered in the formats or media we choose (which may include digital and online media). You will participate in and pay for the costs of training, including costs of computer equipment and internet services needed to participate.

If the Franchise is managed by any persons other than you, you will notify us of these managers. Each manager you hire must successfully complete the mandatory training program prior to assuming management duties in the Franchise Premises. You will bear all costs of the training, including a reasonable training fee at our then-current rates. Each of your employees will complete a training program as prescribed in the Operations Manual. All training programs for your employees will be conducted under the direction of you or your designated manager who has successfully completed the mandatory training course. Some of these employee training programs may involve online instructional content.

At all times, your franchise must be operated and supervised by an individual who has passed our mandatory initial training program.

3.2 **Additional Training Requested by You**. At your option and upon not less than 30 days' prior written notice to us, you may receive additional training at our training center or at other agreed upon locations (subject to our availability). All expenses of this training will be borne by you, including but not limited to your travel, lodging, meals, compensation, and our reasonable costs and expenses including a reasonable training fee at our then-current rates.

The duration of training is negotiable depending upon your needs and our availability. You will not receive any compensation for services rendered by the trainee during this or any other training. We may designate qualified franchisees or master franchisees to conduct some or all of your training.

3.3 **Additional Training Required or Offered by Us**. We may provide refresher training programs or seminars and may require that you and your managers attend and complete them to our satisfaction. These programs and seminars will be held at locations we designate. They will be provided without charge to you (except as provided in the following paragraph). You will be exclusively responsible for paying all travel, living and other expenses and compensation of attending these programs and seminars. We will not require you to participate in more than 40 hours of such trainings during any calendar year.

We may require you to participate in additional training if you fail to comply with any material requirement

in your Franchise Agreement or our Operations Manual (or other written standards and specifications) or if we deem, in our reasonable discretion, that such training is needed based on your sales performance. In this case, all expenses of this training will be borne by you, including but not limited to your travel, lodging, meals, compensation, and our reasonable costs and expenses including a reasonable training fee at our then-current rates.

3.4 **Grand Opening Assistance**. One or more of our trainers will spend up to five days at your location before and in conjunction with the grand opening of your franchise. The expenses of this assistance are included in your Initial Franchise Fee.

4 COMMENCEMENT OF OPERATIONS

4.1 **Time to Complete Training and Commence Operation**. You will do the following within two hundred and seventy (270) days after execution of this Agreement: (1) complete to our exclusive satisfaction the mandatory training defined above; (2) ensure that your designated manager, if any, completes the mandatory training; (3) find a site location that is acceptable to you and approved by us; and (4) commence full and continuous operation of the Franchise.

Before commencing operations, you will procure all necessary licenses, permits and improvements and purchase initial equipment, supplies and inventory (as applicable). Any failure to commence operation caused by a war or civil disturbance, a natural disaster, a labor dispute, shortages, supply chain interruptions, local permit delays, or other events beyond your reasonable control will be excused for a period of time that is reasonable under the circumstances.

If you fail to meet these opening deadlines, then we may terminate the Franchise Agreement upon refunding 50% of the Initial Franchise Fee.

4.2 **Lease Assumption and Real Property Security Assignments**. Unless otherwise agreed in writing, any lease you enter into will provide that you may assign that lease to us without penalty or charge. The lease will further provide that upon termination or expiration of this Agreement, we will have an option, exercisable within 30 days after termination or expiration, to be substituted for you in all respects under the lease and to sublease the Premises to another franchisee. You will deliver to us a true copy of the lease and any additions or amendments to it promptly after they are executed.

If you own the premises used for the operation of the Franchise, you will not mortgage, pledge, or otherwise assign as security the premises during the term of this Agreement without our prior written approval. Upon termination or expiration of this Agreement, you will give us a reasonable and good faith opportunity to lease the premises and to continue business operations there. The fair value of and fair terms for the lease and for all related equipment, fixtures, signs, equipment leases and personal property will be determined by appraisal, by a mutually acceptable appraiser. The appraiser will value the fair market value of the assets only and must exclude from its decision any amount or factor for the "goodwill" or "going concern" value. If we cannot agree upon an appraiser, you will select one from a list of at least three independent appraisers that we provide. Any time within 30 days after receiving the appraiser's decision, at our option we may proceed with the purchase at the price determined by the appraiser.

Any lease or sublease of the Franchise Premises will contain provisions substantially similar to those included in the Franchise Premises Lease Rider attached in Exhibit 2, but will be subject to payment of a fair market rent for the Franchise Premises upon Franchisor's exercise of its right to assume the lease under the Rider.

If we cure any breach by you under the lease or sublease, the total amount of all costs and payments we

incur in effecting the cure will be immediately due and owing by you to us.

5 FRANCHISE STANDARDS OF OPERATION

5.1 **Operations Manual, Equipment, Plans and Specifications, and Public Relations**. The continuous development of the Method of Operation in this manner is an important and beneficial aspect of the relationship you want to have with us. We agree to lend to you a copy of the Ululani's Hawaiian Shave Ice Operations Manual (the "Operations Manual"). We will deliver the Operations Manual to you at the initial training program as long as you have paid to us the Initial Franchise Fee in full [unless we are required in the State Law Addendum for your State (see the attached Exhibit 3) to defer receipt of the Initial Franchise Fee until you open for business]. The Operations Manual describes the Method of Operation, which may include specifications, standards, operating procedures, accounting and bookkeeping methods, marketing ideas, equipment requirements and control techniques, plans, specifications, and requirements, public relations guidelines and other rules that we may prescribe periodically and identify as part of the Operations Manual. The Operations Manual will not affect your fundamental status and rights as a franchisee under this Agreement.

The Operations Manual includes materials in whatever form (including electronic) we provide to you that describe the guidelines, advice, and requirements regarding the operation of your franchise, including user manuals and related instruction materials. It includes amendments, supplements, and new documents made and identified by us as part of the Operations Manual. The Operations Manual may be delivered to you by hard paper copy; digital copy; or by any other medium we choose in our discretion.

The Operations Manual is and will remain confidential and our exclusive property. You will not disclose, copy or duplicate any part of the Operations Manual for any reason, unless required to do so by due process of law or the information, through no fault of Franchisee, was already in the public domain. You agree that if you (or your employees or agents) are served with any subpoena or other compulsory judicial or administrative process calling for production of the Operations Manual or any other Confidential Information, then you will immediately notify us so that we may take such action as we deem necessary to protect our interests. Nothing in this Agreement may be construed as an incorporation of the terms of the Operations Manual or as making the Operations Manual part of this Agreement. The Operations Manual, in part, may consist of confidential:

A. manual or manuals, and

B. any Intranet or password protected portion of an Internet site, and

C. any other embodiment of the Methods of Operation, including notices of new standards and techniques including all media identified by us as part of the Operations Manual, and

D. any amendments, supplements, derivative works, and replacements; whether embodied in electronic or other media.

We may develop minimum requirements for equipment, services, business forms, advertising, plans and specifications, among other things. These requirements are outlined in the Operations Manual. You will purchase all initial equipment, supplies and inventory items and additional items specified periodically in the Operations Manual. We may amend the Operations Manual, including changes which may affect minimum requirements for your franchise operations. You will strictly adhere to the requirements of the Operations Manual as we amend it periodically. You will implement immediately all changes at your cost unless we otherwise specify. We reasonably may restrict you from producing, stocking, and selling certain services and goods as may be specified in the Operations Manual.

You must purchase items that bear the Marks from us or suppliers we approve or exclusively designate. Proprietary items and supplies may be private labeled by us. We retain the right to make a reasonable profit on any items, supplies and materials you buy from us or our affiliates. We may also make a reasonable profit on supplies we purchase in bulk quantities and sell to you. What we charge to you, however, will not be in excess of the general market price for the same goods were you to obtain them from other sources in your market area.

We may obtain money, goods, services, or other benefits from persons and entities with whom you do business, on account of that business with you. These may include rebates, refunds, commissions, co-operative payments, or discounts.

There are no required quotas as to quantity of purchases you must make from us or from approved vendors. You must only have enough equipment and supplies on hand to meet customer demand. If we are not able to supply equipment and supplies to reasonably meet customer demand, then you may obtain products of similar quality from other sources. If you elect to purchase products or services from us at our then-current prices, then payment must be made when you place your order. The items we offer may include among other things equipment, merchandise, and supplies that bear the Marks.

Any products and goods sold, licensed, or leased by or through us to you will be sold, licensed, or leased in accordance with the terms expressly set forth in the Operations Manual or as otherwise provided for in writing by us or the manufacturer of the products and goods. **EXCEPT AS EXCLUSIVELY SET FORTH IN WRITING AND SIGNED BY US, WE MAKE NO EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE PRODUCTS AND GOODS, AND ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT RESTRICTED TO, THE IMPLIED WARRANTY OF TITLE AND THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ARE EXPRESSLY DISCLAIMED. UNDER NO CIRCUMSTANCES WILL OUR LIABILITY IN CONNECTION WITH ANY PRODUCTS OR GOODS EXCEED THE DOLLAR AMOUNT OF THE PURCHASE PRICE OR LICENSE FEE PAID BY YOU FOR THE PRODUCTS OR GOODS. IN NO EVENT WILL WE BE LIABLE TO ANY PARTY, INCLUDING BUT NOT LIMITED TO, YOU AND YOUR CUSTOMERS, FOR ANY TORT DAMAGES OR INDIRECT, SPECIAL, GENERAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS OR ANTICIPATED PROFITS AND LOSS OF GOODWILL, ARISING IN CONNECTION WITH THE USE (OR INABILITY TO USE) THE PRODUCTS OR GOODS FOR ANY PURPOSE WHATSOEVER, EVEN IF WE ARE AWARE OR HAVE BEEN ADVISED OF THE POSSIBILITY OF POTENTIAL LOSS OR DAMAGES**.

We will not be liable to you if we are unable to deliver equipment, inventory or supply items to you because of any loss, damage, or delay caused by strikes, riots, fire, insurrection, war, elements, embargoes, failure of carriers, inability to obtain transportation facilities, forces majeure, acts of God or of the public enemy, or any other cause beyond our control.

You will purchase all products, supplies, materials and services required for the operation of the Franchise in compliance with this Agreement and our specifications (and from designated and approved suppliers if we so designate, which may include us and/or our affiliates). All specifications that we require of you and lists of approved and exclusively designated suppliers will be included in the Operations Manual. We will use our best judgment to set and modify specifications in order to maintain the integrity and quality of the franchise system.

You must sell, offer for sale, distribute or deliver only such services or products that meet the specifications and standards of quality and quantity in the Operations Manual. You must sell or offer to sell all approved

items and services. You must refrain from deviating from our standards and specifications and must discontinue selling or offering for sale any such items as we may, in our discretion, disapprove in writing at any time.

You are required to maintain an inventory of authorized and approved equipment and supplies sufficient in quantity to satisfy customer demand.

Except for products and services that must be purchased from us or our *exclusively designated* suppliers: With advance written notice, you may request our approval to obtain products, supplies or materials from sources that we have not previously approved. We may require you to give us sufficient information, photographs, drawings, samples, and other data to allow us to determine whether the items from these other sources meet our specifications and standards. These specifications and standards will relate to quality and the suppliers' capacity and facility to supply your needs in the quantities, at the times, and with the reliability necessary for efficient operation. We may require that samples from any supplier be delivered to a designated independent testing laboratory for testing prior to approval and use. You will reimburse us for the actual cost of the tests. We will license any supplier that can meet or exceed our quality control and confidential requirements and standards, for a reasonable license fee, to produce and deliver products to you but to no other person. Our confidential manufacturing requirements, equipment, designs, and systems will be disclosed to potential suppliers only after we have received reasonable evidence that the proposed supplier is trustworthy and reputable; has the capacity to consistently adhere to our standards, requirements and testing procedures; will maintain the confidentiality of the designs and systems; and will adequately supply your reasonable needs. We may require a Confidentiality and Non-Disclosure Agreement signed by the proposed supplier prior to release of any confidential information. We will not unreasonably withhold approval of a supplier you propose. We will notify you in writing of the approval or disapproval of any supplier you propose within 30 days of our receipt from you of your written notice of request for approval.

We or our agents may inspect any proposed or approved manufacturer's, supplier's or distributor's facilities and products to assure proper production, processing, storing, and transportation. If such inspection is made because a manufacturer, supplier or distributor has not been previously approved by us and you have requested such approval, then we will provide you with an estimate of the reasonable out of pocket costs and expenses we expect to incur in undertaking such inspection, and if thereafter you desire us to proceed with such inspection, then you will reimburse us for the costs and expenses incurred in making the inspection. Permission for inspection will be a condition of our continued approval of any manufacturer, supplier or distributor. Should we determine from any inspection that a manufacturer, supplier or distributor fails to meet our specifications and standards, we will give written notice describing this failure to you and to the manufacturer, supplier or distributor, together with a notice that unless the failure or deficiency is corrected within 30 days, the manufacturer, supplier or distributor will no longer be approved.

One of the benefits accruing to you and all our other franchisees is the economy of mass purchasing power made available through us. Your failure to pay or repeated delay to make prompt payment in accordance with the terms of the invoices and statements for payments due on your purchases of signs, equipment, products, supplies and other inventory items, or you misdirection of supplies or other abuse of our approved suppliers, distributors and manufacturers, will result in a loss of credit standing and goodwill and benefits otherwise available to us and our other franchisees. You expressly agree to promptly pay all invoices and statements of any manufacturer, supplier or distributor providing product directly to you in accordance with their terms.

5.2 **Standards to Be Maintained**. You will follow the Method of Operation and maintain standards of product and service that we prescribe.

A. You will operate the Franchise in a clean, orderly, and respectable manner

in strict compliance with this Agreement and the Operations Manual. You will only use signs, equipment, materials, products, inventory, and services that conform to our specifications to conduct the franchise.

B. If you maintain any signs at the Franchise Premises, these signs must comply with local sign ordinances, regulations and laws and must be approved by us.

C. We may enter the Franchise Territory at reasonable times to verify your compliance with the terms of this Agreement. To do so, we may:

1. Inspect the Franchise;

2. Observe your operation of the franchise business for any consecutive or intermittent periods we deem necessary;

3. Select items, products and other materials, services, equipment, operations and supplies for test of content and evaluation purposes to make certain that they are satisfactory and meet our quality control provisions and performance standards;

4. Interview your personnel, customers, and vendors; and

5. Inspect and copy any books, records and documents related to the operation of the franchise and any other franchise information we may require.

You and anyone acting as your agent will cooperate fully with us and our agents in connection with these inspections, observations, and interviews. We will agree, however, to keep all business records and information we inspect strictly confidential and will not disclose the same to any other party, unless required to do so by due process of law after notice to you. Notwithstanding the foregoing, Franchisor shall have the right to disclose in its franchise disclosure documents all of the personal identification information (such as name, address, and phone number) required to be disclosed under applicable franchise disclosure laws, and Franchisee hereby consents to the disclosure of such information. Further, this paragraph does not restrict Franchisor's right to disclose financial performance information regarding the Franchise in Franchisor's franchise disclosure documents, and Franchisee hereby consents to the disclosure of such information in Franchisor's disclosure documents. Franchisee agrees to provide such information to Franchisor promptly upon request.

D. You will comply with all applicable ordinances, regulations, bylaws, laws, and statutes. You will not permit unlawful activities in the Franchise and will not sell, exchange, offer, hold, show, rent, or permit to be sold, exchanged, offered, held, shown, or rented any material or service you know or reasonably suspect to have been obtained in violation of law or to be otherwise illegal.

You will secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchise and will operate the Franchise in full compliance with all applicable ordinances and regulations, including without limitation, all government laws and regulations relating to occupational hazards and health, EEOC laws, Americans with Disabilities Act, copyright laws protecting owners of artistic works, consumer protection, trade regulations, workers compensation, unemployment insurance and withholding, and payment of federal and state income taxes, social security taxes and sales, use and property taxes. If requested by us, you will furnish to us within 120 days after the receipt of equipment, a copy of a receipt for the payment of all use taxes, personal property taxes, and like taxes or assessments.

E. You will not offer, sell or dispense any products or services or activities other than those we specifically recognize and approve in writing.

F. You, at your expense, will maintain the Franchise and equipment and furnishings in good repair, attractive appearance, and sound operating condition in compliance with the Operations Manual. At our request, you will make necessary repairs in order to protect the reputation of the Marks. You will commence all repairs and changes within a reasonable time after notice from us, and you will proceed with due diligence until completion.

If you do not maintain the Franchise as required, after notice to you, we at our option, may make the necessary maintenance and repairs and charge the cost to you. If we make or direct the making of repairs, we will not incur any liability to you, including but not limited to, liability for interruption of your business during the course of making the maintenance and repairs.

G. At all times you will insure that your copy of the Operations Manual and any other manuals given to you are kept current and up to date with the amendments and updates we provide to you. In the event of any dispute as to the contents of the Operations Manual, the terms and conditions of the last complete copy of Operations Manual or written amendments specified as such that were provided to you will be controlling.

5.3 **Marks, Operations Manual, and Method of Operation Are Our Exclusive Property**. You agree that the Marks, Operations Manual, and Method of Operation are our sole and exclusive property. Except for the Franchise granted to you by this Agreement, nothing in this Agreement or any other agreement will give you or others any right, title, or interest whatsoever in or to the Marks, Operations Manual, or Method of Operation. Your license to use the Marks is non-exclusive, as described in Section 1.7 entitled "Rights We Reserve". Subject to the terms and conditions of this agreement, we, in our sole discretion, may operate under the Marks and may grant licenses to others to use the Marks on any terms and conditions we deem appropriate. In those states and nations where applicable, you agree to execute on request all documents necessary to record you as a registered user of the Marks. Except as otherwise set forth in this Agreement, you will not use the Marks as part of any electronic mail address or in any electronic mail message except in accordance with the Operations Manual and only for purposes of the franchise.

You will immediately notify us of any infringement of, or challenge to, your use of the Marks or any marks identical to or confusingly similar to the Marks, including any claims of infringement or unfair competition, when you learn of the same. While we will make reasonable efforts to protect your rights to use the Marks, we will have sole discretion to take or not to take action, as we deem appropriate. If we undertake the defense or prosecution of any litigation or administrative action involving you or any litigation or administrative action involving the Marks or the Method of Operation, you agree to execute any and all documents and to do all acts and things that in the opinion of our counsel are reasonably necessary or advisable to carry out the defense or prosecution. This may be done either in our name or in your name, as we will elect. We will not be required to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Marks or if the proceeding is resolved unfavorably to you. Instead, at any time, you will modify or discontinue use of any franchise names or Marks, or will use one or more substitute names or marks, if we so direct in writing at any time at your sole expense. Under no circumstances will we be liable to you for any other damages, costs, losses, rights, or detriments related to any modification, discontinuance, or substitution. All obligations or requirements imposed upon you relating to the Marks will apply with equal force to any modified or substituted names or marks.

You will not contest, directly or indirectly: our ownership, title, right, or interest in the Marks, the Operations Manual, or the Method of Operation; or our exclusive right to register, use, or license others to

use the Marks, Operations Manual, and Method of Operation. You will not advertise or use the Marks without following our then-current guidelines and requirements. These may include, but will not be limited to, the placement of appropriate © or ® copyright and registration marks, or the designations TM or SM, where applicable.

Any and all goodwill associated with the Marks, including any goodwill that might be deemed to have arisen through your activities, will accrue directly and exclusively to our benefit, except as otherwise provided by applicable law. You appoint us as your agent and attorney-in-fact to amend or cancel any registered user or business name filings obtained by you or on your behalf that involve or pertain to the Marks.

