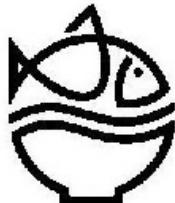


## FRANCHISE DISCLOSURE DOCUMENT



# Poki Bowl

PB Asset Group, Inc.  
A California corporation  
4750 Almaden Expy, Suite 100  
San Jose, CA 95118  
669-247-7654  
[www.pokibowl.com](http://www.pokibowl.com)  
[info@pokibowl.com](mailto:info@pokibowl.com)

We offer you the right to operate a Poki Bowl Restaurant making and selling build-your-own poké bowls, served with rice and/or salad, fresh seafood, various topping selections, and other beverages, desserts, and specialty food items in a fast-casual setting.

The total investment necessary to begin operation of a Poki Bowl Franchised Business is approximately \$187,750 to \$423,000. This includes \$45,000 that must be paid to the Franchisor or Affiliate. The total investment necessary to begin operation of a Multi-Unit Development Agreement for three to five outlets is \$262,750 to \$558,000. This includes \$120,000 to \$180,000 which must be paid to the franchisor or affiliate.

This disclosure document summarizes certain terms 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 any 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 Nick Nguyen, Phone: 669-247-7654, 4750 Almaden Expy, Suite 100, San Jose, CA 95118.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: August 25, 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  |
|--|--|
| <b>How much can I earn?</b>  | 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 franchises. You can find their names and contact information in Item 20 or Exhibit 6. |
| <b>How much will I need to invest?</b>   | 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.   |
| <b>Does the franchisor have the financial ability to provide support to my business?</b> | Item 21 or Exhibit 4 includes financial statements. Review these statements carefully.   |
| <b>Is the franchise system stable, growing, or shrinking?</b>                            | Item 20 summarizes the recent history of the number of company-owned and franchised outlets.   |
| <b>Will my business be the only Poki Bowl business in my area?</b>                       | Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.  |
| <b>Does the franchisor have a troubled legal history?</b>                                | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.   |
| <b>What's it like to be a Poki Bowl franchisee?</b>                                      | Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.  |
| <b>What else should I know?</b>  | 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 5.

Your state also may have laws that require special disclosure 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 and multi-unit development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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 1  | THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES .....                 | 1  |
| ITEM 2  | BUSINESS EXPERIENCE .....  | 4  |
| ITEM 3  | LITIGATION.....  | 4  |
| ITEM 4  | BANKRUPTCY .....   | 4  |
| ITEM 5  | INITIAL FEES.....  | 5  |
| ITEM 6  | OTHER FEES .....   | 5  |
| ITEM 7  | ESTIMATED INITIAL INVESTMENT.....  | 9  |
| ITEM 8  | RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES .....                             | 12 |
| ITEM 9  | FRANCHISEE'S OBLIGATIONS .....   | 14 |
| ITEM 10 | FINANCING.....   | 16 |
| ITEM 11 | FRANCHISORS ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING .....           | 17 |
| ITEM 12 | TERRITORY .....  | 25 |
| ITEM 13 | TRADEMARKS .....   | 27 |
| ITEM 14 | PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION .....                             | 29 |
| ITEM 15 | OBLIGATIONS TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS..... | 30 |
| ITEM 16 | RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL .....                                 | 30 |
| ITEM 17 | RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION....                         | 31 |
| ITEM 18 | PUBLIC FIGURES.....  | 40 |
| ITEM 19 | FINANCIAL PERFORMANCE REPRESENTATIONS .....  | 41 |
| ITEM 20 | OUTLETS AND FRANCHISEE INFORMATION .....   | 43 |
| ITEM 21 | FINANCIAL STATEMENTS .....   | 46 |
| ITEM 22 | CONTRACTS.....   | 46 |
| ITEM 23 | RECEIPTS .....   | 46 |

## EXHIBITS

|            |  |
|------------|--|
| Exhibit 1: | List of State Administrators/Agents for Service of Process |
| Exhibit 2: | Franchise Agreement  |
| Exhibit 3: | Table of Contents to Operations Manual                     |
| Exhibit 4: | Financial Statements                                       |
| Exhibit 5: | State Addenda to Disclosure Document                       |
| Exhibit 6: | List of Current and Former Franchisees                     |
| Exhibit 7: | Multi-Unit Development Agreement                           |

## **ITEM 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

To simplify the language in this Disclosure Document, “we,” “us,” or “Franchisor” means the Franchisor, “PB Asset Group, Inc.” The “Franchisee” or “you” means the person or corporation, partnership, or other entity including your owners, stockholders, or parents, who are buying the right to operate under the Franchise Agreement.

### **The Franchisor**

We are a California corporation that was formed on February 21, 2020 with a principal business address of 4750 Almaden Expy, Suite 100, San Jose, CA 95118. We do business under the name “PB Asset Group, Inc.” and “Poki Bowl.” You will be licensed to operate under the following name: Poki Bowl and under any other trade names, service markets, logos, and the like (“Marks”) all in accordance with the “Franchise Agreement,” which is attached to this Disclosure Document as Exhibit 2. We began offering Poki Bowl franchises in March 2020.

We do not operate a business of the type being franchised. We are not involved in any other business activity.

### **Our Parents, Predecessors and Affiliates**

We have no parents or predecessors.

We have three affiliates who are doing business as Poki Bowl:

1. NJNJ, LLC, a California limited liability company that was formed on August 10, 2015 with a principal business address of 4750 Almaden Expressway, Suite 100 San Jose, CA 95118;
2. PB Curtner/Coronado, LLC, a California limited liability company that was formed on December 18, 2015 with a principal business address of 81 Curtner Ave #30, San Jose, CA 95125.
3. Our affiliate, PB Curtner/Coronado, LLC operates a Poki Bowl business at its principal business address as well as at 5700 Village Oaks Dr, Suite 10, San Jose, CA 95123;

These affiliates have never offered franchises in this or any other line of business.

### **Agent for Service of Process**

Our agent for service of process in California is Nick Nguyen at 4750 Almaden Expy, Suite 100, San Jose, CA 95118. Our agents for service of process in other states are disclosed in Exhibit 1.

### **The Franchise Offered**

We grant to qualified persons franchises to open and operate a Poki Bowl Restaurant (“Restaurant”) in accordance with the terms of our Franchise Agreement. Poki Bowl Restaurants and are identified by a unique trade dress, certain trade names, service marks and trademarks such

as “Poki Bowl” (“Proprietary Marks”), offering our proprietary Poki Bowl menu items and the brand’s unique look and feel (the “System”).

The franchise System is operated under a business format per our unique system, including our valuable know-how, information, trade secrets, training methods, operating manual, standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential communications, marketing programs, and research and development connected with the operation, promotion of Poki Bowl Franchises. You will be competing with other restaurants including quick-service and casual dining restaurants, including national and regional restaurant chains, as well as with individually owned restaurants and diners. The ability of each Poki Bowl Restaurant to compete depends on its location, signage, parking, service, employee attitudes, overhead, changing local market and economic conditions, and many other factors both within and outside your control. The market for restaurants is well developed and sales are not typically seasonal.

The Poki Bowl menu features quality seafood, tossed in our proprietary signature spices and sauces. The fresh seafood is then scooped on top of a bed of brown or white rice and/or fresh green salad and customers choose their own toppings. Additional rotating options include other toppings as well. Our brand is known to offer generous portions and high-quality ingredients, at reasonable prices.

We also offer to qualified individuals the opportunity to develop multiple locations. If you sign a Multi-Unit Development Agreement (“MUDA”) and become an area developer, you will open and operate multiple locations. The number of Businesses required by the Development Schedule will be determined by a number of factors, such as the size of the Development Area, the population of the Development Area, and your financial capacity and expertise in developing businesses. You will be required to sign our then-current Franchise Agreement for each Business. We base our qualifications on whether or not we will also offer you the opportunity to become an area developer based on your financial resources, your experience in the industry, your business experience, as well as your marketing and sales plans.

### **Mandatory Operational Standards**

You must operate your Poki Bowl restaurant in accordance with our standard business operating practices as outlined in the Operations Manual and sign our Franchise Agreement attached to this disclosure. You must only offer the products that we have authorized. We reserve the right to add, modify, or delete any products that you must offer or sell at your Poki Bowl restaurant at any time at our sole discretion. You must obtain all necessary permits, licenses, and approvals to operate your Poki Bowl restaurant.

We offer only one type of franchise which is available to those persons we deem qualified, at our sole discretion, to operate a Poki Bowl franchise. You must operate one unit or multiple units for each Franchise Agreement that you sign. We retain the right, at our sole discretion, to choose to award or not to award a Poki Bowl franchise to any prospective franchisee, and to cease discussions regarding awarding of a franchise at any time prior to the actual signing of the Franchise Agreement.

## **Target Market**

The primary target market for the products offered by the Franchised business are customers who appreciate high quality, fast casual, high quality, dining experiences at reasonable prices. Most customers are between the ages of 16 and 49 years. The modern and professional design of the restaurants attract professionals, families, students, and curious foodies alike for either lunch or dinner. Typically, most restaurant locations are located in mixed use- multi-tenant retail spots to take advantage of existing customer foot and car traffic.

## **Competition**

The restaurant business is highly competitive. In some locations, there are many great lunch and dinner options available to the public. You may have to compete with numerous other independent and chained-affiliated restaurants, some of which may be franchised. Many fast- casual restaurant franchise systems have already established national and international brand recognition.

## **Industry-Specific Regulations**

The restaurant industry is heavily regulated. A wide variety of federal, state, and local laws, rules and regulation have been enacted that may impact the operation of your franchise. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations. You must comply with all local, state and federal laws and regulations applicable to the operation of your Restaurant, including health, sanitation, food and beverage handling, food preparation, waste disposal, smoking restrictions and advertising and point-of-sale disclosures, including statements concerning the nutritional and dietary characteristics of the food served at your Restaurant. You should investigate whether there are regulations and requirements that may apply in the geographical area in which you are interested in locating your franchise restaurant and you should consider both their effect and costs of compliance. You should consult with your attorney concerning all laws and regulations that may affect your Restaurant operations.

Many of the laws that apply to business generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws, and the Occupational Safety and Health Act, also apply to restaurants. The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce laws and regulations that govern food preparation and service and restaurant sanitary conditions.

You must identify, investigate, satisfy, and comply with all laws, ordinances, and/or regulations applicable to your franchise location, including employment, workers' compensation, insurance, corporate, tax, public health, and similar laws and regulations because they could vary and change from location to location and from time to time. It cannot be stressed enough that you should independently research and review the legal requirements of the food services industry with your own attorney before you sign any binding documents or make any investments.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Nick Nguyen—Founder, CEO**

Mr. Nguyen has held the position of founder and CEO since our inception in February 2020. Mr. Nguyen has also held the following positions: Principal Food Service Establishment Construction Manager, Design Build, San Jose, CA, 2010 to Present; Owner and Operator, Poki Bowl Restaurant, four locations throughout northern California, 2015 to Present.

## **ITEM 3 LITIGATION**

### **Pending Actions**

Charlie Le vs. Nick Nguyen; Jasmine Nguyen' Poki Bowl, Inc.; PB Venture Group, LLC; NJNJ, LLC; PB Curtner/Coronado Group, LLC; PB Palo Alto, LLC; PB Franchise, Inc.; PB Asset Group, Inc.; and Does 1 to 20, inclusive, Case No. 20CV364201 (Superior Court for the State of California). On February 20, 2020 Charlie Le filed suit against our CEO, Nick Nguyen, alleging breach of contract; breach of the implied covenant of good faith and fair dealings; fraud; constructive fraud; breach of fiduciary duty; corporate waste; breach of duty; breach of duty of loyalty; conversion; civil conspiracy; aiding and abetting; resulting trust; constructive trust; removal of director; and court supervision of dissolution as a result of an alleged business partnership. As of the issuance date of this franchise disclosure document, Nick Nguyen has filed a response and this case is in the discovery phase. As of the issuance date of this disclosure document, the plaintiff has reached out to our CEO stating that they will no longer pursue the case and has instituted discussions to settle the case.

### **Governmental Actions**

California Commissioner of Financial Protection and Innovation v. PB Asset Group, Inc., On October 27, 2021 we entered into a Consent Order with the California Commissioner of Financial Protection and Innovation (“CCFPI”) after it was determined by CCFPI that we failed to disclose the existence of pending litigation in our 2020 and 2021 franchise applications that was required to be disclosed in this Item 3 and offered or sold franchises in California using a Disclosure Document that omitted this pending litigation. On October 27, 2021 we agreed to (i) desist and refrain from further violations of Corporations Code section 31200; (ii) pay an administrative fee of \$15,000 to the Department of Financial Protection and Innovation; (iii) attend eight hours of remedial education; and (iv) provide a copy of the Consent Order to all impacted franchisees.