You will not use the Marks on products or services that come from any source other than us or sources we approve in writing except for products you prepare or produce pursuant to the Operations Manual and the Method of Operation.

We make no representation or warranty, express or implied, as to the use, exclusive ownership, validity or enforceability of the Marks.

Notwithstanding anything in this Agreement to the contrary, our representations in this Agreement and your use of the Marks are subject to the Settlement and Coexistence Agreement attached as Exhibit 5 (including Section 2.3 of that agreement).

We and you will use commercially reasonable efforts to continuously improve the products, processes and services used in the Method of Operation and to develop new products, processes and services for use as part of the Method of Operation. All the improvements, inventions and developments you make, develop or create for use in the Method of Operation will be our property and we alone will hold any patent, trademark registration or other form of protection for those improvements, inventions, developments, processes, methods and practices.

5.4 **You Will Not Use Names or Marks in Combination**. Except as provided in this Agreement, you will not use or give others permission to use the Marks, or any colorable imitation of them, combined with any other words or phrases. You and your owners, officers, and agents will not form or participate in the formation of any company, firm, corporation, or other entity having a name containing the words of the Marks. You may not combine or associate any name or symbol of the Marks with any other name or word in any advertising or sign. The Marks must be used in exact conformity with specifications we set in the Operations Manual.

5.5 **Marks, Operations Manual, and Method of Operation May Be Changed**. You acknowledge that the Marks, Operations Manual, and Method of Operation, including any future amendments or modifications to them, have substantial value, and that the conditions, restrictions, covenants not to compete, and other limitations imposed by this Agreement are necessary, equitable, and reasonable for the general benefit of you, us, and others enjoying any lawful economic interest in the Marks, Operations Manual, and Method of Operation.

We may change or modify any part of the Marks, Operations Manual, or Method of Operation periodically at our sole discretion. You will accept, use, and protect, for the purposes of this Agreement, all changes and modifications as if they were a part of the Marks, Operations Manual, and Method of Operation at the time this Agreement is executed. You will bear all costs and expenses which may be reasonably necessary as a result of such changes or modifications. Under no circumstances will we be liable to you for any damages, costs, losses, or detriments related to of these changes or modifications.

Complete and detailed uniformity of the Marks, Operations Manual, and Method of Operation under the varying conditions to be experienced by our franchisees may not be possible or practicable. Therefore, we reserve the right, at our discretion, to accommodate your special needs, or those of any other of our franchisees. These needs may result from the peculiarities of a particular site or location, density of population, business potential, populations of trade area, existing business practices, requirements of local law or local customers, landlord requirements, or any other condition which we deem to be important to the successful operation of the franchisee's business. We may allow certain franchisees to depart from normal system standards and routines to experiment with or test new products, equipment, designs, and procedures. In no event will any variance or testing be deemed a waiver of any of our rights, or an excuse for you to not perform any of your duties under this Agreement. We may require you at any time to commence full compliance with the Operations Manual and the Method of Operation. We will not be required to grant any variance to you under any circumstances. You will not require us to disclose or grant to you a like or similar variation.

5.6 **You Will Not Communicate or Use Confidential Information**. You specifically acknowledge that you will receive valuable specialized and confidential information, including information regarding our operational, sales, promotional and marketing methods and techniques, operating procedures, processes, practices, lists of suppliers, customer lists, manuals, suggested hiring practices, communications methods, accounting and reporting methods, use of proprietary software, marketing and sales techniques and strategies that are not generally known to third parties or the public (collectively referred to as "confidential information" or "proprietary information" in this Agreement), and the Method of Operation. Unless required by court order or applicable law, you agree not to copy, download to internet, intranet, modem, fax, e-mail, mail or send any confidential material or divulge any material directly or indirectly to any other person or enterprise outside of the Ululani's Hawaiian Shave Ice system, except as permitted by this Agreement.

During the term of this Agreement and forever after it expires or is terminated, you will never:

- communicate, fax, e-mail, post on an internet electronic bulletin board, or
- divulge or use in any other manner (either for your benefit or the benefit or any other person, persons, partnerships, associations, companies or corporations, except for the benefit of your Ululani's Hawaiian Shave Ice franchise during the term of this Agreement)

any confidential or proprietary information, knowledge or know-how concerning the Method of Operation or any information we have communicated to you in written, verbal or electronic form, (including intranet passwords) for the operation of your franchise, except as permitted by this Agreement.

The Method of Operation includes valuable proprietary and confidential information. Unless required by court order or applicable law, you agree to not communicate or divulge the contents of our Operations Manuals or any other information related to the Method of Operation or to the operation of the Franchise or our franchise system to any person or entity except those we authorize in writing to receive the information. You agree that these contents and information are confidential. They include information that is our exclusive property, and you may only use them in the Franchise subject to the provisions and duration of this Agreement. You agree to fully and strictly adhere to all commercially reasonable security procedures we prescribe for maintaining the confidentiality of the information. You agree to disclose information to your employees only to the extent necessary to perform the franchise business. You will not reverse engineer, decompile or disassemble any items embodying the Method of Operation or our confidential information.

The Method of Operation is a technologically advanced program of accounting, identification procedures,

management systems, techniques and business operations and systems that would, if used by other persons, firms or entities, give a substantial competitive advantage which we presently enjoy. Any and all information, knowledge and know how, not generally known about the Method of Operation and our products, services, standards, specifications, systems, procedures and techniques, including information, manuals, contracts, customer data, supplier data, financial data, price lists, methods, techniques, processes, compilations, programs or patterns related to the operation of an Ululani's Hawaiian Shave Ice franchise and its products and services and any other information or material that we may designate as confidential, will be deemed confidential for purposes of this Agreement. This will not apply to information which you can demonstrate came to your attention prior to disclosure by us, or which is or has become a part of the public domain through publication or communication by others. Our confidential information is licensed, not sold, to you. You will not reverse engineer, decompile or disassemble any item that embodies confidential information. The Operations Manual may contain guidelines to protect confidential information and trade secrets, including limited access to the information on a need to know basis, locking of offices and computer files, placement of appropriate legends on materials, limited access for copying and scanning, pass-word protection, and encryption. You will conduct periodic meetings with your managers and employees to instruct them on their responsibilities to maintain the confidentiality of our information, including severance interviews with terminated employees in which they acknowledge in writing their post-employment confidentiality obligations.

You will require as a condition of the employment of your employees and anyone else providing services to you that they maintain and protect our confidential and proprietary information, including (1) the signing of a confidentiality agreement, and (2) the signing of a non-competition agreement with terms substantially similar to those provided in Section 6.7 of this Agreement to the extent permitted by applicable law. We may provide a sample form of agreement for your use. However, it is solely your responsibility to ensure that the agreement you use complies with all applicable laws.

You must follow our security procedures, which may include the execution of approved nondisclosure agreements, and Intranet and Internet usage agreements, but will be commercially reasonable. You will be responsible to enforce these covenants and agreements by your employees. These covenants are for the benefit of us and the Ululani's Hawaiian Shave Ice franchise system and are enforceable by us. If you become aware of any actual or threatened violations of these covenants by any of your employees and anyone else providing services to you, you will promptly and fully advise us in writing of all related facts known to you. You will cooperate with us in all ways we reasonably request to prevent or stop any violation. This may include institution or permitting to be instituted in your name any demand, suit or action that we determine is advisable. The demand, suit or action may be maintained and prosecuted by us and you at your expense.

You will assure that you and all your agents, employees, consultants, partners, owners, members, officers, directors, and shareholders and other persons in your control, to whom any information is communicated, will keep, preserve, and protect all confidential information.

This section contains prohibitions based upon an understanding that you, your key employees, your officers, your partners, your employees, members and owners (as applicable) will possess knowledge of business and operating methods and confidential information, disclosure of which would prejudice our interests and our other franchisees.

Notwithstanding the foregoing, any information in the Method of Operation or other confidential information that:

1. is or becomes generally available to the public or a third party other than as a result of a disclosure by you, your employees, agents or contractors;

2. you demonstrate was within your possession prior to its being furnished to you by or on behalf of Franchisor; or

3. you received on a non-confidential basis from a source other than Franchisor, or its representatives, so long such source is not bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, Franchisor or any other party with respect to such information;

shall not be deemed confidential information under this Agreement.

5.7 **Conflicting or Competing Interests**. You will diligently, faithfully, and honestly perform your obligations pursuant to this Agreement. You will use your commercially reasonable best efforts to develop, promote, and enhance your franchise. You will not engage in any activity or business enterprise that conflicts with these obligations.

At all times the Franchise must be under your direct supervision. You will devote a substantial enough amount of time and energy to properly operate the Franchise. In your absence, the Franchise must be under the direct supervision of a manager who has successfully completed the required training programs and who devotes the necessary time during business hours to the management of the Franchise.

In express consideration for and during the term of this Agreement, neither you nor your owners, shareholders, members, partners, directors, officers, employees, consultants, distributors, or agents, nor the members of your or their immediate families or households (who have access to or knowledge of the Operations Manual or Method of Operation), will directly or indirectly participate as an owner, shareholder, member, partner, director, officer, employee, consultant, franchisor, franchisee, distributor, advisor or agent, or serve in any other capacity in any business (including business in formation) directly or indirectly engaged or to be engaged in the offer, sale, internet dissemination, or promotion of shave ice products or services or any business that offers products or services that are essentially the same as, or substantially similar to, the products and services that are part of the Method of Operation. We may waive this covenant only in writing.

You will assure that you and your owners, directors, officers, partners, shareholders, members, employees, consultants, and agents, during the term of this Agreement and for a period of two years after expiration or termination of this Agreement do not:

A. divert or directly or indirectly attempt to divert any of our business or any of our customers to any competing establishment;

B. do or perform, directly or indirectly, any other act injurious or prejudicial to our goodwill associated with the Marks and Method of Operation.

If, for any reason, any provision set forth in this Subsection is determined to exceed any lawful scope or limit as to duration, geographic coverage, or otherwise, it is agreed that the provision will nevertheless be binding to the full scope or limit allowed by law or by a court of law. The duration, geographic coverage and scope allowable by law or court of law shall apply to this Agreement.

The provisions relating to interests in any other business will not apply to your ownership of outstanding securities of any corporation whose securities are publicly held and traded. Provided that you hold these securities for investment purposes only and that your total holdings do not constitute more than 5% of the

outstanding securities of the corporation.

You will obtain written covenants from your owners, shareholders, members, partners, directors, officers, employees, consultants, distributors, and agents in a form satisfactory to us that these persons will comply with the provisions of this Section.

You and we stipulate that, in light of all of the facts and circumstances of the relationship between you and us, the covenants, restrictions and agreements referred to in this Section (including without limitation their scope, duration and geographic extent) are fair and reasonably necessary for the protection of our confidential information, goodwill and other protectable interests. If a court of competent jurisdiction should decline to enforce any of those covenants and agreements, you and we request the court to reform these provisions to restrict your use of confidential information, ability to compete with us, and any other covered topics to the maximum extent, in time, scope of activities, and geography, the court finds enforceable under applicable law.

5.8 **Computer Systems**. You will purchase, lease, or otherwise acquire, from suppliers we exclusively designate (unless otherwise provided in the Operations Manual) at your expense (except for the set-up costs of specific software that is included in the Initial Franchise Fee, as we may determine), computer hardware and software (including but not limited to programs, computer terminals, Internet and other network access providers, web site vendors, etc.) that are totally compatible with and strictly conform to all requirements, standards, and specifications we may set periodically. See the subsection of this Agreement entitled "Monthly Software Fees" in Section 2 above for more information. You must comply with any separate software or other license agreement that we or our designee uses in connection with providing these services to you.

You are required to have high speed Internet service where you will be able to access downloads from us of advertising materials, operations manual revisions, training materials and corporate news and through which we may have remote access to your computer systems and records.

E-Problem Disclaimer: Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders ("E-Problems"). We do not guarantee that information or communication systems that we or others supply will not be vulnerable to E-Problems. It is your responsibility to protect yourself from E-Problems. You should also take reasonable steps to verify that your suppliers, lenders, landlords, customers, and governmental agencies on which you rely, have reasonable protection from E-problems. This may include taking reasonable steps to secure your systems (including firewalls, password protection, and anti-virus systems), and to provide backup systems.

5.9 **Working Capital Requirements**. At all times during the term of this Agreement, you will maintain and employ as much working capital as may be required to enable you to properly and fully perform all your duties, obligations, and responsibilities.

5.10 **Notice of Court Action**. You will notify us in writing within five days of the commencement of any action, suit or proceeding, or of the issuance of any order, writ, injunction, award or decree of any court, agency or government instrumentality, which may adversely affect your operation of or the financial condition of the franchise.

5.11 **Credit Card Programs**. You will participate in and cooperate with us in all credit card programs we may establish or adopt periodically to receive credit and debit card payments from your customers.

5.12 **Catering Services**. You may not offer catering services without our prior written consent. If we authorize you to offer catering services, such services must fully comply with specifications and standards in our Operations Manual. Such specifications and standards may require you to incur additional costs and expenses.

6 RENEWAL, TERMINATION AND INTERIM MANAGEMENT

6.1 Renewal of Franchise.

A. If you are not in breach, you may renew the Franchise for successive single 10-year periods (or such other period as provided in your then-current franchise agreement). Each successive single renewal will be under the terms of our then-current Franchise Agreement forms. "Then-current," as used in this Agreement and applied to our Franchise Disclosure Document and Area Development Addendum will mean the form then currently provided to prospective franchisees or area developers, or if not then being provided, then the form we select in our sole discretion which previously has been delivered to and executed by a franchisee of ours (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal franchise). These forms may vary materially from this Agreement. Royalty Fees, Advertising Fees, and other fees will be set at the then prevailing rates and terms. Your failure or refusal to execute the renewal Franchise Agreement forms within 30 days after delivery to you may be regarded as an election by you not to renew. Upon renewal, the Franchise Territory may be modified and its geographic area may be reduced or expanded to meet our then-current franchise market penetration and demographic standards.

You will exercise your renewal option by giving written notice to us. The notice must be given at least three months, but no earlier than six months, before the end of the franchise term established by this Agreement. You will reimburse us for our reasonable out-of-pocket costs concerning the renewal.

We may condition consent to the renewal upon your execution of a general release, in a form we prescribe, following applicable law, to release us from any claims you may have against us as of that time.

Before renewal, you or your designated manager will attend and successfully complete any retraining program we prescribe in writing, if needed. This will be done at your expense, including travel, meals, lodging, and our then-current training fee.

B. We may refuse to renew this Agreement if you fail to satisfactorily comply with this Agreement. The determination of satisfactory compliance will be within our exclusive discretion in good faith. If we refuse to renew, you must continue to perform under this Agreement until its expiration.

C. Continuation. You have no automatic right to continue operation of the Franchise following expiration or termination of this Agreement. If you continue to operate the Franchise with our express or implied consent, following the expiration or termination of this Agreement, the continuation will be a month-to-month extension of this Agreement. This Agreement will then be terminable by either party upon 30 days written notice. Otherwise, all provisions of this Agreement will apply while operations continue. Upon termination of this Agreement under this section, all post-termination covenants and obligations in this Agreement will apply.

6.2 **Termination by You**. You may terminate this Agreement if you comply with the terms of this Agreement and if we substantially breach any material provision of this Agreement and fail to cure or reasonably begin to cure that breach within 30 days after receipt of written notice specifying the breach. Termination will be effective 10 days after you deliver to us written notice of termination for our failure to cure within the allowed period.

6.3 **Termination by Us**.

A. The following provisions are in addition to all other remedies available to us at law or in equity. We will have the option to cure your breaches at your expense.

If you breach or default in any of the terms of this Agreement, we have the right to appoint a receiver to take possession, manage and control assets, collect profits, and pay the net income for the operation of the Franchise as ordered by a court of jurisdiction. The right to appoint a receiver will be available regardless of whether waste or danger of loss or destruction of the assets exists, and without the necessity of notice to you.

1. You irrevocably nominate, constitute and appoint the person serving as our President, LLC Manager or similar position to be your attorney-in-fact so to act in your name and on your behalf.

2. At our election and without waiving any claims for default or breach and without prior notice to you or resort to legal process, we may enter upon any premises using the reasonable force as is necessary in the circumstances, without being guilty of trespass or liable to you or the property owner for the entry, for the purposes of securing the return of our property, the performance of your obligations of discontinuance and the protection of our rights upon expiration or termination of this Agreement.

3. We may claim and recover damages from you for any material breach, including ongoing Royalty Fees, Advertising Fees and other payments required by this Agreement. The fees payable will be computed as an average of the fees payable by you for the last six months that you conducted the Franchise, and at a minimum shall equal the minimum monthly fees due from you. If the Franchise has been operating and paying fees for less than six months, the average will be of the monthly fees payable by you during the period of operation. The calculated fees will be due for the balance of the term of this Agreement, or until we establish a new Ululani's Hawaiian Shave Ice franchisee in the Territory and that new franchisee pays fees for a month equal to or greater than the calculated monthly fees due from you.

If any payments to us, our affiliates or approved vendors are late by more than 15 business days, we may order all product deliveries withheld from you until the payments are received.

You agree that it will be a default constituting a substantial breach of a material provision of this Agreement pursuant to relevant law, thus establishing good cause for termination of this Agreement and any other franchise and related agreements between the parties if you (or your owners, officers, or key employees) breach any term or provision of this Agreement and do not cure the breach (or reasonably begin to cure and diligently pursue the cure until the breach is remedied) within 30 days after receipt of our written "Notice to Cure." Termination will occur immediately upon delivery to you of our written declaration of termination for failure to cure within the allowed time frame.

B. You agree that it will be a default constituting a *substantial breach of a material provision of this Agreement pursuant to relevant law, thus establishing good cause* for us to immediately terminate this Agreement and any other franchise and related agreements between the parties without other cause, and without giving you an opportunity to cure, if you (or your owners, officers, or key employees):

1. Become insolvent, make a general assignment for the benefit of creditors,

have a receiver appointed to administer or take possession of any part of the franchise or your assets, or admit to not being able to meet your obligations as they become due or become bankrupt, or become subject to any chapter of the United States Bankruptcy Code, unless you:

(i) timely undertake to reaffirm the obligations under this Agreement;

(ii) timely comply with all conditions as legally may be imposed by us upon such an undertaking to reaffirm this Agreement; and

(iii) timely comply with such other conditions and provide such assurances as may be required in relevant provisions of the United States Bankruptcy Code; provided, however, that we and you acknowledge that this Agreement constitutes a personal service contract and that we have relied to a degree and in a manner material to this Agreement upon the personal promises of you and/or your directors, officers, shareholders or partners, as the case may be, to participate personally on a full-time basis in the management and operation of the franchise, and, consequently, we and you agree that any attempt by any other party, including the trustee in bankruptcy or any third party, to assume or to accept an assignment of this Agreement will be void.

2. Fail to pass initial training (see Section 3.1, above).

3. Fail to commence operation of the Franchise within the deadlines prescribed in Section 4.1, above.

4. Fail to operate the Franchise continuously and actively for a period for which it would be reasonable under the facts and circumstances for us to conclude that you do not intend to continue the Franchise.

5. Receive three of more separate Notices to Cure based on your defaults under this Agreement during any consecutive 12-month period, regardless of whether or not you cure such defaults.

6. On more than two occasions fail to report monthly Gross Revenue on time, or understate monthly Gross Revenue by more than 2%**,** or intentionally distort other material information.

7. Make or have made any material misrepresentation or misstatement on the franchise application or with respect to ownership of the Franchise (if you are presently a direct competitor of ours or a direct competitor of an affiliate of ours, we may keep your entire initial franchise fee, cancel training and terminate this Agreement).