Other than the above actions, 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

Unless otherwise specified, the fees noted below are not refundable in any amount and are uniform to all new franchisees.

**Initial Franchise Fee.** You will pay us a \$45,000 lump sum initial franchise Fee (“Initial Franchise Fee”) when you sign the Franchise Agreement for a Poki Bowl Franchised Business. The Initial Franchise Fee is fully earned when the franchise agreement is signed and is not refundable under any circumstances. We increased our franchise fee as of the issuance date of this franchise disclosure document. Therefore, during our last fiscal year ending December 31, 2022, we sold 2 franchises under our previous franchise fee of \$35,000.

**Multi-Unit Development Program.** If you and we agree that you will develop multiple franchises, then you will sign our Multi-Unit Development Agreement (“MUDA”) in the form of Exhibit 7 to this disclosure document and pay a Multi-Unit Development Fee (“Development Fee”). The Development Fee is in lieu of the Franchise Fee.

Your franchise fees will be reduced to \$40,000 for your second franchise, \$35,000 for your third franchise, and \$30,000 for each franchise after the third franchise. The Development Fee is paid in a lump sum at the time the MUDA is signed, is uniform to all developers currently acquiring development rights, is not refundable and will not be credited against any other fees paid to us or our affiliates.

## ITEM 6 OTHER FEES

| Type of Fee       | Amount  | Due Date  | Remarks  |
|-------------------|---|---|--|
| Royalty Fee       | 5.5% of Gross Revenue beginning on the first month after your Franchised Business opens | Payable on the 5 <sup>th</sup> day of the following month for the prior month | Gross Revenue means all revenue from the sale of all products and services, and all other income every kind related to the Restaurant, except taxes. Payments are made via an electronic transfer. |
| Local Advertising | 1% of Gross Revenue   | As agreed   | You must spend this amount on local advertising in your region.  |
| Advertising Fund  | Currently none, but may be up to 1% of Gross Revenues                                   | Payable on the 5 <sup>th</sup> day of the following month for the prior month | Gross Revenue defined in same way as Royalty Fees. Payments are made via an electronic   |

|                                      |   |                                  |  |
|--------------------------------------|---|----------------------------------|--|
|                                      |   |                                  | transfer.  |
| POS Software                         | \$250 per month                                 | As agreed                        | Payable to the software provider for the POS system you will use in your Restaurant.   |
| Intranet Fee                         | Not to exceed \$50                              | Payable on the 5th of each month | You may be required to pay a fee for use and access to this intranet system.   |
| Transfer Fee                         | The greater of \$5,000 or 10% of the sale price | At time of transfer              | Training of new owner is an additional cost. (subject to state law)  |
| Reputation and Review Management Fee | \$250   | Monthly                          | Paid to a third-party supplier.  |
| Renewal Fee                          | \$5,000   | At time of renewal               | Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement.   |
| Additional Training Fee              | \$250 per person per day                        | As incurred                      | Franchisor will provide additional, customized training as necessary and charge for such according to this fee range.  |
| Replacement Manual Fee               | \$250   | As incurred                      | Payable if you lose or destroy the operations manual.  |
| Approval of New Supplier             | Not to exceed \$1,000                           | When billed                      | This covers the cost of testing new products or inspecting new suppliers you propose to us. Also payable if we determine that your Poki Bowl Restaurant is offering items that do not conform to our specifications. |

|   |  |   |  |
|---|--|---|--|
| Audit Fee   | Cost of the inspection and/or audit plus the amount of underpayment plus interest from the date such amount was due until it is received by Franchisor, paid at the rate of the lesser of 1.5% per month or the highest commercial contract interest rate allowed by law | Cost of inspection – when billed; Underpayment and interest – immediately | Due if the inspection and/or audit or any other inspection should reveal that any payments to us have been underpaid. Further, you shall reimburse us for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees).   |
| Repair, Maintenance, and Refurbishing of Business | Will vary under circumstances  | As incurred   | Payable to approved suppliers. You must regularly clean and maintain your Restaurant and its equipment. We may require you to remodel or redecorate your Restaurant to meet our then-current image for all Poki Bowl's Restaurants. We will not require you to remodel or redecorate your Restaurant more frequently than every five years. If, after we notify you, you do not undertake efforts to correct deficiencies in the appearance of the Franchised Business, then we can undertake the repairs and you must reimburse us. |
| Annual Conference                                 | Currently none. Our then-current fee, if   | Expenses are paid as incurred   | Currently we don't have an annual  |

|                        |  |   |  |
|------------------------|--|---|--|
|                        | any, which we anticipate being \$100 to \$500 and your expenses in attending                 |   | conference, but we may have annual conferences in the future. Expenses vary based on travel costs and type of accommodation.   |
| Interest               | The lesser of 1.5% per month or the highest commercial contract interest rate allowed by law | Amounts not received by us within five (5) days after the due date shall incur interest | Due on all overdue amounts. Interest accrues from the original due date until payment is received in full.   |
| Insufficient Funds Fee | \$75 plus interest   | Upon Demand   | Due if any payment you owe us is rejected due to insufficient funds in your bank account.  |
| Insurance              | Reimbursement of our costs plus a 10% administrative fee                                     | On demand   | We may (but are not required to) obtain insurance coverage for you if you do not do so.  |
| Indemnification        | Will vary under circumstances  | Upon Demand   | You must reimburse us for the cost we incur if we are sued or held liable for claims that arise from your Franchised Business' operation or for costs associated with defending claims that you used the trademarks in an unauthorized manner. |
| Cost of Enforcement    | All costs, including reasonable attorney fees  | Upon Demand   | You must reimburse us for all costs and attorney fees if we are the prevailing party in litigation with you for the expenses we incur in enforcing or terminating the agreement.   |

## **NOTES:**

Unless otherwise specified, all fees are imposed by and are paid to us. Any interest on overdue payments begins to accrue from the date of underpayment. All fees are non-refundable except as otherwise stated in this FDD. No other fees or payments are to be paid to us, nor do we impose or collect any other fees or payments for any third party.

“Gross Revenue” means the total of all revenues and income from the sale of all products and services from all sources in connection with your Franchised Business whether or not sold at or from the “Franchised Location” (as that term is defined in Item 11), whether received in cash, in services in kind, from barter and/or exchange, on credit (whether or not payment is received), or otherwise. You may deduct from Gross Revenue all sales tax or similar taxes, which by law are chargeable to clients by any taxing authority. You may also deduct from Gross Revenue the amount of any documented refunds. All payment made to us including Royalties will be paid through an automatic electronic bank-to-bank transfer (EFT).