8. Allow the Franchise, Franchise Premises or franchise assets to be seized, taken over, or foreclosed by a creditor, lien holder, or lessor; let a final judgment against you to remain unsatisfied for 30 days (unless a

supersedeas or other appeal bond is filed); or allow a levy of execution upon the Franchise or upon any property used in the Franchise, that is not discharged by means other than levy within five days of the levy.

9. Are convicted of a felony or are convicted of any criminal misconduct relevant to the operation of the Franchise.

10. Within a period of ten (10) days after notification of noncompliance, fail to comply with any federal, state or local law or regulation applicable to the operation of the Franchise.

11. Fail to pay any Franchise Fee, Royalty Fee, Advertising Fee or other fees or amounts owed pursuant to this Agreement within ten days after receipt of written notice that the fees or amounts are overdue.

12. Operate the Franchise in a manner that creates an imminent danger to public health or safety.

13. Cause a material breach of the confidentiality provisions of this Agreement, including failure to obtain agreements from your employees to keep confidential information confidential.

14. Attempt to unilaterally repudiate this Agreement or the performance or observance of any of its terms, conditions, covenants, provisions or obligations by any conduct evidencing your intention to no longer comply with or be bound by this Agreement.

6.4 **Time Frames Subject to Applicable Laws**. The provisions of this Agreement may state periods of notice less than those required by applicable law. They may provide for termination, cancellation, non-renewal or the like other than according to applicable law. They will be extended or modified to comply with applicable law.

6.5 **You Will Discontinue Use of Marks, Operations Manual, and Method of Operation on Termination of Agreement**. Substantial damages that are difficult to determine at the date of execution of this Agreement will accrue to us if you do not comply with any of the following requirements upon expiration or termination of this Agreement. Upon expiration or termination of this Agreement, you will:

A. Immediately cease using the Marks (or any names or marks deceptively similar to them), the Operations Manual and the Method of Operation.

B. Return to us all copies of the Operations Manual. Return to us all records, files, instructions, correspondence, and materials in your possession or control related to the Method of Operation. You will give us a complete and accurate summary of your advertisers, customers and leads, including their names, addresses, telephone numbers and related file records. You will assist us in every way possible to bring about a complete and effective transfer of your franchise business to us or to our designated franchisee.

C. Authorize business telephone, Internet, email, electronic network,

directory and listing entities to transfer all numbers, email addresses, domain names, locators, directories and listings to us or our designee. Notify them of the termination of your right to use the Franchise names and Marks. You authorize the transfer of your business telephone numbers and directory listings and Internet addresses, email addresses, domain names and locators to us or our designated franchisees. You appoint us as your agent and attorney-in-fact to effect the transfer of these telephone numbers and directory listings and domain names and Internet directory listings to us. You agree that we will be treated as the subscriber for the telephone numbers and directory listings. We will have full authority to instruct the applicable telephone, directory and listing companies on the use and disposition of the telephone listings and numbers. You release and indemnify these companies from any damage or loss because they follow our instructions.

D. Pay to us within seven (7) days all Royalty Fees, Advertising Fees, and other sums you owe. These sums will include all damages, costs and expenses, including reasonable attorneys' fees and collection costs, we incur because of your breach. These sums will include all costs and expenses, including reasonable attorneys' fees, we incur in obtaining injunctive, appellate, or other relief to enforce the provisions of this Agreement.

E. Abide by all provisions of the restriction upon communication of confidential information set forth above and the post-termination covenant-not-to-compete set forth below. You will immediately return to us all of our confidential information you have received, including any items that embody the confidential information. You acknowledge that you have no continuing ownership interest in the confidential information.

F. Unless we exercise our option to purchase in subsection G.4, below, you must de-identify the Franchise Premises at your expense upon termination or expiration of this Agreement. If you fail to do so within 10 days of termination or expiration of this Agreement, then we may enter the Franchise Premises (consistent with Section 6.3.A.2, above) to de-identify the Franchise Premises at your expense. You will reimburse us for our costs related to such de-identification activities upon receipt of invoice. De-identification includes removal of all signs; modification or remodeling of all identifying architectural features; repainting as necessary to no longer use the color scheme used by our franchisees and/or company-owned operations; and any other steps necessary (in our sole discretion) to effectively distinguish the formerly leased premises from our proprietary design(s).

G. At our option, do some or all of the following:

1. Remove all Franchise-related equipment, furnishings, and inventory from the Franchise location;

2. Sell the equipment and inventory to us, at fair market value for equipment and furnishings and at your invoice cost for inventory less a 10% restocking charge. We will not be liable for payment to you for intangibles, including, without limitation, goodwill;

3. Assign to us ownership and control of any website you own or control related to the Franchise;

4. Sell to us your interest in the Franchise, the Franchise Premises, if any, and all related equipment, fixtures, signs, real estate leases, equipment leases and personal property, free and clear of all liens, restrictions or encumbrances. We will have the unrestricted right to assign this option to purchase. Unless we state in writing that we do not intend to exercise this

right, the parties must agree upon a purchase price and terms within five business days after termination of this Agreement. If not, a fair value and fair terms will be determined by appraisal as set forth in Section 4.2. We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

H. Upon termination for any reason, you will return to us all proprietary and confidential materials, including customer lists and account information, keys, codes, signage, advertising and marketing materials, uniforms, service agreements and other forms, printed files, security codes, and the like as may be described in the Operations Manual. If you fail to return or cease use of any of these items, we may enter your business premises without being guilty of trespass or any other tort to remove and retain the items. You will pay to us, on demand, any expenses we incur in trying to remove or collect such items or in attempting to have you cease use of them.

6.6 **We May Assign Franchise Territory Upon Termination**. Upon expiration or termination of this Agreement, we may immediately license or franchise the Franchise Territory to another person or may operate Ululani's Hawaiian Shave Ice businesses within the Franchise Territory.

6.7 **You and Your Owners Not to Compete on Expiration, Termination or Transfer of Agreement**. This covenant will apply for three (3) years after termination, expiration or transfer of this Agreement. In express consideration for this Agreement, you will assure that you and your owners, shareholders, partners, directors, officers, employees, and agents, and the members of their immediate families or households, who have actual knowledge of or access to the Operations Manual or Method of Operation, will not directly or indirectly participate as an owner, shareholder, director, partner, officer, employee, consultant, franchisor, franchisee, distributor, advisor or agent, or serve in any other capacity in any business engaged directly or indirectly in the offer, sale, rental, internet dissemination, or promotion of shave ice products or services or any business that offers products or services that are essentially the same as, or substantially similar to, the products and services that are part of the Method of Operation. This covenant applies within the Franchise Territory, within a 50-mile radius of the Franchise Territory, and within a 50-mile radius of any location or franchise territory where we operate or have granted the franchise to operate an Ululani's Hawaiian Shave Ice business.

If the duration or geographic scope of the covenant in the above paragraph is found to be legally unenforceable by a court or arbitrator, then the duration is reduced to two years and the geographic scope is reduced to a 35-mile radius. If the duration or geographic scope of the covenant in the previous sentence is found to be legally unenforceable by a court or arbitrator, then the duration is reduced to one year and the geographic scope is reduced to a 25-mile radius.

You acknowledge and confirm that the time, content and geographical restrictions contained in this Section are fair and reasonable. They are not the result of overreaching, duress, or coercion of any kind by us. You further acknowledge and confirm that your observance of the covenants contained in this Agreement will not cause you any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained in this Agreement will not impair your ability to obtain employment commensurate with your abilities and on terms fully acceptable to you, or otherwise to obtain income required for the comfortable support of your family and the satisfaction of your creditors. Your knowledge of the Method of Operation would cause our franchise system serious injury and loss if you use the knowledge to the benefit of a competitor or to compete with us or our franchisees.

If, for any reason, any provision set forth in this Subsection exceeds any lawful scope or limit as to duration, geographic coverage, or otherwise, it is agreed that the provision will nevertheless be binding to the full scope or limit allowed by law or by a court of law. The duration, geographic coverage and scope allowable by law or court of law shall apply to this Agreement.

0.8 **Interim Management**. To protect the Method of Operation, the Marks, the Confidential Information, and the goodwill associated with the same, Franchisor may (but is not obligated to) assume interim management of the Franchise for any of the following reasons: (a) after Franchisor has given Franchisee written notice that Franchisee is in default under this Agreement and during the pendency of any cure period or in lieu of immediately terminating this Agreement; (b) your business activities are having, or are likely to have, a negative impact upon the value of our Marks, goodwill, or the franchise system (as we determine at our sole discretion); (c) we determine that significant operational problems require us to temporarily operate the Franchise; (d) while your Franchise is not being managed by a competent and trained manager after your death or disability (as described in Section 7.2 below); or (e) after termination or expiration of your Franchise Agreement while we are deciding whether to exercise our right to purchase any or all of your assets pursuant to Section 6.5 above, or while such a purchase is pending. If Franchisor elects to assume interim management of the Franchise, then: (i) Franchisor's election will not relieve Franchisee of Franchisee's obligations under this Agreement; (ii) Franchisor will not be liable for any debts, losses, costs or expenses incurred in the operation of the Franchise during any interim management period; (iii) Franchisor will have the right to charge a reasonable fee for the management services; (iv) Franchisee hereby agrees to indemnify, defend and hold harmless Franchisor and its interim manager(s) from and against any and all claims, demands, judgments, fines, losses, liabilities, costs, amounts paid in settlement and reasonable expenses (including, but not limited to attorneys' fees) incurred in connection with the interim management of the Franchise, other than those arising solely from the gross negligence or willful misconduct of Franchisor; and (v) our operation or appointment of a manager to operate the Franchised Business will not be deemed an assignment to us of your commercial lease or sublease. We will have no responsibility for payment of any rent or other charges owing on any lease.

7 TRANSFER

7.1 Sale or Assignment.

A. Your rights and obligations under this Agreement are exclusive to you. Whether voluntarily or involuntarily, neither you, your owners, partners nor others claiming an interest in the Franchise will sell, transfer, assign, encumber, give, lease, or sublease, or allow any other person to conduct business in or through (collectively called "transfer") the whole or any part of: this Agreement, the Franchise Premises, substantial assets of the Franchise business, or ownership or control of you or to fractionalize any of the rights granted to you pursuant to this Agreement. Any attempted transfer without our prior written consent will be a breach of this Agreement. Our consent will not be unreasonably withheld. We need not consent to any transfer before the date the Franchise opens for business.

Because we will have a strong and vested interest in the financial viability and ongoing management abilities of the transferee, we need not consent to any transfer if we reasonably believe the purchase price is excessive or if we believe based upon a review of the transferee's operational and business plans that the transferee's business operations might not be beneficial on a cash flow or financial basis.

We need not consent to any transfer to a competitor of ours.

We enter this Agreement, in part, in reliance upon the individual or collective character, skill, attitude,

business ability and financial capacity of you (or your shareholders, members or partners, if you are a corporation, limited liability company, partnership or other entity).

You recognize that there are many subjective factors that comprise the process by which we select a suitable franchise owner. Our consent to a transfer by you will remain a subjective determination and will include, but not be limited to the following conditions. Before the effective date of a transfer we approve:

1. The transferee must assume your Franchise obligations. You will remain bound by your covenants in this Agreement to not disclose confidential information and to not compete with us or our franchisees.

2. You will pay all ascertained or liquidated debts concerning the Franchise.

3. You may not be in breach of this Agreement or any other agreement between the parties. Our consent to the transfer will not constitute a waiver of any claims we may have against you.

4. The transferee will pay for and complete to our exclusive satisfaction the training programs we then require of new franchisees or otherwise show to our satisfaction sufficient ability to successfully operate the Franchise.

5. You or the transferee will pay a Transfer Fee according to our then-current Transfer Fee Schedule. This fee will reimburse us for our reasonable legal, accounting, credit check, and investigation expenses that result from the transfer, as well as the mandatory training program for the transferee. The Transfer Fee is **$5,000**.

6. You will pay us a 10% commission on the gross transfer price (excluding the price of real property) if we obtain the transferee for you.

7. The transferee will execute all documents we then require of new franchisees. This includes a new franchise agreement in the form we then are using. The new franchise agreement may contain economic and general terms that are materially different from those contained in this Agreement. The term of the new agreement will be for the unexpired term of this Agreement or for a new full term as we will elect. You must ask us to provide the prospective purchaser with our current form of disclosure document required by the applicable federal or provincial/state registration and disclosure laws, and a receipt for this document will be delivered to us; provided however, we will not be liable for any representations you make apart from those contained in our disclosure document.

8. The transferee will meet our standards for quality of character, financial capacity, and experience required of a new or renewing franchisee. You will provide information we require to prove the transferee meets our standards.

9. If permitted by applicable law, you and your owners, members, partners, officers, and directors will execute a general release in our favor. The release must be in a form we prescribe, following applicable law, to release, any claims you may have against us and our representatives,

subsidiaries and affiliates and our officers, directors, attorneys, shareholders and employees in their corporate and individual capacities. This will include claims arising under federal, state and local laws, rules and ordinances arising out of, or connected with, the offer, sell and performance of this Agreement or any other agreement between the parties.

10. If the Initial Franchise Fee has not yet been paid in full, it must be paid in full despite the due date for payment established by this Agreement.

11. If the lease or sublease for the Franchise Premise requires, the lessor or sublessor must have consented to the assignment or sublease of the Franchise Premises to the transferee. All fixtures and equipment at the Franchise Premises must be inspected and certified by a qualified professional inspector to be in good working order and free of operational defects. It will be your responsibility to bring all fixtures and equipment to proper working order before the transfer takes place.

12. You will enter into an agreement to subordinate, to the transferee's obligations to us (including the payment of all franchise fees), any obligations of the transferee to make installment payments of the purchase price to you. The form of this subordination is subject to our approval.

13. Upon our granting of approval for the transfer, you will:

    (i) ensure that the transfer is effected in compliance with the requirements of all federal, state, and local laws, including applicable tax and bulk sales legislation, and with the applicable requirements of the lease of the Franchise Premises;

    (ii) deliver to the purchaser the Operations Manual and all other manuals and materials we provided to you for use in the Franchise, including all materials bearing the Trademarks and our advertising, promotional and training materials, order books and bookkeeping and reporting forms.

With our prior written consent, you may transfer your rights and obligations under this Agreement to a corporation or other entity in which you continuously own a majority of the issued and outstanding shares of each class of stock or other evidence of ownership. The entity must be newly organized with its activities confined exclusively to act as the franchisee under this Agreement. The entity must contemporaneously agree in writing to be bound by the terms of this Agreement. You must contemporaneously agree in writing to guarantee the obligations of the entity and to remain personally liable in all respects under this Agreement. (You and all other owners will personally and unconditionally guarantee the obligations of the new entity and you will remain personally subject to and bound by all terms, conditions, restrictions and prohibitions contained in this Agreement. You as an owner of the entity agree to separately and personally, for you and for your successors, heirs and personal representatives will act as surety for the full and faithful performance of all of the obligations, commitments and payments required of the entity. In that capacity, you agree that we do not have to pursue any remedies we may have against the entity, but rather, may proceed directly and primarily against you with or without joining the entity as principal or as a named party in any proceeding.)

You will be in breach of this Agreement if you at any time dispose of any interest sufficient to reduce your ownership in the entity to less than a majority of any class of stock or other evidence of ownership without complying with the terms and conditions of this Section 7.1. At our request, you will provide to us a current list of all your owners, shareholders, members, directors, officers, partners, and employees, with a summary of their respective interests in you. We may provide the names of your key officers and/or key operations personnel in Item 20 of our franchise disclosure documents (or one or more exhibits references in such Item) as we reasonably deem necessary or desirable.

B. We may transfer this Agreement. If we do, it will be binding upon and inure to the benefit of our successors and assigns. Specifically, you agree that we may sell our assets, the Marks, or the Method of Operation outright to a third party, may go public, may engage in a placement of some or all of our securities, may merge, acquire other entities or be acquired by other entities, or may undertake a refinancing, recapitalization, re-organization, leveraged buyout or other economic or financial restructuring. As for any or all of these sales, assignments and dispositions, you waive any claims, demands or damages arising from or related to the loss of the Marks (or any variation of them) or the loss of association with or identification as part of our franchise system.

We will not be required to remain in any particular form of business or to offer to you products, whether or not bearing our Marks.

C. You may offer your securities or partnership interests to the public, by private offering, or otherwise, only with our prior written consent. Consent may not be unreasonably withheld. All materials required for the offering by federal or state law will be submitted to us for review before filing with any government agency. Any materials to be used in any exempt offering will be submitted to us for review prior to their use. No offering by you will imply (by use of the Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities. You and all other participants in the offering must fully indemnify us concerning the offering. For each proposed offering, you will pay to us the amount necessary to reimburse us for our reasonable costs and expenses associated with reviewing the proposed offering, including, legal and accounting fees. You will give us at least 60 days written notice before the effective date of any offering or other transaction covered by this subsection.

D. You may not grant a sub-franchise or transfer less than all of your rights under this Agreement.

E. Our consent to a proposed transfer will not be a waiver of any claims we may have against you (or your owners), nor will it be a waiver of our right to demand exact compliance with this Agreement. Our consent to a transfer will not constitute or be interpreted as consent for any future or other transfer.

F. You will comply with and help us to comply with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises.

7.2 **Your Death or Disability**.

A. Upon your death or permanent disability (or of the managing shareholder, managing owner, or managing partner), the executor, administrator, conservator, or other personal representative of the deceased or permanently disabled person, or the remaining owners, must appoint a competent manager within a reasonable time, not to exceed 30 days after the date of death or permanent disability. The appointment of this manager is subject to satisfactory completion of our required training program(s).

B. In addition to the right to appoint a temporary manager as described in Section 6.8 In addition to the right to appoint a temporary manager as described in Section 6.8 above (entitled “Interim Management”), the following will apply in case of your death or incapacity if you are an individual, or of any general partner of you if you are a partnership, or of any member or shareholder owning 50% or more of you if you are a limited liability company or corporation or other entity. Within 180 days of the event, the heirs, beneficiaries, devisees or legal representatives of that individual, partner, member or shareholder will:

1. Apply to us for the right to continue to operate the Franchise for the duration of the term of this Agreement. The right to continue will be granted upon the fulfillment of all of the conditions set forth in Subsection (A) of the section entitled "Transfer by You," above (except that no transfer fee will be required). Or,

2. Transfer your interest according to the provisions of that Subsection. If a proper and timely application for the right to continue to operate has been made and rejected, the 180 days within which to transfer will be computed from the date of rejection. For purposes of this Subsection, on an application for the right to continue to operate, our silence through the 180 days following the event of death or incapacity will be deemed an acceptance made on the last day of the period.

C. If a suitable transferee purchaser is not found within 180 days from the date of death or permanent incapacity, we may at our sole option enter into a contract to purchase the Franchise. Unless we state in writing that we do not intend to exercise this right, the parties must agree upon a purchase price and terms within twenty business days after notice from us. If not, a fair value and fair terms will be determined by appraisal as described in Section 4.2. The appraiser may include in its decision a factor for the "goodwill" or "going concern" value of the Franchise. Any time within 30 days after receiving the appraiser’s decision, at our option, we may purchase the Franchise and your assets at the price and upon the terms determined by the appraiser. Terms of payment will be 10% of the purchase price payable upon contract signing, the balance payable in 60 equal monthly payments of principal payments with interest calculated at the prime rate, published by your principal bank at time of each monthly principal payment.

D. If the provisions of this section entitled “Death or Disability” have not been fulfilled within the time provided, at our option, all rights licensed to you under this Agreement will immediately terminate and revert to us.