## **ITEM 7 ESTIMATED INITIAL INVESTMENT**

### **YOUR ESTIMATED INITIAL INVESTMENT**

| <b>FRANCHISE AGREEMENT</b>                     |                      |                          |  |  |
|--|----------------------|--------------------------|--|--|
| <b>Type of Expenditure</b>                     | <b>Fee</b>           | <b>Method of Payment</b> | <b>When Due</b>                                | <b>To Whom Payment is to be Made</b>     |
| Initial Franchise Fee <sup>1</sup>             | \$45,000             | Lump Sum                 | At the time of signing the franchise agreement | Us                                       |
| Architectural Fees <sup>2</sup>                | \$4,000 - \$18,000   | As arranged              | As required                                    | Architect/ Contractor                    |
| Real Estate Lease (3 months) <sup>3</sup>      | \$12,000 - \$18,000  | As arranged              | As required                                    | Landlord                                 |
| Leasehold Improvements <sup>4</sup>            | \$60,000 - \$210,000 | As arranged              | As required                                    | Contractors and/or suppliers or Landlord |
| Furniture, Fixtures and Equipment <sup>5</sup> | \$20,000 - \$60,000  | As arranged              | As required                                    | Approved Suppliers                       |
| Signage <sup>6</sup>                           | \$8,000 - \$12,000   | As arranged              | Before opening                                 | Approved Supplier                        |
| Licenses and Permits <sup>7</sup>              | \$3,000 - \$8,000    | As arranged              | Before opening                                 | Local authorities                        |
| Insurance <sup>8</sup>                         | \$1,500 - \$2,500    | As arranged              | Annually                                       | Insurers                                 |
| Initial Inventory <sup>9</sup>                 | \$10,000 - \$12,000  | As arranged              | Prior to delivery                              | Approved Suppliers                       |

|  |                              |             |                    |                            |
|--|------------------------------|-------------|--------------------|----------------------------|
| Travel Expenses While Training <sup>10</sup> | \$500 - \$3,000              | As incurred | Before opening     | Various third parties      |
| Grand Opening Expenses <sup>11</sup>         | \$3,000                      | As incurred | Upon signing lease | Media and Other Promoters  |
| Accountant and Legal Fees                    | \$750 - \$1,500              | As incurred | As arranged        | Accountant and/or Attorney |
| Additional Funds <sup>12</sup>               | \$20,000 - \$30,000          | As incurred | As arranged        | Approved Suppliers         |
| <b>TOTAL<sup>13</sup></b>                    | <b>\$187,750 - \$423,000</b> |             |                    |                            |

Notes:

General: We do not finance any fee. Unless otherwise stated in this Item 7, all fees are typically nonrefundable.

1. All fees are uniform and paid in full at the time of signing the franchise agreement. The initial franchise fee is non- refundable.
2. You will be required to hire an architect, engineer and/or licensed general contractor to carry out the required construction and build-out of your franchise location and we will provide you with the standards and specifications. This estimate includes your fees for the architectural and design work necessary to modify our prototype plans to accommodate your specific plot size, local ordinances, and local utility requirements along with fees incurred in hiring the architect, engineer and contractor.
3. Poki Bowl Restaurants are typically 1,000 to 2,000 square foot space (with the average location being 1,250 square feet of space). The Restaurants include permanent fixtures attached to the building, such as the plumbing systems, mechanical, etc. and excludes items such as furniture, fixtures, and equipment. The total minimum lease cost for a lease of this nature generally ranges from \$5,000 to \$15,000 per month, depending upon the local real estate market, the amount of leasehold improvements required, local construction ordinances, current construction costs in the area and your credit worthiness. Your rent will be a fixed base rent; however, in some cases you may have to pay percentage rent, which will be a percentage of your sales at the franchised unit. The exact amount of the fixed base rent and percentage rent will be negotiated by you and the landlord.
4. Construction costs will vary depending upon the amount of leasehold improvements required, local construction ordinances and the cost of construction in the local area.
5. Furniture, fixtures and equipment include tables, chairs, cooking and serving equipment, all interior design elements and interior signage, and the POS System.
6. Signage will be if you are located in a strip center or free-standing location and require outside signage.
7. License fees include building permits, environmental impact fees, utility hookup fees and various health permits to operate the Restaurant.
8. This estimates the down payment on insurance premiums for required coverages before the opening of the Restaurant including required insurance coverage during the required construction and build-out.
9. This estimate covers the cost of stocking the Restaurant with the dishes, cups, organizers, silverware, to go cups, containers, napkins and initial food inventory of other beverage and

food products necessary for 2 weeks following the opening. On an ongoing basis, some items are replenished daily while others are replenished over a much longer period. If the Restaurant is on normal industry credit terms, it usually receives payment for food sold to a customer before the franchised unit pays the seller.

10. You are responsible for all living and travel expenses during your initial training.
11. Opening and Promotional activities you will need to pay for before opening the Restaurant to local media, press and other media related suppliers as we have outlined in our standards.
12. You will need capital to support ongoing expenses, such as shipping/handling charges for delivery of equipment, materials and supplies to your specific location, payroll, inventory and supplies, rent, and utilities, if these costs are not covered by Gross Revenue. We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the franchised unit, which we calculate to be 3 months.
13. The table estimates your initial investment for a Poki Bowl Restaurant. You should review these figures carefully with a business advisor before deciding to acquire the franchise. We do not offer financing to you for any of the items listed in the table. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness, and collateral and lending policies of financial institutions from which you request a loan. These estimates do not include any finance charges, interest, or debt service obligations.

### **YOUR ESTIMATED INITIAL INVESTMENT**

| <b>MULTI-UNIT DEVELOPMENT AGREEMENT</b>                              |                       |                          |   |                                      |
|--|-----------------------|--------------------------|---|--------------------------------------|
| <b>Type of Expenditure<sup>1</sup></b>                               | <b>Fee</b>            | <b>Method of Payment</b> | <b>When Due</b>   | <b>To Whom Payment is to be Made</b> |
| Multi-Unit Development Fee <sup>2</sup>                              | \$120,000 - \$180,000 | Lump Sum                 | At the time of signing the Multi-Unit Development agreement | Us                                   |
| Initial Investment for your Initial Franchised Business <sup>3</sup> | \$142,750 - \$378,000 |                          | See the chart above   |                                      |
| Total  | \$262,750 - \$558,000 |                          |   |                                      |

Notes:

1. The estimates set forth in this chart assume that you will be entering into a Multi-Unit Development Agreement for the right to open and operate three to five Franchised Businesses within a Development Area and the cost of opening the first Franchised Business.
2. The Multi-Unit Development Fee ranges from \$120,000 - \$180,000 for three to five units, as explained in Item 5 above.

3. This figure represents the total estimated initial investment required to open your initial Franchised Business under the Franchise Agreement you must enter into with us at the same time as the execution of your Development Agreement. This figure does not include the initial franchise fee because that is accounted for in the Multi-Unit Development Fee.

Other than the Development Fee for three territories, this figure does not include the costs associated with opening a second and subsequent locations which will incur additional costs. This range includes all the estimated fees set forth in first chart in this Item 7, except for the Initial Franchise Fee because you will not be required to pay an Initial Franchise Fee if you enter into a Multi-Unit Development Agreement.

This chart does not include royalties, Advertising Fund Fees, interest expense, depreciation, or taxes. These figures are estimates of your initial expenses covering the first three months of your operation. Your costs will depend on how well you follow our methods and procedures, local economic conditions, the local market for our services, the prevailing wage rate, and competition. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

## **ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### **Required Purchases and Approved Suppliers**

You must purchase your products and supplies directly from our approved supplier. You must purchase the furniture, fixtures and equipment to outfit your Restaurant other supplies under specifications in the operations manual. These specifications include standards for delivery, performance, design, and appearance. Our specifications are formulated by our affiliates and may be modified periodically.

### **Alternative Suppliers**

We may approve other suppliers of the food items and supplies served/used in your Restaurant who meet the specifications set forth in the operations manual and are approved by us. If you want to use or sell a product or service that we have not yet evaluated and approved, or if you want to purchase or lease a product or service from a supplier or provider that we have not yet evaluated and approved (for services and products that require supplier approval), you must notify us and you must request our “Supplier Approval Criteria and Request Form” and submit to us the information, specifications, and samples we request. We charge any costs incurred by us, up to \$1,000, to test another supplier that you propose. Your request must include sufficient specifications, photographs, drawings, and other information and samples to enable us to determine whether that supplier meets our specifications. Your request must also provide confirmation that the supplier is financially sound and carries adequate liability insurance. Based on the information and samples you supply to us we will test the items supplied and review the proposed supplier’s financial records, business reputation, delivery performance, credit rating, and other information. Our review typically is completed in 30 days. Approval of alternative suppliers may be revoked if our review determines that the items fail to satisfy the specifications set forth in the operations manual, as it may periodically be updated. If approval for a supplier is revoked, we

will provide written notice to you.

### **Insurance**

You are required to obtain, at a minimum, (a) general liability insurance with limits not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate; (b) personal injury insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate; (c) property damage insurance with coverage at replacement cost; (d) business interruption insurance in an amount to cover expenses for at least ninety (90) days; (e) worker's compensation with limits required by applicable state law, but not less than One Million Dollars (\$1,000,000); (f) any insurance required by the terms of lease (or mortgage) for the Restaurant; and (g) any other insurance we may require in the future.

### **Issuance and Modification of Specifications**

We issue specifications and standards to franchisees or approved suppliers through our Operations Manual or through informational bulletins we issue from time to time.

### **Revenue from Required Purchases**

We may derive revenue or other material consideration from required purchases or leases by you. In our last fiscal year ended December 31, 2022, we received \$0 in revenue from required franchisee purchases.

### **Required Purchases as a Proportion of Costs**

We estimate that your required purchases from us or approved suppliers, or that must conform to our specifications, will represent approximately 75% to 80% of your total purchases in establishing the Restaurant, and approximately 60% of your total purchases in continuing operation of the Restaurant.

### **Supplier Payments to Us**

Designated suppliers may make payments to us from franchisee purchases. In the last fiscal year, we did not receive any supplier rebates; however, we anticipate supplier rebates in the future. We and/or our affiliates may receive payments or other compensation from approved suppliers on account of the suppliers' dealings with us, you, or other Restaurants in the System, such as rebates and commissions, which may be a percentage or a flat amount. We may use any amounts that we receive from suppliers for any purpose that we determine is appropriate.

### **Purchasing or Distribution Cooperatives**

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of the System. As of the date of this Disclosure

Document, there are no purchasing or distribution cooperatives in which you must participate. When determining whether to grant new, renewal or additional franchises, we consider many factors, including your compliance with the requirements described in this Item 8, but your compliance with these requirements does not automatically give you the right to new, renewal or additional franchises. At this time, we do not have any purchasing or distribution cooperatives.

### **Purchase Arrangements**

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Restaurants in our System. We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products, equipment and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System or the franchised network of Restaurants.

### **Material Benefits**

We do not provide material benefits to you based on your use of a particular supplier. However, when your franchise is up for renewal, to continue your franchise rights, we require you to be in compliance with your franchise agreement, which includes compliance with any supplier standards that are contained in our Operations Manual.

### **Third-Party Delivery Services**

You must follow our delivery and catering policies and procedures in our Manual, which may require you to provide delivery services and/or utilize third-party delivery services (e.g. Uber Eats, GrubHub, DoorDash, etc.). You may be required to use the third-party delivery service(s) with which we have a national contract, and you may not contract with any other delivery platform without our written approval.

## **ITEM 9 FRANCHISEE'S OBLIGATIONS**

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

| <b>Obligation</b>                        | <b>Section In Franchise Agreement</b> | <b>Disclosure Document Item</b> |
|--|---------------------------------------|---------------------------------|
| a. Site selection and acquisition/ lease | § 5, 7.1, 8.1                         | Items 7 and 11                  |
| b. Pre-opening purchase/ leases          | § 2, 5.3, 3.12                        | Items 5, 7 and 8                |
| c. Site development and                  | § 2, 5.3                              | Items 7, 8 and 11               |