7.3 **First Right of Purchase**. You will give us the right of first purchase before soliciting offers from a third party if you choose to sell your franchise business. You agree to notify us in writing if you desire to sell or transfer any interest in you or in your franchise. You will give us sufficient information and documentation to allow us to analyze the status and value of your business. We will elect to exercise our option to purchase within 30 business days after our receipt of your written notification and due diligence information. If we offer you an amount that you do not agree to, you may try to sell to a third party but on no better terms for the purchaser than we offered to you. If you later receive an offer from a third-party purchaser at a price that is lower than the price we previously offered to you, and you intend to accept that offer, you are obligated to re-offer to us pursuant to the subsection entitled “First Right of Refusal”. You are obligated before any transfer to a third party to comply with all criteria set forth in the subsections entitled “Sale or Assignment” and “First Right of Refusal.” If you do not complete a transaction with a third party within six months, you agree we will again have the right of first purchase before any subsequent contemplated transaction.

We may elect to purchase all of the franchise business regardless of your intent to sell, assign or transfer a lesser interest. We can pay the purchase price in cash up front or by industry-standard monthly payments that amortize the principal amount with interest calculated at prime plus 1% as of the date of purchase. The choice of payment type is in our sole discretion.

7.4 **First Right of Refusal**. If you receive a bona fide offer from a third party acting at arm's length to purchase the Franchise, a majority interest in ownership of you, or substantially all of the assets of the Franchise, which offer is acceptable to you or to your owners, we will have the right to purchase at the bona fide price on the same terms and conditions as offered to you. We may substitute cash for any other form of consideration contained in the offer. Our credit will be deemed to be equal to the credit of any proposed purchaser. We must pay the entire purchase price at closing if the offer received requires the same. Within six days after receipt by you of an acceptable bona fide offer, you will notify us in writing of the terms and conditions of the offer. You will give us sufficient information and documentation to allow us to analyze the status and value of your business. We may exercise this right to purchase within 30 days after receipt of notice from you and due diligence information. If the interest which is the subject of the offer involves less than all of the ownership interest, then in our sole option, our right of first refusal will apply to the entire ownership interest. In such case, the consideration to be received, as set forth in the offer shall be divided by the percentage interest subject to the offer and the resulting quotient shall be the price to be paid for the entire ownership interest. Terms and conditions for the purchase of the entire ownership interest shall be as similar to the terms and conditions set forth in the offer as practicable, except for the substitute provisions noted above in this section.

If we do not exercise our right to purchase within the 30 days, you may make the proposed transfer to a third party. The transfer will not be at a lower price nor on more favorable terms than disclosed to us. Any transfer will be subject to our prior written permission described in the section entitled "Sale or Assignment," above. If the Franchise is not transferred by you within six months from the date it is offered to us, or if any material change is made in the terms of the proposed sale, then you must re-offer to transfer to us before a transfer to a third party.

8 INDEMNITY, INSURANCE, CONDEMNATION AND CASUALTY

8.1 Indemnity.

8.1.1 Franchisee shall defend, hold harmless and indemnify Franchisor, its officers, directors, owners, agents, representatives, employees, related companies, and assigns (collectively "**Franchisor Indemnified Parties**") from any and all losses, claims, damages, liabilities, or expenses of any kind or nature, including fines, penalties, interest, attorneys' fees, and all other types of costs or expenses (collectively "**Claims**"), arising directly or indirectly from the establishment or operation of the franchise business, the Franchise Premises, and the acts or omissions (whether or not negligent or wrongful) of Franchisee or of any of Franchisee's manager(s), employees, agents, or representatives in connection with the performance or breach of any obligation under this Agreement. We will not be liable to you or to any other person because of your act, omission, neglect, or breach. This indemnity will apply to claims that we were negligent or failed to train, supervise or discipline you, and to claims that you, your owners, employees, brokers or your independent sales associates are our employees, agents or part of a common enterprise with us, including claims regarding violations of labor or employment laws or regulations. The obligations under this Section survive the expiration or termination of this Agreement.

Without limiting the generality of the foregoing, you will indemnify us for any loss, cost or expense, including attorneys' fees, that may be sustained by us because of the acts or omissions of your vendors or suppliers or arising out of the design or construction of the Franchise Premises.

Without limiting the generality of the foregoing, your indemnification of us will include use, condition, or construction, equipping, decorating, maintenance or operation of the Franchise Premises, including the sale of any products, service or merchandise sold from the Franchise Premises. Any loss, claims, costs, expenses, damages and liabilities shall include, without limitation, those arising from latent or other defects in the Franchise Premises, whether or not discoverable by us, and those arising from the death or injury to any person or arising from damage to the property of you or us, and our respective agents or employees, or any third person, firm or legal entity.

8.1.2 You will defend us at your own expense in any legal or administrative proceeding subject to this Subsection. The defense will be conducted by attorneys we approve. Our approval will not be unreasonably withheld. You will immediately pay and discharge any liability rendered against us in any proceeding, including any settlement that we approve in writing. You will not settle any claim against us without our prior written approval. In our sole discretion and upon prior written notice to you, we may settle or defend any claims against us at your expense, including attorneys' fees that we pay or incur in settling or defending. Promptly upon demand, you will reimburse us for any and all legal and other expenses we reasonably incur in investigating, preparing, defending, settling, compromising or paying any settlement or claim, including monies that we pay or incur in settling or defending such proceeding.

8.2 **Insurance**. Upon commencement of franchise operations, and during the term of this Agreement, you will obtain and keep in force by advance payment of premium appropriate fire and extended coverage, vandalism, malicious mischief, general liability, food borne illness and products liability insurance. This insurance will be in an amount sufficient to replace the equipment, the Franchise Premises, if any, and your personal property upon loss or damage. This insurance will be written by a financially responsible insurance company satisfactory to us in accordance with our standards and specifications in the Operations Manual. The insurance will include, at a minimum, the following:

A. Commercial general liability insurance, including food borne illness, products liability, completed operations, property damage, contractual liability, independent contractor's liability, owned and non-owned and hired automobile coverage, and personal injury coverage with a combined single limit of at least $1,000,000 per occurrence and $3,000,000 aggregate, including umbrella coverage.

B. Workers' compensation and employer's liability insurance, and other insurance required by statute or rule of the state in which the franchise is located and operated.

C. Business income (interruption) insurance.

D. Employment practices liability insurance.

E. Errors and omissions insurance.

The insurance will insure us, you, and our respective subsidiaries, owners, officers, directors, partners, members, employees, servants, and agents against any loss, liability, products liability, personal injury, death or property damage that may accrue due to your operation of the Franchise. Your policies of insurance (other than for casualty to the Franchise Premises, workers' compensation, and employer's liability insurance) will contain a separate endorsement naming us as an additional named insured. The insurance will not be limited in any way because of any insurance we maintain. The insurance will not be subject to cancellation except upon 20 days' written notice to us. Certificates of your insurance policies will be kept on deposit with us. Maintenance of the required insurance will not diminish your liability to us under the indemnities contained in this Agreement. The policy or policies will insure against our vicarious liability for actual and (unless prohibited by applicable law) punitive damages assessed against you.

All insurance policies you obtain will contain a blanket waiver of the insurer's rights of subrogation in respect of or against us and our officers, agents, employees and representatives; and will not contain any insured vs. insured exclusion clause, but will contain a severability clause providing that each the policy will be treated as though a separate insurance policy had been issued to each named insured.

We may require you to increase the minimum limits of and types of coverage to keep pace with regular business practice and prudent insurance custom.

If you fail to comply with any of the requirements of this Subsection, we may, but are not obligated to, purchase insurance at your expense to protect our interests. This insurance may, but need not, also protect your interest. The coverage we obtain might not pay any claim you make, or any claim made against you. You may later cancel the insurance we obtain by providing evidence that you have obtained proper coverage elsewhere. You are responsible for the cost of any insurance purchased by us pursuant to this paragraph. This coverage may be considerably more expensive than insurance you can obtain on your own and might not satisfy your needs. You will pay us upon demand the premium cost of this insurance with a late payment charge on the unpaid balance at the rate established in this Agreement.

You will promptly report all claims or potential claims against you, the Franchise or us in writing when you become aware of them. You will give immediate written notice to us of any claims or potential claims you make to your insurers.

We may, at our sole discretion, upon not less than 90 days prior written notice to you, secure a policy of insurance which will provide defined insurance coverage to all or any part of the Ululani's Hawaiian Shave Ice system. This policy may replace or supplement the insurance coverage you are required to maintain. You will pay the relevant insurance premium to us or the designated insurance provider, as we direct.

Nothing contained in this Agreement will be construed as a representation or warranty by us that the insurance coverage we specify will insure you against all insurable risks or amounts of loss which may or can arise out of or in connection with the operation of your franchise business. It is your sole responsibility to ensure that adequate insurance coverage is obtained for your business.

Your procurement and maintenance of the insurance specified above will not relieve you of any liability to us under any indemnity requirement of this Agreement.

8.3 **Condemnation**. You will give us notice of any proposed taking through the exercise of the power of eminent domain. Notice will be given within 10 days of your first knowledge of the proposed taking. If the Franchise Premises or a substantial part of it is to be taken, the Franchise Premises may be relocated within the Franchise Territory or elsewhere with our prior written approval. The relocated premises may not infringe on the protected rights of any other franchise pursuant to our specifications and contractual obligations. Relocation must be completed and franchise business operations recommenced within a reasonable time after the closing of the initial Franchise Premises (but in any event, within one year after closing of the Franchise Premises). The new franchise location will become the Franchise Premises licensed under this Agreement. If a condemnation takes place and a new franchise location does not open, for whatever reason, then this Agreement will terminate upon 30 days written notice from us to you.

8.4 **Casualty**. If the Franchise Premises is damaged by fire or other casualty, you will expeditiously repair the damage. If the damage or repair requires the closing of the Franchise, you will:

A. continue to pay Royalty and Advertising Fees based upon the monthly average paid for the preceding 12-**month** period or based upon the proceeds of any Business Interruption

recovery you receive, whichever is greater, provided coverage is available under Franchisee's policy of insurance,

B. immediately notify us,

C. repair or rebuild the Franchise Premises following our specifications, and

D. re-open the Franchise for continuous business operations when practicable (but in any event, within one year after closing of the Franchise Premises). You will give us not less than 30 days advance notice of the date of reopening.

If the Franchise Premises does not re-open within one year, this Agreement will terminate upon 30 days written notice from us to you.

8.5 **Proceeds from Insurance or Recovery**. The proceeds from any business interruption insurance or eminent domain recovery you receive will be included in Revenue.

9 NOTICE AND MISCELLANEOUS

9.1 **Notices**. All notices required by this Agreement will be in writing. They may be sent by certified or registered mail, postage prepaid and return receipt requested. They may be delivered by Federal Express, or other reputable air courier service, requesting delivery with receipt on the most expedited basis available. They may be sent by prepaid facsimile or electronic mail (provided that the sender confirms the facsimile or electronic mail by sending an original confirmation copy by expedited delivery service or certified or registered mail within three business days after transmission). Notices will be delivered to you at the Franchise Premises, to us at our headquarters or to other locations specified in writing.

Notices may be delivered and receipted to you personally at any location.

Notices sent by certified or registered mail will be deemed to have been delivered and received three business days following the date of mailing. Notices sent by Federal Express, or other reputable air courier service will be deemed to have been received one business day after placement requesting delivery on the most expedited basis available. Notices sent by facsimile or electronic mail will be deemed to have been delivered upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail as provided above).

9.2 **Business Name**. You will execute any commercially reasonable documents we may direct, to be retained by us until this Agreement ends, to evidence that you abandon, relinquish, and terminate your right or interest you may claim in or to the Marks.

9.3 **We and You Are Not Joint Venturers, Partners, or Agents**.

A. Independent Relationship. You are and will remain an independent contractor. You and we are not and will never be considered joint venturers, partners, employees, or agents one for the other. Neither will have the power to bind nor obligate the other except as otherwise outlined in this Agreement. No representation will be made by either party to anyone that would create any apparent agency, employment, or partnership. Each will hold the other safe and harmless from each other's debts, acts, omissions, liabilities, and representations. You acknowledge that you are not in a fiduciary relationship with us.

B. Display. In all public and private records, documents, relationships, and dealings, you will show that you are an independent owner of the Franchise. You will prominently indicate on your letterheads and business forms that you are our licensed franchisee by using language saying that you operate an independently owned Franchise. You will prominently display, by posting of a sign within public view, on or in the Franchise Premises and on any delivery vehicles that you use, a statement that clearly indicates that your franchise business is independently owned and operated by you as a franchisee and not as our agent.

C. Your Employees.

1. You will control your own employees and contractors. We shall not have the power to hire, fire, direct, schedule, supervise or discipline your employees. You will maintain employee records to show clearly that you and your employees are not our employees.

2. You must pay special attention to federal and state wage and hour laws with respect to your employees. You must comply with all such laws and pay your employees properly. You are responsible for any employee wages and compensation, payroll taxes and other required withholding, worker's compensation and benefits.

3. You are responsible for making sure your employees meet the standards, specifications and recommendations outlined in the Operations Manual (as applicable).

9.4 **Waiver**. A waiver of any breach of any provision, term, covenant, or condition of this Agreement will not be a waiver of any subsequent breach of the same or any other provision, term, covenant, or condition.

Any waiver of any provision of this Agreement must be set forth in writing and signed by the party granting the waiver. Any waiver we grant will not prejudice any other rights we may have and will be subject to our continuing review. We may revoke any waiver, in our sole discretion, at any time and for any reason, effective upon delivery to you of 10 days prior written notice. Customs or practices of the parties in variance with the terms of this Agreement will not constitute a waiver of our right to demand exact compliance with the terms of this Agreement. Our delay, waiver, forbearance, or omission to exercise any power or rights arising out of any breach or default by you of any of the terms, provisions, or covenants of this Agreement, will not affect or impair our rights and will not constitute a waiver by us of any right or of the right to declare any subsequent breach or default. Our subsequent acceptance of any payment due to us will not be deemed to be a waiver by us of any preceding breach by you of any terms, covenants or conditions of this Agreement.

By written notice, we unilaterally may waive any obligation of you, your owners, or the Guarantors.

Our consent, whenever required, may be arbitrarily withheld if you are in material breach of this Agreement.

9.5 **Time Is of the Essence**. Time and strict performance are of the essence of this Agreement. ("Time is of the essence" is a legal term that emphasizes the strictness of time limits. In this Agreement, it means it will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement.)

9.6 **Documents**. You and your partners, shareholders, members, officers, and owners

agree to execute and deliver any commercially reasonable documents that may be necessary or appropriate during the term and upon expiration or termination of this Agreement to carry out the purposes and intent of this Agreement. Upon the expiration, termination or transfer of this Agreement, if you do not execute any document necessary in our judgment to comply with the requirements of this Agreement, then by this Agreement, you irrevocably nominate, constitute and appoint the person then serving as our President, LLC Manager or similar position as your attorney-in-fact to so execute that document in your name and on your behalf.

9.7 **Construction**.

A. Entire Agreement. This document, including any exhibits attached to this Agreement and the documents referred to in this Agreement, will be construed together and constitute the entire agreement between the parties. It supersedes all prior or contemporaneous agreements, understandings, communications and negotiations, whether written or oral, with respect to the subject matter of this Agreement. There are no other oral or implied understandings between the parties with respect to the subject matter of this Agreement. Except as expressly and otherwise provided in this Agreement, this Agreement may not be modified, nor may any rights be waived or abridged, orally or by course of dealing, but only by a written instrument signed by the parties. The words "this Agreement" include any future modifications unless otherwise suggested by the context. No salesperson, representative, or other person has the authority to bind or obligate us in any way, except our President, Vice President or LLC Manager at our home office by an instrument in writing.

No previous communications, negotiations, course of dealing or usage in the trade not specifically set forth in this Agreement will be admissible to explain, modify, or contradict this Agreement. The parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third party will have the right to claim the benefit of any provision of this Agreement as a third-party beneficiary of that provision.

Nothing in this Agreement or any related agreement is intended to disclaim the representations we made to you in our franchise disclosure document.

B. Format. All words in this Agreement include any number or gender as the context or sense of this Agreement requires. The words "will" and "must" used in this Agreement indicate a mandatory obligation. This Agreement has been prepared in the "you/we" format to simplify it and to facilitate our compliance with state and federal franchise disclosure laws. The rule of construction that a written agreement is construed against the party preparing or drafting such agreement will specifically not be applicable to the interpretation of this Agreement.

C. Captions and Headings. All captions and headings are for reference purposes only and are not part of this Agreement. The recitals set forth in this Agreement are specifically incorporated into and constitute a part of the terms of this Agreement. If there is any typographical, word processing, printing or copying error in this Agreement, the error will be interpreted and corrected consistent with the following order of interpretation:

1. The content and expressed intent and exhibits of our Franchise Disclosure Document(s) previously delivered to you.

2. The content and expressed intent of franchise agreements we have executed with our other franchises reasonably contemporaneous to this Agreement.

D. Severability. If, any part of this Agreement is declared invalid, that declaration will not affect the validity of the remaining portion which will remain in full force and effect as if this Agreement had been executed with the invalid portion omitted. The parties declare their intention that they would have executed the remaining portion of this Agreement without including any part, parts, or portions which may be declared invalid in the future. Provided, however, that if we determine that the finding of invalidity materially and adversely affects the basic consideration of this Agreement, we may, at our option, terminate this Agreement.

E. Implied Covenants. If applicable law implies a covenant of good faith and fair dealing to the parties in this Agreement, then the parties agree that covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. If applicable law implies such a covenant, the parties acknowledge and agree that:

1. This Agreement (and the relationship of the parties which is inherent from this Agreement) grants us the discretion to make decisions, take actions or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests, though we will be at all times reasonable;

2. We will use our business judgment in exercising our discretion based on our assessment of our own interests and balancing those interests against the interests of the owners of other Ululani's Hawaiian Shave Ice businesses generally (including us, our franchisees and parties related to us) and specifically without considering the individual interests of you or any other particular franchisee, though we will at all times be reasonable;

3. We will have no liability to you for the exercise of our discretion in this manner, so long as our discretion is not exercised in bad faith toward you or is arbitrary and capricious; and

4. In the absence of bad faith, including arbitrary and capricious conduct, no trier of fact in any judicial or arbitration proceeding will substitute its judgment for the business judgment we exercise.

9.8 **Enforcement**.

A. Mediation. If a dispute arises between the parties, before taking any other legal action, the parties agree to participate in good faith mediation in accordance with the mediation procedures of Arbitration Service of Portland, Inc. (which services Vancouver, Washington) or of any similar organization that specializes in the mediation of commercial business disputes. Mediation will take place in Vancouver, Washington. The party demanding mediation must provide written notice to the other party of the demand for mediation. If the other party does not respond to the mediation demand within 30 days of written notice, or indicates a refusal to participate in mediation, then the party providing notice may proceed with other forms of dispute resolution. The parties agree to equally share the costs of mediation. Injunctive relief and or claims of specific performance sought pursuant to or authorized by this Agreement, are not subject to, nor can be avoided by, the mediation terms of this Agreement, and may be brought in any court of competent jurisdiction.

B. Injunctive Relief and Specific Performance. Either party may obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any term or covenant of this Agreement. Nothing contained in this Agreement will bar us or you to

obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause you or us loss or damages under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions.