|   |  |                        |
|---|--|------------------------|
| other pre-opening requirements                              |  |                        |
| d. Initial and ongoing training                             | § 8.5, 8.8   | Items 6 and 11         |
| e. Opening  | § 5.3  | Item 11                |
| f. Fees   | § 3  | Items 5, 6, 7 and 11   |
| g. Compliance with Standards and policies/ operating manual | § 2.4, 3.4, 7.1, 9, 12.1-12.3, 13.1, 13.6, 13.14, 16.2, 18.6                         | Items 8, 11, 14 and 16 |
| h. Trademarks and proprietary information                   | § 2.4, 6, 7, 9.3, 13.14, 17.1 – 17.3, 21.3   | Items 13 and 14        |
| i. Restrictions on products/ services offered               | § 13, 21.1, 21.3   | Items 5, 8 and 16      |
| j. Warranty and customer services requirements              | § 13.9, 13.19  | Items 8 and 16         |
| k. Territorial development and sales quotas                 | Not Applicable   | Item 12                |
| l. Ongoing product/ service purchases                       | § 3.11, 3.12, 12.5, 13, 13.10, 13.14, 13.15  | Item 8                 |
| m. Maintenance, appearance, and remodeling requirements     | § 10.2, 10.3, 13.2, 16.2.1.25, 17.1.17, 24.5   | Items 7 and 17         |
| n. Insurance  | § 5.3, 15  | Items 6 and 7          |
| o. Advertising  | § 6.2, 6.7, 11, 13.15, 17.1, 18.5  | Items 6, 7 and 11      |
| p. Indemnification  | § 6.4, 17.1.17, 18.6, 21, 24.6   | Item 6                 |
| q. Owner's participation/ management/ staffing              | § 8.3, 8.4, 13.3   | Item 15                |
| r. Records and reports                                      | § 3.2, 5.1, 6, 12, 14.2, 17.1.6  | Items 6 and 11         |
| s. Inspections and audits                                   | § 6.6, 7.4.2, 12.3.3, 12.5, 12.6, 13.2, 13.20, 13.6.4, 13.6.6, 13.6.8, 14.2, 17.1.11 | Items 6 and 11         |
| t. Transfer   | § 18   | Items 6 and 17         |
| u. Renewal  | § 4.2  | Items 6 and 17         |
| v. Post-termination obligations                             | § 17   | Item 17                |
| w. Non-competition covenants                                | § 7.3, 17.2  | Item 17                |
| x. Dispute resolution                                       | § 23   | Items 6 and 17         |

| <b>Obligation</b>                        | <b>Section In Multi-Unit Development Agreement</b> | <b>Disclosure Document Item</b> |
|--|--|---------------------------------|
| a. Site selection and acquisition/ lease | Article 7  | Items 7 and 11                  |
| b. Pre-opening purchase/                 | Not Applicable                                     | Items 5, 7 and 8                |

|   |                |                        |
|---|----------------|------------------------|
| leases  |                |                        |
| c. Site development and other pre-opening requirements      | Not Applicable | Items 7, 8 and 11      |
| d. Initial and ongoing training                             | Not Applicable | Items 6 and 11         |
| e. Opening  | Not Applicable | Item 11                |
| f. Fees   | § 5, 9, 11     | Items 5, 6, 7 and 11   |
| g. Compliance with Standards and policies/ operating manual | Not Applicable | Items 8, 11, 14 and 16 |
| h. Trademarks and proprietary information                   | § 10, 12       | Items 13 and 14        |
| i. Restrictions on products/ services offered               | Not Applicable | Items 5, 8 and 16      |
| j. Warranty and customer services requirements              | Not Applicable | Items 8 and 16         |
| k. Territorial development and sales quotas                 | §3             | Item 12                |
| l. Ongoing product/ service purchases                       | Not Applicable | Item 8                 |
| m. Maintenance, appearance, and remodeling requirements     | Not Applicable | Items 7 and 17         |
| n. Insurance  | Not Applicable | Items 6 and 7          |
| o. Advertising  | Not Applicable | Items 6, 7 and 11      |
| p. Indemnification  | § 9.3          | Item 6                 |
| q. Owner's participation/ management/ staffing              | § 9.6          | Item 15                |
| r. Records and reports                                      | Not Applicable | Items 6 and 11         |
| s. Inspections and audits                                   | Not Applicable | Items 6 and 11         |
| t. Transfer   | § 11           | Items 6 and 17         |
| u. Renewal  | § 4            | Items 6 and 17         |
| v. Post-termination obligations                             | § 15           | Item 17                |
| w. Non-competition covenants                                | § 10, Ex. C    | Item 17                |
| x. Dispute resolution                                       | § 11.5, 17     | Items 6 and 17         |

## ITEM 10 FINANCING

We do not offer direct or indirect financing to you or guarantee any note, lease, or obligation of yours in connection with the purchase or establishment of the Restaurant.

## **ITEM 11 FRANCHISORS ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

**Except as listed below, PB Asset Group, Inc. is not required to provide you with any assistance.**

### **Pre-Opening Obligations**

Before opening your Restaurant:

1. We will not assist you in selecting a site for the Approved Location or in negotiating an acceptable lease agreement for the site, but we will provide site selection guidelines. We will not own the premises and/or lease it to you. You have 45 days from the time you signed this Agreement, to obtain Franchisor approval of a franchise location. In considering the grant of approval, we consider the general location and neighborhood, proximity of the proposed location to current “Poki Bowl” locations and those of competitors, traffic patterns and the quality of the location proposed, physical characteristics of the buildings and your proposed lease terms. If you are unable to obtain an Approved Location for the Restaurant or you have not obtained our approval of a lease for the Restaurant premises within 45 days after signing the Franchise Agreement, then we or you may terminate the Franchise Agreement. If you are unable to find an approved location, we will not return the initial franchise fee. You must sign a lease within 90 days of the execution of this Agreement.
2. We will loan one copy of the Manual to you during the term of this Agreement. We may, periodically, in our sole discretion, revise the Manual to incorporate System changes. The Manual will include suggested pricing for the items you will offer for sale in your Restaurant, but final pricing will be based on the current local market and will be your decision. At our option, we may provide you with either a paper or electronic version of the manual and other manuals. The Table of Contents of the Operations Manual is attached as Exhibit 3 to this document. The Manual has a total of 125 pages (Franchise Agreement, Section 9).
3. We will make available, at no charge to you, the then-current standard plans and specifications for a prototype Poki Bowl Restaurant, including exterior and interior design and layout, fixtures, furnishings, and signs. (Franchise Agreement Section 13)
4. We will offer an initial training program to you and employees at your location for a total of 3 days. (Franchise Agreement Section 8.5). Our lead instructor will provide 3 days of in-depth training on the business, management and everyday operations for the Restaurant. Our lead instructor will work with you and in your Restaurant for 3 days, for at least 4 hours each day during this period. You are required to reimburse our reasonable travel and living expenses during the initial training program at your location.
5. Provide you with suggested staffing guidelines for hiring employees, operational instructions which you can use as part of training new employees. All hiring decisions and conditions of employment are your sole responsibility. (Franchise Agreement Section 8.6)

6. We will provide a list of all required inventory, equipment and supplies with our required specifications that you will be required to purchase from our approved suppliers prior to opening your Restaurant. We will not deliver or install the required equipment for you; it is your responsibility to have the equipment, furniture and fixtures installed to our specifications and the final floor plan layout approved by us.
7. The typical length of time from signing the franchise agreement to opening the Restaurant will typically be 6 to 9 months from the time you sign your lease. The time from signing your franchise agreement to signing the lease for your location will be determined by the current real estate market for finding the right location for your Restaurant, negotiating with the landlord and our approval and can typically take 3 to 9 months or longer.