C. Governing Law and Venue. You acknowledge that we have appointed and intend to appoint many franchisees on terms and conditions similar to those set forth in this Agreement. It mutually benefits those franchisees, you and us if the terms and conditions of these license agreements are uniformly interpreted. This Agreement is accepted by us in the State of Washington and will be governed by the substantive laws of Washington without regard to Washington choice of law provisions. Following are exceptions to this choice of laws provision:

1. Washington laws will not prevail to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.).

2. Any law of the State of Washington that regulates the sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

3. No antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine of law statute, law or regulation of Washington or any other state is intended to be made applicable to this Agreement unless it would otherwise apply absent this paragraph.

The foregoing will not be construed as a waiver of any of your rights under any applicable franchise registration, disclosure or relationship law of another territory, state or commonwealth.

Any portion of this Agreement that requires enforcement in any other state, and is enforceable under the laws of that state but not of Washington, will be construed and enforced according to the laws of that state.

D. Venue. If any dispute is not resolved by mediation under Section 9.8.A above, then all issues or disagreements relating to this Agreement will be tried, heard, and decided in Clark County, Washington, which we both agree is the most convenient venue for these purposes. You acknowledge and agree that this location for venue is reasonable and the most beneficial to the needs of, and best meets the interest of, all of the members of our franchise system.

E. Remedies. You recognize the unique value and secondary meaning attached to the Method of Operation, the Marks and our standards of operation and trade practices. You agree that any noncompliance with the terms of this Agreement or any unauthorized or improper use of the Method of Operation or the Marks will cause irreparable damage to us and our franchisees. You agree that if you engage in any unauthorized or improper use, during or after the period of this Agreement, we will be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction in addition to any other remedies prescribed by laws.

No right or remedy conferred upon us is exclusive of any other right or remedy in this Agreement or provided by law or equity. Each will be cumulative of every other right or remedy.

We may employ legal counsel or incur other expense to collect or enforce your obligations or to defend against any claim, demand, action or proceeding because of your failure to perform your obligations. Legal action may be filed by or against us and that action or the settlement of it may establish your breach of this

Agreement. If either event occurs, we may recover from you the amount of our reasonable attorneys' fees and all other expenses we incur in collecting or enforcing that obligation, or in defending against that claim, demand, action or proceeding if we are the prevailing party.

Due to the importance of the confidentiality and non-competition covenants in this Agreement, any claim you have against us is a separate matter and does not entitle you to violate or justify any violation of such covenants.

You agree that each of the confidentiality requirements and covenants not to compete described in this Agreement will be constructed as independent of any other covenant or provision. If all, parts or any portion of any covenant in this Agreement is held unreasonable or 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 subsumed within the terms of that covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in this Agreement. Each of the covenants described in this Agreement is a separate and independent covenant in each of the separate counties and states in the United States in which we transact business. To the extent that any covenant may be determined to be judicially unenforceable in any county or state, that covenant will not be affected with respect to any other county or state. You understand and acknowledge that we will have the right, in our sole discretion, to reduce the scope of any of covenants, confidentiality requirements or covenants not to compete set forth in this Agreement that apply to you or to any other of our franchisees. We may do so without your consent, effective immediately upon your receipt of written notice. You agree that you will comply with any covenant that pertains to you as we so modify it.

You acknowledge we will suffer immediate and irreparable harm that will not be compensable by damages alone if you repudiate or breach any of the provisions of any part of this Agreement that relates to the confidentiality or protection of confidential information and trade secrets or your covenants to not compete against us or our franchise system or your threats or attempts to do so. For this reason, under those circumstances, we, in addition to and without limitation of any other rights, remedies or damages available to us at law or in equity, will be entitled to obtain temporary, preliminary and permanent injunctions in order to prevent or restrain the breach, and we will not be required to post a bond as a condition for the granting of this relief. You also agree that a violation of any of our confidentiality or non-competition covenants will entitle us, in addition to all other remedies available at law or equity, to recover from you any and all funds, including, without limitation, wages, salary, and profits, which will be held by you in constructive trust for us, received by you in connection with such violation.

You specifically acknowledge the receipt of adequate consideration for the confidentiality and non-competition covenants contained in this Agreement and that we are entitled to require you to comply with these covenants. Those covenants will survive termination or expiration of this Agreement. You represent that if this Agreement expires or is terminated, whether voluntarily or involuntarily, you have experience and capabilities sufficient to enable you to find employment or otherwise earn a livelihood in areas which do not violate this Agreement and that our enforcement of a remedy by way of injunction will not prevent you from earning a livelihood.

F. Attorneys' Fees. The prevailing party in any arbitration, insolvency proceeding, bankruptcy proceeding, suit, or action to enforce this Agreement will recover its arbitration, proceeding, and court costs and reasonable attorneys' fees. These will be set by the arbitration, proceeding or court, including costs and attorneys' fees on appeal or review from the arbitration, proceeding, suit, or action. "Prevailing party" means the party who recovers the greater relief in the proceeding.

9.9 **Future General Releases**. As a condition of our agreement to a transfer, renewal or purchase of an additional franchise by you, you must enter into a release agreement in a form we reasonably

approve, which is subject to change in our reasonable discretion.

9.10 **Agreement Binding on Successors and Assigns**. This Agreement benefits and binds the respective heirs, executors, administrators, successors, and assigns of the parties.

9.11 **Execution in Counterparts and Our Acceptance**. This Agreement will be binding upon you at the time you sign it and deliver it to us. This Agreement will not be binding upon us until we accept it in writing by one of our principal officers at our home office. If we do not accept it within 30 days, this Agreement will no longer be binding upon you. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, will constitute an original. Delivery of executed signature pages of this Agreement by facsimile transmission will constitute effective and binding execution and delivery of this Agreement.

9.12 **Confidentiality and Non-Disclosure Agreement by Your Owners**. If you are a corporation, limited liability company, partnership or other entity, we will not be bound until your shareholders, members or partners (or those of your parent or affiliate subject to our approval) read and approve the execution of this Agreement by you and sign the Confidentiality and Non-Competition Agreement attached as Exhibit 6. In addition, each individual who will attend our initial training program will execute a Confidentiality and Non-Competition Agreement in the form attached as Exhibit 6 before attending training (in our discretion). The form of agreement attached as Exhibit 6 is subject to change in our reasonable discretion. We may request a copy of the Resolution approved by your partners, members, shareholders, owners or directors as confirmation of your fulfillment of this requirement and authorizing your execution of this Agreement.

9.13 **Guaranty**. If each of your owners are not signing this Agreement as direct parties, then this Agreement is conditioned upon execution of the Guaranty attached as Exhibit 7 by each of your owners ("***Guarantor***").

9.14 **Representations and Acknowledgements**.

A. **Varying Forms of Agreement**. You are aware that some present and future Ululani's Hawaiian Shave Ice franchisees may operate under different forms of agreement and, consequently, that our obligations and rights in respect to our various present and future franchisees may differ materially in certain circumstances.

B. **Terrorism, Convictions, Immigration Status**. You represent to us, unconditionally without reservation, that:

1. Neither you, nor your spouse, nor your children, nor your parents, nor any employee nor prospective employee of the franchise business, nor anyone who has an interest in or who will manage the franchise, nor any of your partners or affiliates:

   (i) supports terrorism;

   (ii) provides money or financial services to terrorists, including but not limited to those individual and organizations on the current U.S. government list of persons and organizations that support terrorism as provided by law, such as the list of "Specially Designated Nationals" and "Blocked Persons" under the "USA Patriot Act" 18 USC Section 1900 et seq.;

(iii) receives money or financial services from terrorists or institutions that support terrorists, including but not limited to those individual and organizations on the current U.S. government list of persons and organizations that support terrorism as provided by law, such as the list of "Specially Designated Nationals" and "Blocked Persons" under the "USA Patriot Act" 18 USC Section 1900 et seq.;

(iv) is engaged in terrorism, or any activity, organization, or plan with or of any person or organization, including but not limited to those individual and organizations on the current U.S. government list of persons and organizations that support terrorism as provided by law, such as the list of "Specially Designated Nationals" and "Blocked Persons" under the "USA Patriot Act" 18 USC Section 1900 et seq.; or

(v) is on the current U.S. government lists of persons and organizations that support terrorism as provided for by law, such as the list of "Specially Designated Nationals" and "Blocked Persons" under the "USA Patriot Act" 18 USC Section 1900 et seq.

2. Neither you nor your spouse, nor your children, nor your parents, nor anyone who has an interest in or who will manage the franchise, nor any employee or prospective employee of the franchise business, nor any of your partners or affiliates of these persons has engaged in or been convicted of fraud, corruption, bribery, money laundering, narcotics trafficking or other crimes, and each is eligible under applicable U.S. immigration laws to communicate with, lawfully reside in, and travel to the United States to fulfill your obligations under your agreements with us.

3. You, your spouse, your children, your parents, and anyone who has an interest in or who will manage the franchise, and all employees or prospective employees of the franchise business, and all of your partners or affiliates are in the United States lawfully, have legal residence in the United States, and are lawfully permitted to work in the United States.

C. **We May Investigate**. We may conduct investigations and make inquiries of any person or persons we, in our reasonable judgment, believe appropriate concerning the credit standing, character, and professional and personal qualifications of you and your owners, shareholders, members and partners. You authorize us to conduct these investigations and to make these inquiries. We agree to comply with the requirements of laws that apply to these investigations and inquiries.

(Signatures appear on following page)

Franchise Agreement

Signature Page

The parties have executed this Agreement on the day and year first above written.

("we/us"): **UHSI FRANCHISE, LLC**

By: _____

Print Name: _____

Title: _____

(jointly and severally "you"):

IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY OR OTHER ENTITY: THIS AGREEMENT MUST BE SIGNED BY A COMPANY OFFICER OR OWNER AUTHORIZED TO SIGN ON BEHALF OF THE COMPANY. ADDITIONALLY, THE AGREEMENT MUST BE SIGNED BY ALL OFFICERS AND OWNERS OF THE COMPANY AS INDIVIDUALS.

Name of Corporation/LLC/Partnership: _____

By: _____ Title: _____

Individual Signature: _____

Print Name: _____

Individual Signature: _____

Print Name: _____

Individual Signature: _____

Print Name: _____

EXHIBIT 1
to
FRANCHISE AGREEMENT

FRANCHISE LOCATION AND FRANCHISE TERRITORY

Franchise Premises. The Franchise Premises is located at the following address *(this blank will be completed by us once the Franchise Premises has been approved if not approved at* the *time of signing the Franchise Agreement)*:

_____.

Franchise Territory. The Franchise Territory is defined as follows *(this blank will be completed by us once the Franchise Territory has been designated if not designated at the time of signing the Franchise Agreement)*:

_____.

[Attached is a map delineating the Franchise Territory.]

The Franchise Territory and your Franchise Premises must be in the United States of America, legally available pursuant to state and federal franchise and business opportunity disclosure and registration laws and pursuant to our contractual commitments (including those with our other franchisees) and in compliance with our franchise placement, market development and demographic criteria.

Except as specifically outlined or forbidden in the relevant Franchise Agreement, there are no understandings oral or written concerning the future placement of stores by any party and concerning any territory protections granted to you.

* * *

Location Search Area. If either the Franchise Premises or the Franchise Territory has not been determined when this Agreement is executed, you are responsible for selecting the site for your Franchise Premises within the following "Search Area": _____. Franchisor does not grant territorial protections or exclusivity in the Search Area. Franchisor does grant certain territorial protections in the Franchise Territory as described in the Franchise Agreement.

EXHIBIT 2
to
FRANCHISE AGREEMENT

FRANCHISE PREMISES LEASE RIDER

THIS FRANCHISE PREMISES RIDER ("**Lease Rider**") is made effective _____, 20____. It is by and between _____ ("**Landlord**") and _____ (jointly and severally "**Tenant**").

RECITALS

On or about _____, 20____, Landlord and Tenant executed a commercial real property lease (the "**Lease**") by which Tenant leased from Landlord real property for Tenant's operations of an Ululani's Hawaiian Shave Ice franchise at the following location: _____ (the "**Franchise Premises**").

On or about _____, 20___, Tenant and UHSI FRANCHISE, LLC (the "**Franchisor**") executed a franchise agreement (the "**Franchise Agreement**") for Tenant to operate an Ululani's Hawaiian Shave Ice franchise at the Franchise Premises.

Landlord and Tenant desire to execute this addendum to the Lease to give Franchisor certain rights to the Franchise Premises as required by the Franchise Agreement.

THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the parties agree as follows:

1. **Use of Franchise Premises**. Landlord acknowledges and agrees that the Franchise Premises may be used only for the operation of an Ululani's Hawaiian Shave Ice facility. Landlord permits Tenant to use and display the following service marks, trademarks, and commercial logos: Ululani's Hawaiian Shave Ice and all other marks that Franchisor has developed or develops in the future for an Ululani's Hawaiian Shave Ice facility.

2. **Landlord Reports and Disclosures to Franchisor**. Tenant acknowledges and agrees that Landlord may, upon Franchisor's written request, disclose to Franchisor all reports, information, or data in Landlord's possession respecting sales made in, upon, or from the Franchise Premises and Tenant's business operations.

3. **Assignment to Franchisor**. Anything contained in the Lease to the contrary notwithstanding, Landlord agrees that without Landlord's consent, the Lease and Tenant's right, title and interest, may be assigned by Tenant to Franchisor, without cost or penalty. Without the need for additional consent from Landlord or Tenant, Franchisor (or Franchisor's designee) will have the right, at Franchisor's election, to assume the Lease and the leasehold interest in the Franchise Premises, upon termination or expiration of Tenant's Lease or Franchise Agreement. This option may be exercised by Franchisor within 30 days of such termination or expiration.

4. **Tenant's Default; Notice to Franchisor**. Landlord will give written notice to Franchisor (concurrently with the giving of notice to Tenant) of any breach by Tenant under the Lease. Franchisor will have the right (but not obligation), in Franchisor's sole discretion, to cure any breach at Tenant's expense within **15** business days after the expiration of the period in which Tenant had to cure the default. Notice will be sent to the following address, or to the address Franchisor may, from time to time, specify

in writing to Landlord:

UHSI FRANCHISE, LLC
13517 NE 42nd Ave.
Vancouver, Washington 98686

5. **Franchise Premises De-identification**. Upon termination, expiration, or non-renewal of the Lease or Franchise Agreement, Tenant may de-identify the Franchise Premises. If Tenant fails to do so, Landlord gives Franchisor the express right to de-identify. De-identification consists of removal of all signs; modification or remodeling of all identifying architectural features; repainting as necessary to no longer use the color scheme used by Franchisor; and any other steps necessary (in Franchisor's reasonable discretion) to effectively distinguish the Franchise Premises from Franchisor's proprietary designs and marks.

6. **Renewal, Extension, or Cancellation of the Lease**. Landlord will not extend, renew, or cancel the Lease without Franchisor's prior written consent, which consent will not be unreasonably withheld.

7. **Franchisor's Interim Management Rights**. To protect the Franchisor's system, trademarks, confidential information, and the goodwill associated with the same, Franchisor may (but is not obligated to) assume interim management of the Franchise at the Franchise Premises for any of the following reasons: (a) after Franchisor has given Tenant written notice that Tenant is in default under the Franchise Agreement and during the pendency of any cure period or in lieu of immediately terminating the Franchise Agreement; (b) Tenant's business activities are having, or are likely to have, a negative impact upon the value of Franchisor's Marks, goodwill, or the franchise system (as Franchisor determines at its sole discretion); (c) Franchisor determines that significant operational problems require it to temporarily operate the Franchise; (d) upon the death or permanent disability of the Tenant (or any general partner of Tenant or of any member or shareholder owning 50% or more of Tenant) as provided in the Franchise Agreement; or (e) after termination or expiration of the Franchise Agreement while the Franchisor is deciding whether to exercise its right to purchase any or all assets, or while such a purchase is pending. If Franchisor elects to assume interim management of the Franchise, then: (i) Franchisor's election will not relieve Tenant of Tenant's obligations under the Franchise Agreement; (ii) Franchisor will not be liable for any debts, losses, costs or expenses incurred in the operation of the Franchise during any interim management period; (iii) Franchisor will have the right to charge a reasonable fee for the management services; (iv) Tenant hereby agrees to indemnify, defend and hold harmless Franchisor and its interim manager(s) from and against any and all claims, demands, judgments, fines, losses, liabilities, costs, amounts paid in settlement and reasonable expenses (including, but not limited to attorneys' fees) incurred in connection with the interim management of the Franchise, other than those arising solely from the gross negligence or willful misconduct of Franchisor; and (v) Franchisor's interim management of the Franchise will not operate as an assignment to Franchisor of the lease or any sublease of franchise property. Franchisor will have no responsibility for payment of any rent or other charges owing on any lease.

8. **Third Party Beneficiary**. Tenant and Landlord acknowledge and agree that Franchisor is a third-party beneficiary of this Lease Rider, and Franchisor is entitled to all rights and remedies conferred upon Franchisor under this Lease Rider (which Franchisor may enforce directly against Tenant or Landlord, with or without the consent or joinder of Tenant). Notwithstanding anything contained in this Lease Rider, Franchisor will have no liability under the Lease or this Lease Rider unless Franchisor expressly enters into a written agreement with Landlord.

[Signatures appear on the next page.]

IN WITNESS, the parties have executed this Lease Rider on the day and year first above written.

Landlord: _____

Signed By: _____

Print Name: _____

Title: _____

Tenant: _____

Signed By: _____

Print Name: _____

Title: _____

EXHIBIT 3
to
FRANCHISE AGREEMENT

FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT
STATE LAW ADDENDUM

California

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.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

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

FDD Item 17, FA Sections 5, 6, 7 and 9

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

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

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

(4) You must sign a general release if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

(5) The Franchise Agreement provides that all issues or disagreements relating to the Franchise Agreement will be mediated in Vancouver, Washington, and if mediation is not successful, litigation will occur in Clark County, Washington with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

(7) Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form and containing such information as the Commissioner of the Department of Financial Protection and Innovation may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

FDD Item 3

Neither the franchisor nor any person listed in Item 2 of the FDD nor any franchise broker is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

FDD Item 5; FA Section 2.1

The Department of Business Oversight requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business. For any development agreement, the payment of the development and initial fee attributable to a specific unit is deferred until that unit is open.

FDD Item 17.r; FA Section 6.7; FA Exhibit 6 (Confidentiality and Non-Competition Agreement)

Under Business and Professions Code Section 16600, covenants not to compete that extend beyond the termination of the franchise are not enforceable under California law.

FDD Item 6; FA Section 2.8

The late charge is 10% per annum in California (rather than 1.5% per month or 18% per annum).

FDD, Franchise Agreement, Area Development Agreement (or Multiple Franchise Purchase Addendum), and Other Exhibits

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.

Georgia

DISCLOSURES REQUIRED BY GEORGIA LAW. The State of Georgia has not reviewed and does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If, for any reason, any provision set forth in the Franchise Agreement (including those related to in-term and post-term covenants against competition and non-disclosure and non-use of confidential information) exceeds any lawful scope or limit as to duration, geographic coverage, specificity, or otherwise, it is agreed that the provision will nevertheless be binding to the full scope or limit allowed by law or by a court of law. Indeed, the parties acknowledge their desire and intent that such provisions be modified by a court or arbitrator to comply with Georgia law if needed. The duration, geographic coverage and scope allowable by law or court of law will apply to this Agreement.

Hawaii

FDD Items 5 and 7, Franchise Agreement Section 2.1

THE FRANCHISOR HAS A DEFICIT MEMBERS' EQUITY OF $108,731 AS OF DECEMBER 31, 2022. As a result, for each franchise sold in Hawaii, the State of Hawaii has required us to defer the receipt of initial franchise fees and other payments to us and our affiliates until we have met all of our pre-opening obligations and you have opened your franchise business.

FDD, Franchise Agreement, Area Development Agreement (or Multiple Franchise Purchase Addendum), and Other Exhibits

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.

Idaho

FDD Item 17, FA Section 9

Any condition in a franchise agreement executed by a resident of Idaho or a business entity organized under the laws of Idaho is void to the extent it purports to waive venue or jurisdiction of the Idaho court system. Venue and jurisdiction will be in Idaho if the franchisee is an Idaho resident or a business entity organized under the laws of Idaho.

North Carolina

FDD Cover Page

DISCLOSURES REQUIRED BY NORTH CAROLINA LAW. The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity (or franchise). The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

Washington Addenda to the FDD, Franchise Agreement, and Multi-Unit Agreement

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

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

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In

addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

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

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

FA Section 1.3.5

Franchise Agreement Section 1.3.5 is hereby deleted and stricken from the Franchise Agreement.

FA Section 9.14.E

The second paragraph only of Section 9.14.E (this section is entitled "Independent Investigation, No Projections or Representations") is hereby deleted and stricken from the Franchise Agreement.

FA Section 9.14.M

Section 9.14.M (entitled "No Representations, Projections, or Warranties by Franchisor") is hereby deleted and stricken from the Franchise Agreement.

FDD Item 5; FA Section 2.1

All initial franchise fees will be due and payable only after the franchisor has fulfilled its initial pre-opening obligations and the franchisee is open for business. Because the franchisor has material pre-opening obligations with respect to each franchised business the franchisee opens under the Multiple Franchise Purchase Addendum, the Division will require that the Development Fee be released proportionally with respect to each franchised business.

FDD, Franchise Agreement, Area Development Agreement (or Multiple Franchise Purchase Addendum), and Other Exhibits

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.

Special Risks to Consider About *This* Franchise

Use of Franchise Brokers. The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

The undersigned franchisee does hereby acknowledge receipt of this Addendum.

It is agreed that the applicable foregoing state law addendum for the state of _____, if any, supersedes any inconsistent portion of the Franchise Agreement (to which this addendum is attached) of this same date, and of the Franchise Disclosure Document. All terms of the Franchise Agreement, including these State Law Addendum provisions for the relevant state, have been agreed to at the time the Franchise Agreement was signed, to the extent that they are valid requirements of an applicable, effective, and enforceable state law. However, this addendum will have effect only if the Franchise Agreement or our relationship with you satisfies all of the jurisdictional requirements of the relevant state's franchise laws, without considering this addendum.

DATED this ___ day of _____, 20___.

(Signatures on following page)

STATE LAW ADDENDUM

Signature Page

The parties have executed this Agreement on the day and year first above written.

("we/us"): **UHSI FRANCHISE, LLC**

By: _____

Print Name: _____

Title: _____

(jointly and severally "you"):

IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY OR OTHER ENTITY: THIS AGREEMENT MUST BE SIGNED BY A COMPANY OFFICER OR OWNER AUTHORIZED TO SIGN ON BEHALF OF THE COMPANY. ADDITIONALLY, THE AGREEMENT MUST BE SIGNED BY ALL OFFICERS AND OWNERS OF THE COMPANY AS INDIVIDUALS.

Name of Corporation/LLC/Partnership: _____

By: _____ Title: _____

Individual Signature: _____

Print Name: _____

Individual Signature: _____

Print Name: _____

Individual Signature: _____

Print Name: _____

EXHIBIT 4
to
FRANCHISE AGREEMENT

MULTIPLE FRANCHISE PURCHASE ADDENDUM
(To Be Signed Separately for Each Franchise Purchased Simultaneously if Applicable)

This Addendum is for Franchise #___

The following additional provisions are agreed to by the parties with respect to the attached Franchise Agreement dated _____ __, 20__ (the "Franchise Agreement"), between **UHSI FRANCHISE, LLC**, a Delaware limited liability company ("we/us") and **_____**, an individual, **_____**, an individual, and **_____** a _____ company (jointly and severally "you") of which this Addendum is a part. In the event of conflict, the provisions of this Addendum supersede the corresponding provisions of the Franchise Agreement.

1. **Simultaneous Multiple Franchise Purchase**. You are purchasing the right to operate more than one Franchise. The parties have contemporaneously executed *[#]* Franchise Agreements (one for each Franchise) including this Addendum.

2. **Development Fee and Development Area**. You are *[ALTERNATIVE: You are not]* granted a protected area in which to develop your multiple franchises. [*IF APPLICABLE: Upon execution of this Addendum and the corresponding Franchise Agreement(s), you shall pay us the following non-refundable "Development Fee" in full: $_____. Except as provided below, and as long as you are not in default in any material provision of any Franchise Agreement or related agreement, we will not establish or allow others to establish an Ululani's Hawaiian Shave Ice shop located within your "Development Area". Your Development Area is defined as follows:*

_____
_____
_____
_____
_____

Notwithstanding the foregoing, all rights we reserve in the Franchise Agreement in respect to your Franchise Territory (including, but not limited to, Section 1.7 of the Franchise Agreement), we also reserve in respect to your Development Area.

Notwithstanding the foregoing, if you fail to meet your Development Schedule, then we may immediately terminate your Development Area upon written notice (in addition to other rights and remedies provided in your Franchise Agreements or by law).

Notwithstanding the foregoing, your rights with respect to the Development Area will automatically terminate upon the earlier of: (1) the opening of your last franchise under your Development Schedule (described below), or (2) the deadline for opening your last franchise under your Development Schedule. Thereafter, we and our affiliates will have the right to operate or grant to others the right to operate outlets within the Development Area. However, your Franchise Territory (defined in the Franchise Agreement) for each of your operating franchises will remain in force.

3. **Franchise Premises and Franchise Territory**. The Franchise Territory for each franchise will be designated by us before you open each relevant Franchise Premises. The Franchise Territory and your Franchise Premises must be in the United States of America, legally available pursuant to state and

federal franchise and business opportunity disclosure and registration laws and pursuant to our contractual commitments (including those with our other franchisees) and in compliance with our franchise placement, market development and demographic criteria.

4. **No Other Understandings**. Except as specifically outlined or forbidden in the relevant Franchise Agreement, there are no understandings oral or written concerning the future placement of stores by any party and concerning any territory protections granted to you.

5. **Store Opening Schedule**. You commit to the timely opening of the Franchises in the Development Area in compliance with the following development schedule (the "Development Schedule"):

Franchise #	**Opening Deadline**	**Cumulative Number of Locations to be Opened and Continuously Operated**
First Franchise	6 Months from Execution of Franchise Agreement	One
Second Franchise	12 Months from Execution of Franchise Agreement	Two
Third Franchise	18 Months from Execution of Franchise Agreement	Three

Time is of the essence of this Development Schedule.

In the event that you do not comply with the above store opening and continuous operation requirements, we will have the right to terminate [*your Development Area and*] any of your franchise agreements representing franchises that have not yet opened for business (without any obligation to refund initial franchise fees collected). Any failure to commence operation caused by a war or civil disturbance, a natural disaster, a labor dispute, shortages or other events beyond your reasonable control (not including financial circumstances) will be excused for a period of time that we deem reasonable under the circumstances.

6. **Payment of Initial Franchise Fees; Refunds**. If this Addendum is for the second or additional Franchise, then you are paying one-half of the Initial Franchise Fee upon signing this Addendum and one-half before you open the Franchise.

Therefore, upon signing the Franchise Agreement and this Addendum, you have paid $_____, which represents *[all][one-half]* of the total Initial Franchise Fee for this Franchise, which is $_____.

The partial refunds described in Sections 3.1 and 4.1 of the Franchise Agreement are available only for your first Franchise to be opened under a Multiple Franchise Purchase Addendum. The refunds are not available for additional Franchises.

7. **Training for First Franchise**. We will have no obligation to provide franchise training to you at our expense except for the first Franchise you open.

8. **Default and Termination**. The parties have executed a number of franchise agreements contemporaneously with the Franchise Agreement as part of a multiple franchise purchase arrangement. Any material violation or breach (other than failure to open the franchise site by the date set forth in the Development Schedule) of any such agreement, or of any other franchise agreement between the parties or

of any other agreement between the parties related to the Ululani's Hawaiian Shave Ice franchise system will be deemed a material violation of the Franchise Agreement and this Addendum, of all such other franchise agreements, and of all such other agreements. The non-breaching party then will be entitled to enforce the penalties of or to terminate the Franchise Agreement and this Addendum and any or all of such other franchise agreements and such other agreements as provided in the Franchise Agreement for enforcement or termination.

You acknowledge and agree that if the franchised operation represented by this Addendum is not opened by the opening date set forth above in the Development Schedule, we will have the right to terminate the Franchise Agreement and this Addendum. We then may establish or license others to establish Ululani's Hawaiian Shave Ice operations in the Franchise Territory. We may also then terminate the Development Area and may establish or license others to establish Ululani's Hawaiian Shave Ice operations in the Development Area.

9. **Defined Terms**. All capitalized terms contained in this Addendum that are not defined in this Addendum will have the meaning ascribed to them in the Franchise Agreement.

(Signatures on following page)

MULTIPLE FRANCHISE PURCHASE ADDENDUM

Signature Page

("we/us"): **UHSI FRANCHISE, LLC**

By: _____

Print Name: _____

Title: _____

(jointly and severally "you"):

IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY OR OTHER ENTITY: THIS AGREEMENT MUST BE SIGNED BY A COMPANY OFFICER OR OWNER AUTHORIZED TO SIGN ON BEHALF OF THE COMPANY. ADDITIONALLY, THE AGREEMENT MUST BE SIGNED BY ALL OFFICERS AND OWNERS OF THE COMPANY AS INDIVIDUALS.

Name of Corporation/LLC/Partnership: _____

By: _____ Title: _____

Individual Signature: _____

Print Name: _____

Individual Signature: _____

Print Name: _____

Individual Signature: _____

Print Name: _____

EXHIBIT 5
TO
FRANCHISE AGREEMENT

COPY OF SETTLEMENT AND COEXISTENCE AGREEMENT
as Referenced in Section 5.3 of the Franchise Agreement

(See following pages.)

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451

MT

Mailed: December 4, 2009

Opposition No. 91191563

Ululani Coffee Company, Inc.

v.

Ululani's Hawaiian Shave Ice, LLC

In view of the stipulation filed November 24, 2009, the opposition is dismissed with prejudice.

By the Trademark Trial and Appeal Board

SETTLEMENT AND COEXISTENCE AGREEMENT

Ululani's Hawaiian Shave Ice, LLC, a Washington LLC with an address of 3901 NE 65th Street, Vancouver, WA 98686, Bradly J. Edgerton and Charlotte Yamashiro (collectively, "UHSI"), individuals with the same business address, on the one hand and Ululani Coffee Company, Inc. ("UCC"), a Hawaii corporation with an address of 75-853 Keaolani Drive, Kailua Kona, HI 96740 agree as follows:

UHSI is the owner of United States trademark application number 77/681,013 (the "Application") for "ULULANI'S HAWAIIAN SHAVE ICE" applied to shaved ice confections (the "Shaved Ice Mark") and filed on March 1, 2009. UHSI claims to have first used the Shaved Ice Mark in interstate commerce at least as early as December 5, 2008.

UCC claims to have used the marks "ULULANI" and "ULULANI COFFEE COMPANY" (the "Coffee Marks") in connection with roasted coffee beans and coffee at least as early as November 22, 2002.

UCC has filed opposition number 91191563 (the "Opposition") before the Trademark Trial and Appeal Board in the United States Patent and Trademark Office disputing UHSI's right to obtain a United States trademark registration for the Shaved Ice Mark.

UCC and UHSI (collectively, the "Parties" and each a "Party") came to the conclusion that if used in commerce in accordance with the terms of this agreement, their respective trademarks and goods to which such trademarks are applied are sufficiently different that no likelihood of confusion will arise between UHSI's Shaved Ice Mark and UCC's Coffee marks. This conclusion is based at least upon the following:

A. UHSI's Shaved Ice Mark, taken as a whole, is visually distinguishable from UCC's Coffee Marks as the Shaved Ice Mark contains an apostrophe "S" at the end of "ULULANI" and the additional wording of "HAWAIIAN SHAVE ICE."

B. UHSI's Shaved Ice Mark, taken as a whole, sounds substantially different from UCC's Coffee Marks as the Shaved Ice Mark contains an apostrophe "S" at the end of "ULULANI" and the additional wording of "HAWAIIAN SHAVE ICE."

C. The Shaved Ice Mark and Coffee Marks have different connotations and make different commercial impressions as the Shaved Ice Mark contains an apostrophe "S" at the end of "ULULANI" and the additional wording of "HAWAIIAN SHAVE ICE."

D. The Shaved Ice Mark is used in connection with different goods than the Coffee Marks. In this regard, UHSI's goods are "shaved ice confections", whereas UCC's goods are "roasted coffee beans and coffee."

Therefore, the Parties agree, in exchange for valuable consideration, the receipt and sufficiency thereof being hereby acknowledged, as follows:

1. **Definitions**

In this agreement, unless the context otherwise requires, the following terms shall have the following meanings:

a. "Affiliates" shall mean with respect to either Party, any present or future company or person with legal capacity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with such Party. For the purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of management and policies of a company or legal person, whether through ownership of voting securities or otherwise.

"Affiliates" also means with respect to a Party, all present or future licensees and franchisees of that Party and its related companies, or any company, individual or legal person who has entered into an agreement with a Party regarding the Party's trademark(s) or related signs or denominations.

b. All other capitalized terms shall have the meaning defined in the text of this agreement.

2. **UHSI's Undertakings**

a. UHSI recognizes and respects the earlier rights regarding UCC's Coffee Marks and undertakes not to file oppositions, cancellations or other judicial or administrative proceedings against any trademark application or trademark registration or renewals of such trademark registration that UCC may file or maintain for the Coffee Marks provided that UCC complies with the obligations contained in the present agreement.

b. UHSI will also not object to the use, filing and registration of the Coffee Marks by UCC as a corporate name, trade name, or domain name.

c. UHSI shall use the word ULULANI in commerce:

i. only when using the entire mark "ULULANI'S HAWAIIAN SHAVE ICE";

ii. only pursuant to the sale of shaved ice confections; and

iii. only in conjunction with a graphic element depicting a cone of shave ice when using the mark at a point of sale to the public.

3. **UCC's Undertakings**

UCC shall dismiss the Opposition with prejudice and undertakes not to file any other oppositions or other judicial or administrative proceedings against the Application or applications, registrations, extensions or renewals of the Shaved Ice Mark provided that UHSI complies with the obligations contained in the present agreement. UCC agrees that the version

of the Shaved Ice Mark attached hereto as Exhibit A satisfies the requirements of sections 2(c)(i) and (iii).

4. **Scope of this Agreement**

a. This agreement, which is grounded on the facts recited above, shall have effect nationwide in the United States only and relates to and is binding upon all Affiliates of the Parties.

b. This agreement shall commence upon execution by both Parties and shall continue in full force and effect without limitation of time, except as provided below.

c. Without prejudice to any other rights or remedies, either Party ("the Terminating Party") may terminate this agreement or any consent hereunder by written notice if the other Party ("the Defaulting Party") is in material breach of any provision of this agreement and has not rectified the situation within thirty days after being notified of such breach in writing.

d. Without prejudice to any other rights or remedies, the Terminating Party may initiate or prosecute any objections to or proceedings against any name, identity, trade mark or domain name of the Defaulting Party or any aspect of such name, identity, trade mark or domain name.

5. **Successors and Assigns**

a. The agreement has been entered into by the Parties and is meant to be binding upon and inure to the benefit of the Parties and their respective successors and assigns. Each Party may assign to or allow the use of their respective mark(s) by an Affiliate so long as the Affiliate acknowledges in writing that it is bound by the terms of this agreement. Each Party may assign their respective mark(s) as part of the sale of all or substantially all of the assets of the party, so long as the assignee acknowledges in writing that it is bound by the terms of this agreement. The Parties may not otherwise assign or allow use of their respective mark(s) without the prior written consent of the other Party.

6. **General Provisions**

a. Any notice to be given hereunder shall be in writing and shall be sent (i) by facsimile or e-mail transmission with a confirmation of receipt; (ii) sent by overnight delivery by courier with a confirmation of receipt; or (iii) when mailed by registered or certified mail return receipt requested and postage prepaid addressed to the address set forth in the preamble to this Agreement or to such other address as either party hereto shall designate in writing to the other party. Such notice shall be deemed given on the date the confirmation of receipt shows that the notice was received.

b. A waiver by either party hereto of any particular default or breach by the other party shall not affect or prejudice the rights of the aggrieved party with respect to any other default or breach whether of the same or different nature.

c. If any provision of this agreement is judicially or administratively declared to be invalid, unenforceable or void by a court or board of competent jurisdiction, such decision shall not have the effect of invalidating or voiding the remainder of this agreement, and the part or parts of this agreement so held to be invalid, unenforceable or void shall be deemed to have been deleted from this agreement, and the remainder of this agreement shall have the same force and effect as if such part or parts had never been included.

d. Each of the parties hereto shall do such further acts and things, including executing appropriate documents, as may reasonably be requested by the other party to carry out the intent of this Agreement.

e. This agreement shall be governed and construed in accordance with the laws of the State of California applicable to agreements made and to be performed wholly within such jurisdiction.

f. The captions heading each section of this agreement are for convenience only and shall have no effect on the interpretation or meaning of this agreement.

g. Each Party hereto agrees to bear its own costs and expenses of the preparation, approval and execution of this agreement.

h. This agreement shall be executed in up to four (4) counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same agreement.

i. This agreement constitutes the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior agreements and understandings of the Parties, whether written or oral, in connection therewith. No modification of any of the terms and conditions of this agreement shall be valid unless contained in a written instrument signed by both Parties.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

In witness whereof, each of the Parties has caused this agreement to be executed in its respective name by its duly authorized representative, as of the date set forth below:

Ululani's Hawaiian Shave Ice, LLC

_____ Date:_____

By:_____

Its:_____

Brad Edgerton

_____ Date:_____

Charlotte Yamashiro

_____ Date:_____

Ululani Coffee Company, Inc.

_____ Date: 10/23/09

By: Stephen E. Heiman

Its: President

661365.1

In witness whereof, each of the Parties has caused this agreement to be executed in its respective name by its duly authorized representative, as of the date set forth below:

Ululani's Hawaiian Shave Ice, LLC

Date: 10/26/09

By: Bradly Edgerton

Its: Managing Member

Brad Edgerton

Date: 10/26/09

Charlotte Yamashiro

Date: 10/26/09

Ululani Coffee Company, Inc.

Date: _____

By: _____

Its: _____

09/07/2009 45589

EXHIBIT 6
TO
FRANCHISE AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

(To be signed by each of your owners and proposed attendees of our initial training program)

In consideration of my being a _____ of _____ ("Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Pursuant to a Franchise Agreement dated _____, 20__ (the "Franchise Agreement"), Franchisee has acquired the right and franchise from UHSI FRANCHISE, LLC (the "Franchisor") to establish and operate an Ululani's Hawaiian Shave Ice franchise (the "Franchise") and the right to use in the operation of the Franchise the Franchisor's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Marks"), as they may be changed, improved and further developed from time to time in the Franchisor's sole discretion, only at the following authorized and approved location: [ADDRESS].

2. The Franchisor, as the result of the expenditure of time, skill, effort and resources has developed and owns a distinctive format and system (the "System") relating to the establishment and operation of businesses that feature and offer for sale to the public high-quality shave ice and associated products and services. The Franchisor possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, methods, techniques, recipes, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchise (the "Confidential Information"). Notwithstanding the foregoing, "Confidential Information" does not include information which:

(a) is or becomes generally available to the public or a third party other than as a result of a disclosure by you;

(b) you demonstrate was within your possession prior to its being furnished to you by or on behalf of Franchisor or Franchise, or

(c) you received on a non-confidential basis from a source other than Franchisor, Franchisee, or their respective representatives, so long such source is not bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, Franchisor or Franchisee or any other party with respect to such information.