### **Post-Opening Obligations**

After you open your Restaurant, we will:

1. Offer, as we deem necessary, additional required and optional training programs, seminars, and workshops, at the times and locations selected by us. (Franchise Agreement, Section 8.8).
2. Provide you with suggested staffing guidelines for hiring employees, operational instructions which you can use as part of training new employees. All hiring decisions and conditions of employment are your sole responsibility. (Franchise Agreement, Section 8.6)
3. Provide continuing advice and assistance to you, as we deem appropriate, in operating and promoting Restaurant. (Section 14.1 of the Franchise Agreement).
4. As we reasonably determine necessary, visits to and evaluations of the Restaurant and the products and services provided to make sure that our high standards of quality, appearance and service of the System are maintained. (Franchise Agreement, Section 14.2)
5. Offer you guidance on prices for the products and services that, in our judgment, constitute good business practice. (Franchise Agreement, Section 14.1)

### **Advertising**

#### **Local Advertising**

Throughout the term of this Agreement, you must spend each month an amount equal to 1% of your Gross Revenue on marketing and promotion of the Poki Bowl business in your Territory. All local advertising and promotion by you must be conducted in the media, type and format that we previously approve, must be conducted in a dignified manner, and must conform to the standards and requirements described in the Manual or otherwise in writing. You will not use any advertising or promotional plans or materials unless and until you have received written approval from us. Approval, if granted, will remain in effect until you receive notice from us to discontinue further use. At our request, you must furnish to us, within 30 days after request, any evidence we may reasonably require concerning the nature and amount of your expenditures for local advertising, (Section 11.1 of the Franchise Agreement).

You may not solicit customers or market products within another franchisee's territory or in any territory operated directly by us.

## **National Advertising Fund**

Single Unit Franchisee's may in the future be required to contribute to the National Advertising Fund in the amount of up to 1% of the Gross Revenues of the Restaurant. If we implement a National Advertising Fund, we will provide you at least 30-days written notice before collecting any amounts. We, or our designated Administrator, will establish, maintain and administer the Fund as follows:

- a. The Fund, and all contributions, and any earnings to the Fund will be used exclusively to meet any and all costs of maintaining, administering, directing, conducting and developing the preparation of advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which we or our Administrator believes will enhance the image of the System, including, among other things, the costs of preparing and conducting media advertising campaigns in various media; preparation of direct mail advertising; market research; employing advertising and/or public relations agencies to assist in that agreement; purchasing promotional items; conducting and administering in-Restaurant promotions; providing promotional and other marketing materials and services to the businesses operating under the System such as, coupons, merchandising materials, sales aids, and point-of-purchase materials; and providing menus and menu inserts. (Franchise Agreement – Section 11.3).
- b. All Franchisee's in the system will contribute to the Fund the same amount at the same rate. Neither we nor the Fund's Administrator will be required to contribute to the Fund in the same amount or at the same rate as Franchisee's in the system. (Franchise Agreement – Section 11.3).
- c. All sums paid to the Fund will be maintained in an account separate from our other monies and will not be used to defray any of our expenses, except for reasonable costs and overhead, if any, that we or our Administrator may incur in activities reasonably related to the administration or direction of the Fund and advertising programs, including, among other things, costs of personnel for creating and implementing advertising, promotional, and marketing programs. The Fund and any earnings in that agreement will not otherwise inure to our benefit or the benefit of the Administrator. We will maintain separate bookkeeping accounts for the Fund. (Franchise Agreement – Section 11.3). If not all contributions to the Fund are spent in the fiscal year in which they accrue the remaining contributions will be spent in the next fiscal year. The Fund and its earnings will not otherwise inure to our benefit or be used to solicit the sale of franchises; except that we will make note on advertising for Franchisee's the following statement "franchises available".
- d. We will provide to you upon request, with an annual, unaudited statement of the Fund, (Franchise Agreement – Section 11.3). We have not yet collected any contributions to the Fund.

Because we do not currently require franchisees to contribute to the National Advertising Fund, we did not collect any fees in our most recently concluded fiscal year (2022).

We do not currently require you to contribute to any Advertising Cooperatives or Councils but we reserve the right to do so in the future.

### **Opening Advertising**

Immediately preceding the opening of the Restaurant, you must conduct an initial local advertising and promotion program in the form and manner prepared by you and approved by us in writing. You must spend at least \$3,000 for the initial advertising and promotion. You must furnish to us, within 60 days after the opening of the Restaurant, any evidence that we may reasonably require, to verify the approved expenditure.

### **Website/Intranet/Social Media**

Websites (as defined below) are considered as “advertising” under the Franchise Agreement, and are subject (among other things) to our review and prior written approval before they may be used (as described above). As used in the Franchise Agreement, the term “Website” means an interactive electronic document contained in a network of computers linked by communications software that you operate or authorize others to operate and that refers to the Restaurant, Proprietary Marks, us, or the System. The term Website includes Internet and World Wide Web home pages. In connection with any Website, the Franchise Agreement provides that you may not establish a Website, nor may you offer, promote, or sell any products or services, or make any use of the Proprietary Mark, through the Internet without our prior written approval. As a condition to granting any consent, we will have the right to establish any requirement that we deem appropriate, including a requirement that your only presence on the Internet will be through one or more web pages that we establish on our Website.