3. Any and all information, knowledge, know-how, and techniques which the Franchisor specifically designates as confidential and is not generally known to the public shall be deemed to be Confidential Information for purposes of this Agreement.

4. As _____ of the Franchisee, the Franchisor and Franchisee will disclose the Confidential Information to me in furnishing to me training programs, the Franchisor's Operations Manual and other general assistance during the term of the Franchise Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchise during the term of the Franchise Agreement, and the use or duplication

of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of the Franchisor, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Franchisor as confidential. Unless the Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information *only* in connection with my duties as _____ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement. Notwithstanding the foregoing, you may disclose the Confidential Information to the extent required by applicable law or legal process, but only after giving notice to Franchisor of such obligation so that Franchisor may seek a protective order or other similar or appropriate relief.

7. Except as otherwise approved in writing by the Franchisor, I shall not, while in my position with the Franchisee, either directly or indirectly for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any business engaged directly or indirectly in the offer, sale, rental, internet dissemination, or promotion of shave ice products or services or any business that offers products or services that are essentially the same as, or substantially similar to, any of the products or services offered by the Franchise (a "Competitive Business"); and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Franchise Agreement, whichever occurs first, and continuing for three (3) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business that is, or is intended to be, located at or within:

(a) Franchisee's Franchise Territory, as defined in the Franchise Agreement;

(b) Fifty (50) miles of Franchisee's Franchise Territory; or

(c) Fifty (50) miles of any company-owned, affiliate-owned, franchised, or licensed outlet operating under the System and the Marks.

If the duration or geographic scope of the covenant in the above paragraph is found to be legally unenforceable by a court or arbitrator, then the duration is reduced to two years and the geographic scope is reduced to a 35-mile radius. If the duration or geographic scope of the covenant in the previous sentence is found to be legally unenforceable by a court or arbitrator, then the duration is reduced to one year and the geographic scope is reduced to a 25-mile radius.

The prohibitions in this Paragraph 7 do not apply to my interests in or activities performed in connection with the Franchise. This restriction does not apply to my ownership of less than five percent (5%) beneficial interest in the outstanding securities of any publicly held corporation.

8. I acknowledge and confirm that the time, content and geographical restrictions contained in this Section are fair and reasonable. They are not the result of overreaching, duress, or coercion of any kind. I further acknowledge and confirm that my observance of the covenants contained in this Agreement will not cause me any undue hardship, financial or otherwise, and that enforcement of each of the covenants

contained in this Agreement will not impair my ability to obtain employment commensurate with my abilities and on terms fully acceptable to me, or otherwise to obtain income required for the comfortable support of my family and the satisfaction of my creditors.

9. I agree that 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 Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Franchisor is a party, I expressly 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 Agreement.

10. I understand and acknowledge that the Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

11. The Franchisor may enforce this Agreement solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Franchisor may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Franchisor all the costs it/they incur(s), including, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Franchisor, any claim I have against the Franchisee or the Franchisor is a separate matter and does not entitle me to violate or justify any violation of this Agreement.

12. This Agreement shall be construed under the laws of the State of Washington. The only way this Agreement can be changed is in writing signed by all the parties.

[SIGNATURES APPEAR ON THE NEXT PAGE.]

_____

Signature

_____

Name

_____

Address

_____

Title

_____

Signature

_____

Name

_____

Address

_____

Title

ACKNOWLEDGED BY FRANCHISEE:

_____

By:_____

Name:_____

Title:_____

ACKNOWLEDGED BY FRANCHISOR:

UHSI Franchise, LLC

By:_____

Name:_____

Title:_____

EXHIBIT 7
TO
FRANCHISE AGREEMENT

GUARANTY

THIS GUARANTY AGREEMENT (this "***Guaranty***") is given this _____ day of _____, 20___, by _____

_____, jointly and severally (collectively, the "***Guarantors***").

1. General. In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (including its exhibits) of even date (the "***Agreement***") by UHSI Franchise, LLC (the "***Franchisor***"), with _____ a _____ corporation (the "***Franchisee***"), each of the undersigned personally and unconditionally (a) guarantees to the Franchisor, and its successor and assigns, for the term of the Agreement (including any renewal terms) and as provided in the Agreement, that the Franchisee will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement and its exhibits, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including but not limited to the provisions related to confidentiality and non-disclosure of confidential information, non-competition, monetary obligations, dispute resolution, and indemnification.

2. Certain Waivers. Each of the undersigned waives: (1) acceptance and notice of acceptance by the Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (4) any right the undersigned may otherwise have to require that an action be brought against the Franchisee or any other person as a condition of liability; (5) the defense of the statute of limitations in any action under this Guaranty or for the collection of any indebtedness or the performance of any obligation guaranteed by this Guaranty; and (6) any and all other notices and legal or equitable defenses to which it may be entitled.

3. Certain Consents and Agreements. Each of the undersigned consents and agrees that: (1) each Guarantor's liability under this undertaking is direct, immediate, and independent of the liability of, and is joint and several with, the Franchisee and the other owners of the Franchisee; (2) the undersigned will render any payment or performance required under the Agreement upon demand if the Franchisee fails or refuses punctually to do so; (3) the liability of each of the undersigned is not contingent or conditioned upon pursuit by the Franchisor of any remedies against the Franchisee or any other person (including others of the undersigned); (4) the Franchisor may proceed against the Guarantor without having commenced any action, or having obtained any judgment, against the Franchisee; (5) the liability of each of the undersigned will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which the Franchisor may grant to the Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, or any amendment to the Agreement, none of which shall in any way modify or amend this Guaranty, which shall be continuing; (6) neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this Guaranty nor any remedy for the enforcement of this Guaranty will be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release, or

limitation of the liability of the Franchisee or its estate in bankruptcy or of any remedy for the enforcement of this Guaranty, resulting from the operation of any present or future provision of the U.S. Bankruptcy Code or other statute, or from the decision of any court or agency; and (7) any obligations or debt owing from Franchisee to the undersigned shall be subordinate to Franchisee's obligations under the Agreement and this Guaranty.4. Miscellaneous.

4.1 Guarantor further agrees to reimburse the Franchisor for all costs and expenses which the Franchisor may incur in the enforcement of any of its rights under this Guaranty, including reasonable attorneys' fees.

4.2 Nothing in this Guaranty shall be deemed or taken to be a condition or limitation of any of the rights of the Franchisor against the Franchisee.

4.3 This Guaranty shall continue in full force and effect until all of the obligations of the Franchisee have been satisfied.

4.4 The terms and provision of this Guaranty shall be binding upon and inure to the benefit of the successors and assigns of the Guarantor and Franchisor.

4.5 No provision of this Guaranty or right of Franchisor hereunder can be waived or modified, nor can Guarantor be released from Guarantor's obligations hereunder, except by a writing duly executed by Franchisor.

4.6 This Guaranty may be assigned by Franchisor concurrently with the transfer or assignment of the License Agreement, and, when so assigned, Guarantor shall be liable to the assignees without in any manner affecting the liability of Guarantor hereunder.

4.7 Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective.

4.8 This Guaranty shall be governed by and construed in accordance with the laws of the State of Washington. In any action brought under or arising out of this Guaranty, Guarantor hereby consents to the jurisdiction of the courts in Clark County, Washington.

4.9 This Guaranty shall constitute the entire agreement of Guarantor with respect to the subject matter hereof, and no representation, understanding, promise or condition concerning the subject matter hereof shall be binding upon Franchisor unless expressed herein.

IN WITNESS WHEREOF, each of the undersigned has affixed his signature on the same day and year as the Agreement was executed.

GUARANTOR(S):	PERCENTAGE OWNERSHIP IN FRANCHISEE:
Signed: _____ Print Name: _____	_____%
Signed: _____ Print Name: _____	_____%

Signed: _____ Print Name: _____	_____%

EXHIBIT C to Ululani's Hawaiian Shave Ice FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

The following table reflects our Agents for Service of Process and the Relevant State Franchise Authorities. We may not be registered to offer and sell franchises in all of these states:

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
CALIFORNIA	California Commissioner of Financial Protection and Innovation: Los Angeles: 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 Sacramento: 2101 Arena Blvd. Sacramento, CA 95834-2036 San Diego: 1455 Frazee Road, Suite 315 San Diego, CA 92108 San Francisco: One Sansome Street, Suite 600 San Francisco, CA 94105-2980 Toll-Free Number: 1-866-275-2677	California Commissioner of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-1105 Toll-Free Number: 1-866-275-2677
CONNECTICUT	Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 (860) 240-8233 or (860) 240-8232	Banking Commissioner 260 Constitution Plaza Hartford, CT 06103 (860) 240-8233 or (860) 240-8232
FLORIDA	[Not Applicable]	Senior Consumer Complaint Analyst Department of Agriculture and Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, Florida 32399-0800 (850) 922-2770
HAWAII	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813-2921 (808) 586-2722	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813-2921 (808) 586-2722
ILLINOIS	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706	Chief, Franchise Bureau Illinois Attorney General 100 W. Randolph Street Chicago, IL 60601 (312) 814-3892

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
	(217) 782-4465	
INDIANA	Secretary of State Administrative Offices of the Secretary of State 201 State House Indianapolis, IN 46204 (317) 232-6681	Securities Commissioner Securities Division Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681
IOWA	[Not Applicable]	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, Iowa 50319-0066 (515) 281-4441
MARYLAND	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 525 W. Ottowa 670 Law Building Lansing, MI 48913 (517) 373-7117	Franchise Administrator Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 Law Building Lansing, MI 48913 (517) 373-7117
MINNESOTA	Minnesota Commissioner of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328	Deputy Commissioner Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328
NEBRASKA	[Not Applicable]	Staff Attorney Department of Banking and Finance 1200 N Street Suite 311 P.O. Box 95006 Lincoln, Nebraska 68509 (402) 471-3445
NEW YORK	Secretary of State of the State of New York 162 Washington Street Albany, NY 12231	Assistant Attorney General Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8211
NORTH DAKOTA	North Dakota Securities Commissioner	Franchise Examiner

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
	Fifth Floor 500 East Boulevard Bismarck, ND 58505	Office of Securities Commissioner 600 East Boulevard, 5th Floor Bismarck, ND 58505 (701) 328-4712
HAWAII	Director of Hawaii Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	Department of Consumer and Franchise Services Division of Finance and Corporate Securities Labor and Industries Building Salem, OR 97310 (503) 378-4387
RHODE ISLAND	Director of Rhode Island Department of Franchise Regulation Division of Securities Suite 232 Providence, RI 02903 (401) 222-3048	Associate Director and Superintendent of Securities Division of Securities 233 Richmond Street, Suite 232 Providence, RI 02903-4232 (401) 222-3048
SOUTH DAKOTA	Director of South Dakota Division of Securities 445 E. Capitol Ave. Pierre, SD 57501 (605) 773-4823	Franchise Administrator Division of Securities 445 East Capitol Avenue Pierre, SD 57501-3185 (605) 773-4823
TEXAS	[Not Applicable]	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769
UTAH	Ryan C. Combe Registered Agent 2181 Combe Road Ogden, Utah 84403	Division of Consumer Protection Utah Department of Commerce 160 East Three Hundred South P.O. Box 45804 Salt Lake City, Utah 84145-0804 (801) 530-6601
VIRGINIA	Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051
WASHINGTON	Director of Department of Financial Institutions Securities Division 150 Israel Rd. SW Tumwater, WA 98501 (360) 902-8760	Administrator Dept. of Financial Institutions Securities Division 150 Israel Rd. SW Tumwater, WA 98501 (360) 902-8760
WISCONSIN	Wisconsin Commissioner of Securities	Franchise Administrator

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
	P.O. Box 1768 345 W. Washington Avenue, 4th Floor Madison, WI 53703 (608) 261-9555	Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington Avenue, 4th Floor Madison, WI 53703 (608) 261-9555
FEDERAL TRADE COMMISSION		Franchise Rule Coordinator Division of Marketing Practices Bureau of Consumer Protection Pennsylvania Avenue at 6th Street, NW Washington, D.C. 20580 (202) 326-3128

EXHIBIT D to Ululani's Hawaiian Shave Ice FRANCHISE DISCLOSURE DOCUMENT

CONDITIONAL ASSIGNMENT

_____ ("you") operate your franchise business at _____. In consideration of the granting of a franchise to you and other valuable consideration given by **UHSI FRANCHISE, LLC**, a Delaware limited liability company ("we/us"), you assign to us all of the following to the extent they relate to the franchise or include our brand: business telephone numbers; business telephone and internet listings; websites, website addresses, and domain names; social media accounts and content; and business email addresses and accounts. The immediately preceding sentence does not grant you rights beyond those expressly granted by the franchise agreement or our franchise operations manual. We will hold this assignment and will deliver it to interested third parties only upon expiration or termination of the Franchise Agreement between us and you dated _____, 20__.

DATED this ___ day of _____, 20___.

("we/us"): **UHSI FRANCHISE, LLC**

By: _____

Title: _____

(jointly and severally "you"):_____

Signature: _____

Print Name: _____

Signature: _____

Print Name: _____

Name of Corporation/LLC/Partnership: _____

By: _____ Title: _____

EXHIBIT E to Ululani's Hawaiian Shave Ice FRANCHISE DISCLOSURE DOCUMENT

Ululani's Hawaiian Shave Ice FRANCHISE AGREEMENT ADDENDUM
ABANDONMENT, RELINQUISHMENT, AND TERMINATION
OF ASSUMED OR FICTITIOUS BUSINESS NAME

Pursuant to the provisions of relevant state laws concerning the registration and use of assumed or fictitious business names, the undersigned applicant, being a franchisee of **UHSI FRANCHISE, LLC**, submits the following to evidence its intent to abandon, relinquish and terminate its right to use the business name "**Ululani's Hawaiian Shave Ice**":

1. Name of Applicant who is Using the Assumed or Fictitious Business Name:

   a(an) individual/partnership/corporation organized and doing business under the laws of the State of

2. Date When Original Assumed or Fictitious Business Name was Filed by Applicant:

   _____

3. Address of Applicant's Registered Office in the State of: _____

4. Please cancel the Applicant's registration to use the name **Ululani's Hawaiian Shave Ice.**

DATED: _____

_____
Applicant

By: _____

Title: _____

EXHIBIT F to Ululani's Hawaiian Shave Ice Franchise Disclosure Document

AUTHORIZATION FOR ELECTRONIC FUNDS TRANSFER
UHSI FRANCHISE, LLC
13517 NE 42nd Ave.
Vancouver, Washington 98686
(360) 903-5236

I (we) hereby authorize UHSI FRANCHISE, LLC (the "Company") to initiate Electronic Funds Transfer charges to my (our) bank account (indicated below) for payment of my (our) monthly Royalty and Advertising fees owed by me (us) to the Company on or near the 5th day of each month. This Authorization will remain in full force and effect until Company receives written confirmation of termination of this Authorization via certified letter.

Financial Institution Name: _____

Account Number: _____

Branch Name: _____

Address: _____

City:_____ State:_____ ZIP:_____

I further certify that I have received a copy of the Authorization for my files.

Individual Name: _____

Corporate Name: _____

Ululani's Hawaiian Shave Ice Franchise:_____

By:_____

Title:_____

Effective Date:_____

Please attach a voided blank check for verification purposes.

[VOIDED CHECK]

EXHIBIT G to Ululani's Hawaiian Shave Ice Franchise Disclosure Document

This Addendum is for use only with franchisees that are getting Small Business Administration (SBA) lender financing.

This Addendum is subject to change based on requirements that the SBA may impose.

[SEE FOLLOWING PAGES]

ADDENDUM TO FRANCHISE[1] AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20____, by and between _____ ("Franchisor"), located at _____, and _____ ("Franchisee"), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20___, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional

[1] While relationships established under license, jobber, dealer and similar agreements are not generally described as ''franchise'' relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

renewals) for fair market value.

COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 -3733.

Authorized Representative of FRANCHISOR:

By: _____

Print Name: _____

Title:_____

Authorized Representative of FRANCHISEE:

By: _____

Print Name: _____
Title:_____
Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements

EXHIBIT H to Ululani's Hawaiian Shave Ice Franchise Disclosure Document

Operations Manual Table of Contents

INTRODUCTION TO THE OPERATIONS MANUAL..... 1
(Approx. 2 Pages)
OWNERSHIP OF THE OPERATIONS MANUAL 1
PURPOSE OF THIS OPERATIONS MANUAL 1
IMPORTANCE OF CONFIDENTIALITY..... 1
KEEPING THE MANUAL CURRENT..... 1
SUBMITTING SUGGESTIONS 2
DISCLAIMER 2
SECTION 1 TERMINOLOGY 3
(Approx. 1 Page)
A. COMMON WORDS USED IN HAWAII 3
B. WORDS USED AT ULULANI'S HAWAIIAN SHAVE ICE 3
SECTION 2 GETTING STARTED 4
A. STORE LOCATION 4
(Approx. 3 Pages)
A.1 Characteristics of a Great Location..... 4
A.2 Proximity to High Foot Traffic Areas..... 4
A.3 Store Frontage 5
A.4 Parking & SEATING 5
A.5 Signage..... 5
A.6 Proximity to Other Businesses 6
B. LEASE CONSIDERATIONS 6
(Approx. 6 Pages)
B.1 Number of Years 7
B.2 Tenant Improvement 7
B.3 Maintenance 8
B.4 Types of Leases (Flat Rate / % / Hybrid) 9

B.5 Signage..... 10

B.6 Common Area Restrictions and Expenses 11

C. STORE DESIGN & CONSTRUCTION 12

(Approx. 6 Pages)

C.1 Project Management 12

C.2 Architect..... 12

C.3 Store Design Requirements..... 13

C.4 Permits and Licenses..... 16

C.5 Support 17

D. SETTING UP YOUR STORE..... 17

(Approx. 14 Pages)

D.1 Utility & Service Set-Up..... 18

D.2 Initial Equipment 18

D.3 Computer & Software Installation 24

D.3.6 Inventory 27

D.4 Safe(s) 29

D.6 Storage/Warehousing Set-Up..... 29

D.7 Merchandise Display Area..... 29

D.8 Front Counter Layout..... 30

D.7 Workflow Layout 30

E. PRE-OPENING TRAINING 30

(Approx. 9 Pages)

E.1 Off-Site Training / On-Site Training Requirements 31

E.2 Ice Production & Handling 31

E.3 Toppings Preparation & Handling 32

E.4 Shave Ice Training 32

E.5 Opening & Closing Protocol..... 34

E.6 Point of Sale - Register 35

E.7 Reporting Requirements 38

E.8 Operating Checklists 38
E.9 Housekeeping checklist 39

SECTION 3 BUSINESS OPERATING REQUIREMENTS 43
A. FINANCE 43
(Approx. 6 Pages)

A.1 Local, State, and Federal Reporting Requirements 44
A.2 Payroll 44
A.3 Balancing Cash Flow 45
A.4 Banking 45
A.5 Money Management 45
A.6 Banking Requirements 45
A.7 Franchise Reporting Requirements 48
A.8 Support 48

B. INFORMATION TECHNOLOGY (IT) & SECURITY 48
(Approx. 3 Pages)

B.1 Minimum IT Requirement 48
B.2 Ululani's IT Hardware List 49
B.3 IT Service & Incident Log 50
B.4 High Speed Internet Access 50
B.5 Point of Sale (POS) System 50
B.6 Trouble Shooting 50
B.7 Technical Support 50
B.8 Security Cameras 50
B.9 Alarm System 50

C. HUMAN RESOURCES 51
(Approx. 3 Pages)

C.1 Equal-Opportunity Employment 51
C.2 Strategies for Attracting the Right Employees 52
C.3 Background Checks 53

D. SALES & MARKETING..... 54
(Approx. 2 Pages)
D.1 SALES 54
D.2 MARKETING..... 55

EXHIBIT I to Ululani's Hawaiian Shave Ice Franchise Disclosure Document

FORM OF GENERAL RELEASE

The Franchise Agreement provides that the franchisee must sign a General Release in a form satisfactory to the franchisor in certain circumstances, such as upon transfer or renewal of the franchise. Following is a form of General Release that is subject to change.

This General Release Agreement ("Agreement") is made this _ day of _____, 20__. It is among UHSI Franchise, LLC ("Franchisor"), _____ and _____ (jointly and severally "Franchisee") and _____ _____ (jointly and severally "Transferee").

RECITALS

On or about ____ day of _____, 20__, Franchisor and Franchisee entered into an Ululani's Hawaiian Shave Ice Franchise Agreement (the "Franchise Agreement[s]") for the operation of an Ululani's Hawaiian Shave Ice franchise at the following location: _____.

[NOTE: Describe the circumstances relating to the release, such as circumstances related to transfer or renewal of the franchise and relevant agreement dates.]

Now, therefore, in consideration of the mutual covenants set forth below, the parties agree as follows:

[1. Renewal of Franchise Agreement. The parties covenant and agree:

A. The Franchise Agreement, including all appurtenant addenda, certificates, exhibits, options, and obligations of the parties is terminated. The provisions of the Franchise Agreement concerning your obligations upon termination and renewal will continue in full force and effect. The parties agree that this Agreement fully and completely expresses the present understanding between the parties.

B. Contemporaneously with execution of this Agreement, you agree to execute our current franchise agreement forms. These forms may vary materially from the Franchise Agreement. Fees will be set at the currently prevailing rates and terms. The Franchise Premises must remain at the location designated in the Franchise Agreement unless we otherwise approve in writing.

C. You will reimburse us for the following reasonable out-of-pocket costs we incur concerning the renewal: .

D. You will refurbish, remodel, and replace the Franchise Premises, fixtures, and equipment to conform to the current Operations Manual and System. This includes: _____.

E. You or your designated manager will attend and successfully complete the following retraining programs at your expense, including travel, meals, lodging, and our current training fee of $_____:_____.]

[1. Franchise Transfer. The Parties covenant and agree:

A. The Franchise Agreement between Franchisor and Franchisee, including all appurtenant addenda,

certificates, exhibits, options, and obligations of the parties are terminated, as between them. The provisions of the Franchise Agreement concerning the obligations of Franchisee upon termination and transfer will continue in full force and effect. The parties agree that this Agreement fully and completely expresses the present understanding between the parties.

B. Transferee agrees to fully assume and to be bound by the terms, covenants and conditions of the Franchise Agreements as if Transferee had been named as the original franchisee in the Franchise Agreement. Transferee will execute all documents Franchisor or Franchisee may reasonably require to complete the transfer and assumption of the Franchise Agreements, including but not limited to execution of a new franchise contract in the form currently being used by Franchisor. The new franchise contract may contain economic and general terms which are materially different from those contained in the Franchise Agreement.

C. Franchisor enters into this Agreement, in part, in reliance upon the individual or collective character, skill, attitude, business ability and financial capacity of Transferee.

D. All obligations of Franchisee in connection with the Franchise Agreement and the franchise are assumed by the Transferee. Franchisee will remain bound by its covenants in the Franchise Agreements that neither it nor its owners, officers, partners, or other persons enumerated in the Franchise Agreement will disclose confidential information nor compete with Franchisor or Franchisor's franchisees.

E. [All now ascertained or liquidated debts in connection with the franchise have been paid by Franchisee.] [Franchisee owes $--- in current obligations and will owe additional funds for franchise fees, advertising fees, and product purchases through the closing of this transfer transaction. Franchisee will pay all sums due to Franchisor and to product suppliers within 10 days of the relevant invoice or due date. All other now ascertained or liquidated debts in connection with the franchises have been paid by Franchisee.]

F. Franchisee is not in default in any way under the Franchise Agreement or any other agreement between it and Franchisor.

G. Transferee will pay for and complete to Franchisor's exclusive satisfaction the training programs now required of new franchisees. [Transferee has completed to Franchisor's satisfaction the training programs now required of new franchisees.] [Transferee has demonstrated to Franchisor's satisfaction sufficient ability to successfully operate the franchise]. Franchisee or Transferee have submitted to Franchisor, upon execution of this Agreement, a Transfer Fee in the amount of $---. Franchisor acknowledges receipt of this Fee in consideration for Franchisor's legal, accounting, credit check, training and investigation expenses incurred as a result of this transfer. [In addition, Franchisee has paid to Franchisor, contemporaneous with execution of this Agreement, a ___ percent commission on the gross transfer price (excluding the price of real property), in the amount of $__. Franchisor acknowledges receipt of this amount in consideration for having obtained Transferee for Franchisee.]

H. Transferee has met the standards established by Franchisor for quality of character, financial capacity and experience required of a new or renewing Ululani’s Hawaiian Shave Ice franchisee. Franchisee and Transferee have provided to Franchisor such information as Franchisor reasonably requested to evidence that Transferee meets these standards.

I. The lessor or sublessor of the Franchise Premises has consented to the assignment or sublease of the Franchise Premises to Transferee.

J. Franchisee and Transferee agree to subordinate to Transferee's obligations to Franchisor (including, without limitation, the payment of all franchise fees) any obligations of Transferee to Franchisee.

K. Transferee will assume possession and control of the equipment, furnishings, signs, supplies, inventory, advance paid deposits and other personal property and fixtures located on the Franchise Premises, except as follows:

_____

L. Franchisee will properly operate the franchises and maintain the Franchise Premises in clean and proper working order and will continue the employment of all current employees until Transferee assumes control of the businesses and [relocates] the Franchise Premises.

M. Franchisee will maintain a sufficient inventory and sufficient supplies on hand to provide for normal business operations through the second day after Transferee assumes control of the businesses and the Franchise Premises, except as follows:

_____.

N. Transferee agrees to place orders with product suppliers to maintain the inventory and supply levels following the closing of this transaction.

O. Franchisee and Transferee have entered into this Agreement for the transfer of Franchisee's rights under the Franchise Agreements after their own independent investigation. The transfer of the franchise rights and the amount of consideration for them have been determined by them independently. Franchisee and Transferee acknowledge that they have not relied upon any representation, warranty, promise or other consideration from or by Franchisor in entering into this Agreement or in evaluating the advisability of the transfer or the value of the franchises, any of the franchise rights or the franchise locations.

P. Transferee will refurbish and remodel the Franchise Premises, and will refurbish, remodel and/or replace the fixtures, equipment and signage to conform to the current Operations Manual and System within 90 days of transfer. This includes: _____.]

[NOTE: The following Section 2 is for franchise transfers but not for franchise renewals:]

[2. Franchisee to Cease Using Trade Names, Marks, and Logos. Upon completion of the transfer, Franchisee will immediately cease using Franchisor's trade names, service marks, logos, and other marks, symbols or materials indicating that Franchisee is or was related to Franchisor in any way, except as otherwise provided in writing. Franchisee acknowledges that all such names, service marks, logos, and symbols are the exclusive property of Franchisor and that Franchisee has been allowed to use them, only in conjunction with the franchise relationship as outlined in this Agreement. Franchisee will remain jointly and severally bound to comply with the covenants in the Franchise Agreement which expressly or by reasonable implication are intended to apply to Franchisee after termination of the Franchise Agreement, including any applicable non-disclosure requirements. Franchisee will:

A. deliver to Transferee or Franchisor all copies of the Operations Manuals, training materials, and any other franchise-related materials in Franchisee's custody, control or possession (or destroy such materials if requested by Franchisor);
B. take action as required to transfer to Transferee all registrations relating to the use of all assumed names;
C. notify the telephone company and all listing agencies of the transfer of Franchisee's rights to use the franchise names and logos and classified and directory listings of the franchise;
D. cease use of the franchise trademarks, service marks, trade names, copyrights, and other intellectual or intangible property;
E. refrain from doing business in any way that might tend to give the public the impression that Franchisee still is or was a franchisee in the franchise system;]

3. Communication of Confidential Information. Neither Franchisee nor its owners, officers, directors, or other persons enumerated in the Franchise Agreements will communicate or divulge to any person or entity the contents of this Agreement, the contents of the Franchise Agreement, the substance of the Ululani's Hawaiian Shave Ice franchise operations manuals,

or any other nonpublic information related to the operation of the Ululani's Hawaiian Shave Ice franchise system. Franchisee represents and warrants that neither it nor any listed individual has communicated or divulged any such information to anyone prior to the date of this Agreement. This Section shall not reduce the scope of the confidentiality and non-disclosure obligations and restrictions in the Franchise Agreement; Franchisee will continue to comply with such obligations and restrictions.

[Nothing contained in this Agreement will preclude Franchisor or Franchisee from disclosing the fact of this Agreement or the amount paid by Transferee to Franchisor or to Franchisee.]

4. Release.

A. General. In consideration of the covenants and understandings set forth in this Agreement, Franchisee (for itself and on behalf of its affiliates, subsidiaries, divisions, successors, assigns, officers, directors, employees and agents) ("Releasing Parties") releases and discharges and covenants not to sue Franchisor and its current and former owners, partners, directors, officers, members, employees and agents ("Released Parties") from any and all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute, arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach of the Franchise Agreement and any related agreements between the parties and out of any other action or relationship between the parties, or any of the Released Parties, arising prior to the date of this Agreement (except provisions in the Franchise Agreement concerning Franchisee's obligations upon termination).

It is expressly understood and agreed that this release is intended to cover and does cover not only all known losses and damages, but any further losses and damages not now known or anticipated but which may later develop or be discovered, including all the effects and consequences thereof.

Franchisee represents that this release has been read and that it is fully understood and voluntarily accepted. The purpose of this release is to make a full, final and complete settlement of all claims against Franchisor, known or unknown, arising directly or indirectly out of the Franchise Agreement and the relationship between the parties through the date of this Agreement, including, but not limited to, economic loss.

[In consideration of the covenants and understandings set forth in this Agreement, Transferee does release and discharge Franchisor and its current and former owners, partners, directors, officers, members, employees and agents from any and all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute, arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach of Transferee's existing franchise or license agreement(s) with us and any related agreements between the parties and out of any other action or relationship between the parties arising prior to the date of this Agreement.

Transferee represents that this release has been read and that it is fully understood and voluntarily accepted. The purpose of this release is to make a full, final and complete settlement of all claims against Franchisor, known or unknown, arising directly or indirectly out of Transferee's existing franchise or license agreement(s) with us and the relationship between the parties through the date of this Agreement, including, but not limited to, economic loss.]

B. Waiver of Statute. This release is intended to waive, release and discharge all claims against Franchisor, other than those expressly reserved herein, with the express waiver of any statute, legal doctrine or other similar limitation upon the effect of general releases. In particular, the parties waive the benefit of any applicable statutory provision such as by illustration, California Civil Code Section 1542, which states: A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

The parties, with the advice of legal counsel, waive the benefit of both statute and any other legal doctrine or principle of

similar effect in any jurisdiction.

C. Covenant Not to Sue. The Releasing Parties covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any of the Released Parties with respect to any Claim.

[D. Certain Obligations Not Released. The parties agree that the provisions of the Franchise Agreement concerning the obligations of Franchisee upon termination will continue in full force and effect. Without limiting the generality of the foregoing, Franchisee shall be liable to Franchisor for royalties and any other fees that accrue prior to the Effective Date.]

E. Franchisee's Acknowledgments. FRANCHISEE HEREBY ACKNOWLEDGES THAT FRANCHISEE HAS READ THIS RELEASE THOROUGHLY AND FULLY UNDERSTANDS IT; FRANCHISEE IS VOLUNTARILY EXECUTING THIS RELEASE; FRANCHISEE HAS BEEN GRANTED THE OPPORTUNITY TO SEEK INDEPENDENT LEGAL ADVICE BEFORE EXECUTING THIS RELEASE; AND FRANCHISEE IS AWARE THAT BY SIGNING THIS RELEASE FRANCHISEE IS WAIVING CERTAIN LEGAL RIGHTS THAT FRANCHISEE MAY HAVE AGAINST THE RELEASED PARTIES.

[The general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.]

5. Indemnification. Franchisee, for themselves and their heirs, successors, representatives, assigns, subsidiaries, divisions, and agents and each of them, agree to indemnify and hold harmless Franchisor and its affiliates, subsidiaries, divisions, successors, assigns, officers, directors, employees and agents and each of them against any liabilities, losses, damages, deficiencies, claims, costs, expenses, actions, suits, proceedings, investigations, demands, assessments, judgments, and costs of any nature resulting, directly or indirectly, from the operation of the franchise by Franchisee or Franchisee's agents or employees. This Section shall not reduce the scope of the indemnities found in the Franchise Agreement.

6. Miscellaneous Provisions.

A. Entire Agreement. This writing is the entire agreement between the parties and may not be modified or amended except by written agreement signed by the parties.

B. Joint and Several Liability. If Franchisee consists of more than one individual or entity, then their liability under this Agreement will be joint and several.

C. Waiver. No waiver of any covenant or breach of this Agreement will be a waiver of any subsequent breach of the same or any other covenant or authorize the subsequent breach of any covenant or condition.

D. Time of Essence. Time is of the essence of this Agreement.

E. Injunctive Relief. In addition to other remedies available at law or in equity, any party may seek and obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any covenant contained in this Agreement.

F. Governing Law. This Agreement is accepted in the State of Washington and will be governed by the laws of Washington, which laws will prevail, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.) and except in those states whose franchise laws require exclusive application of those laws. This choice of laws will not include and does not extend the scope of application of the Washington franchise or business opportunity laws (if any). Any portion of this Agreement that requires enforcement in any other state and is enforceable under the laws of that state but not of Washington, will be construed and enforced according to the laws of that state.

G. Mediation. If a dispute arises, before taking any other legal action, the parties agree to participate in good faith mediation in Vancouver, Washington in accordance with the mediation procedures of Arbitration Service of Portland,

Inc. or of any similar organization that specializes in the mediation of commercial business disputes. The party demanding mediation must provide written notice to the other party of the demand for mediation. If the other party does not respond to the mediation demand within 30 days of written notice, or indicates a refusal to participate in mediation, then the party providing notice may proceed with other forms of dispute resolution. The parties agree to equally share the costs of mediation. Injunctive relief and or claims of specific performance sought pursuant to or authorized by this Agreement, are not subject to, nor can be avoided by, the mediation terms of this Agreement, and may be brought in any court of competent jurisdiction.

H. Venue. If any dispute is not resolved by mediation under the above subsection, then all issues or disagreements relating to this Agreement will be tried, heard, and decided in Clark County, Washington, which we both agree is the most convenient venue for these purposes. You acknowledge and agree that this location for venue is reasonable and the most beneficial to the needs of, and best meets the interest of, all of the members of our franchise system.

I. Costs and Attorneys' Fees. The prevailing party in any suit or action to enforce this Agreement will be entitled to recover its arbitration and court costs and reasonable legal fees to be set by the court, including costs and legal fees on appeal.

J. Successors and Assigns. This Agreement will benefit and bind the respective heirs, executors, administrators, successors, and assigns of the parties.

K. Legal Representation. The parties acknowledge they have been represented by counsel and have been advised of the significance and ramifications of executing this Agreement.

L. Counterparts. This Agreement may be executed simultaneously in counterparts, each of which will be deemed an original, but all of which, together, will constitute one and the same instrument.

M. Definition of "Including." In this Agreement, *including* means "including but not limited to" unless expressly stated otherwise.

[7. Effective Date. The effective date of this Agreement shall be the date the last party signs.]

IN WITNESS WHEREOF, the parties have executed this Agreement.

"Franchisor": UHSI Franchise, LLC

By (Signature):

_____

Printed Name:

_____

Title:

_____

"Franchisee":

By: _____
_____, an individual

By: _____
_____, an individual

[ENTITY NAME]

By (Signature):

_____

Printed Name: _____

Title: _____

Instructions for signatures (above) for "Franchisee" and "Transferee": If you are a corporation, limited liability company or other business entity, then this Agreement should be signed by a company officer or owner authorized to sign on behalf of the company. Additionally, this Agreement must be signed by all officers and owners of the company as individuals.

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
Washington	Pending

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 K to Ululani's Hawaiian Shave Ice Franchise Disclosure Document

RECEIPT
UHSI FRANCHISE, LLC

This franchise disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If **UHSI FRANCHISE, LLC** offers you a franchise, it must provide this franchise 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.

If **UHSI FRANCHISE, LLC** does not deliver this franchise disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed in Exhibit C.

The name, principal business address, and telephone number of each franchise seller offering the franchise are: Charlotte "Ululani" Yamashiro, David Yamashiro (CEO) and Bradly Edgerton (CFO), UHSI FRANCHISE, LLC, 13517 NE 42nd Ave., Vancouver, Washington 98686, (360) 903-5236.

Our authorized agents for service of process are identified on Exhibit C to this Franchise Disclosure Document.

Date of Issuance: March 8, 2023

I have received a disclosure document dated as indicated above that included the following Exhibits:

A. Financial Statements
B. Standard Franchise Agreement (with State Law Addendum)
C. List of State Agents for Service of Process and State Administrators
D. Conditional Assignment of Phone Number
E. Abandonment, Relinquishment, and Termination of Assumed Business Name
F. Electronic Funds Transfer Authorization
G. SBA Addendum to Franchise Agreement
H. Operations Manual Table of Contents
I. Form of General Release
J. State Effective Dates
K. Receipts

DATED this ___ day of _____, 20___.

Signatures of All Prospective Franchisees:

Signature: _____ Signature: _____

Print Name: _____ Print Name: _____

Name of Corporation/LLC/Partnership: _____

By: _____ Title: _____

All individuals who will sign the franchise agreement must sign this acknowledgment. If the franchise agreement will also be executed by a corporation or limited liability company, an officer or owner authorized to receive this circular on behalf of the corporation or limited liability company must execute this acknowledgment. If the franchise agreement will be executed by a partnership, then all general partners must execute this acknowledgment as general partners and as individuals.

KEEP THIS COPY FOR YOUR RECORDS.

EXHIBIT K to Ululani's Hawaiian Shave Ice Franchise Disclosure Document

RECEIPT
UHSI FRANCHISE, LLC

This franchise disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If **UHSI FRANCHISE, LLC** offers you a franchise, it must provide this franchise disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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J. State Effective Dates
K. Receipts

DATED this ___ day of _____, 20___.

Signatures of All Prospective Franchisees:

Signature: _____ Signature: _____

Print Name: _____ Print Name: _____

Name of Corporation/LLC/Partnership: _____

By: _____ Title: _____

All individuals who will sign the franchise agreement must sign this acknowledgment. If the franchise agreement will also be executed by a corporation or limited liability company, an officer or owner authorized to receive this circular on behalf of the corporation or limited liability company must execute this acknowledgment. If the franchise agreement will be executed by a partnership, then all general partners must execute this acknowledgment as general partners and as individuals. **PLEASE SIGN THIS COPY OF THE RECEIPT, DATE YOUR SIGNATURE, AND RETURN IT TO UHSI FRANCHISE, LLC, 13517 NE 42nd Ave., Vancouver, Washington 98686.**