We will also have the right to establish a website or other electronic system providing private and secure communications (such as an intranet) between us, our franchisees, and other persons and entities that we determine appropriate. If we require, you must establish and maintain access to the intranet in the manner we designate. Additionally, we may periodically prepare agreements and policies concerning the use of the intranet that you must acknowledge and/or sign. (Franchise Agreement, Section 11.5)

Any websites or other modes of electric commerce that we establish or maintain, including but not limited to any apps that we may introduce, may, in addition to advertising and promoting the products, programs or services available at Poki Bowl businesses, also be devoted in part to offering Poki Bowl franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

You are not permitted to promote your Restaurant or use any of the Proprietary Marks in any manner on any social or networking websites, such as Facebook, LinkedIn or Twitter, without our prior written consent. We alone may establish, maintain, modify or discontinue all internet activities pertaining to the System, including through the use of a page or profile on a social media website, including, but not limited to, Facebook, Instagram, TikTok, Twitter or Snapchat. You must comply with our System standards regarding the use of social media in your Restaurant’s

operation, including prohibitions on your and the Restaurant's employees posting or blogging comments about the Restaurant or the System, other than on a website established or authorized by us ("social media" includes personal blogs, common social networks like Facebook and Instagram, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We may provide access to branded social media pages/handles/assets, and you must update these regularly. We reserve the right to conduct collective/national campaigns via local social media on your behalf. (Franchise Agreement, Section 11.6)

### **Computer Systems**

You must, at your expense, purchase or lease, and thereafter maintain, point of sale equipment, computer hardware (including laptops), iPads, software, and firmware, required dedicated telephone and power lines, modem(s), printer(s), and other computer-related accessories or peripheral equipment as we specify in the Manual or otherwise in writing. Your computer systems must electronically exchange information, messages, and other data with our computer systems, by such means (including but not limited to the Internet), and using such protocols (e.g., TCP/IP), and do so as we designate or as we may reasonably prescribe in the Manual or otherwise in writing. The data includes transactions, items sold, price, cost (if recorded) tender type, tax collected, refunds given, inventory levels of items with stock levels, customer names and transaction history, partial credit card information, employee hours and cash drawer usage. We have the unlimited right to retrieve data and information from your computer system (including both POS systems and the back-office computer) and use it for any purpose both during and after the term of this Agreement. You must keep your point of sale equipment and computer system in good maintenance and repair and, at your expense, promptly install such additions, changes, modifications, substitutions, and/or replacements to the computer hardware, software, firmware, telephone and power lines, and other computer-related facilities, as we direct. You must not update, modify, enhance, or upgrade any computer hardware or software without our prior written consent. You also may not establish any computer web site including Internet and World Wide Web home pages. We will require you to participate in our website, [www.PokiBowl.com](http://www.PokiBowl.com).

In addition, from time to time we may modify the component specifications for the point of sale system and computer system. As part of such point of sale system and computer system, we may require you to obtain specified computer hardware and/or software, including, without limitation, a license to use proprietary software developed by us or others. Modification of such specifications for the components of the point of sale system may require you to incur costs to purchase, lease and/or license new or modified point of sale or computer hardware and/or software to obtain service and support for the point of sale and computer system during the term of the Franchise Agreement. There are no contractual limits on our right to require you to upgrade or update the cash register and computer system during the term of the Franchise Agreement.

At the current time, we require the following computer and point of sale equipment and this is included in the initial equipment package pricing listed in Item 7.

**Hardware: POS Bundle:** This package includes the stand for device, printer, cash drawer and all required cables.

Software: Through monthly subscription of \$60-\$150 per month depending on annual revenues.

Additionally, while we do not set specifications for this equipment and any equipment may be used, a Restaurant needs a back-office PC or laptop and this system requires dedicated wireless internet connectivity that is password protected with adequate firewalls to ensure credit card information is secure for PCI compliance. Such computers are generally available from multiple sources and vary in price from \$400 to \$2,500 depending upon the system you select. We have no obligation to provide ongoing maintenance, repairs, upgrades, or updates for the computer you select and purchase and we do not impose any obligations upon you to upgrade or update this computer. We do not require you to purchase any maintenance, updated, upgrading or support contracts and accordingly, there is no cost associated with these items. You will, however, have the costs associated with operation and maintenance of any personal computer. If you offer Wi-Fi for your guests, you will also need to maintain a separate Wi-Fi account to ensure insulation from customer and other private information. Since we do not require a specific back office system, it is impossible for us to provide an exact amount for the system you select, but the total cost for all software and hardware should not exceed \$5,000.

### **Background Music**

For certain locations, we may also suggest that you have background music in your Restaurant, although we do not specify any particular provider or means for providing this background music and we do not require it. If you decide to subscribe to a commercial music service, the cost associated with this service will vary with the service provider. Based upon current information, the current approximate equipment cost of a subscription music service is between \$750 and \$1,500 due on installation. The approximate annual cost of subscription to this type of service will vary between \$300 and \$600 depending upon the service you select.

### **Internet Connectivity**

You are required to have a high-speed internet connection in your location and to pay any costs associated with this utility.

### **Training**

Prior to opening your Restaurant, you and/or your designated manager shall be present for and complete to our satisfaction, our franchise operations training program as outlined in the training chart below.

Your operations training program will last up to seven calendar days, at four hours a day, (at our discretion) depending upon the location and physical characteristics of the Restaurant you will be operating and whether you have decided to offer extended food services. If you decide to offer an extended food service menu, training will generally last up to fourteen calendar days.

The number of these training days may be increased in our discretion if it appears that additional training is necessary. This training normally occurs thirty to sixty days prior to the Restaurant

opening. You and/or your designated manager must attend this training. Operations training will consist of both classroom and in-Restaurant training, covering business basics, customer service and Restaurant operations. At no cost to you, we will provide training instructors, a training manual, and other materials. You will be responsible for all other expenses incurred during the Operations Training program, such as travel, lodging, and meal costs for both you and your Restaurant manager (if applicable).

The training program will be held at your location at the time the Restaurant is scheduled to open or at our location approximately 3 weeks prior to opening. The program is provided to you and those employees selected by you who will be involved in the daily operation of the Restaurant. You are required to be fully staffed, personally present and participate at your Restaurant during all on-site training. Training will cover, among other things: equipment set up, merchandising set up, daily operational procedures preventative maintenance of equipment, service fulfillment and local marketing.

As addressed above, training will last up to 7 days, 4 hours per day (weekdays only for a total of 28 hours). We will provide the trainer, a training manual, and other materials; however, you must reimburse our reasonable travel and living expenses. If we are unable to complete the training as scheduled due to your lack of preparation for training, you will be required to pay us \$250 per day for each day we spend in our attempt to provide the On- Site Training.

| TRAINING PROGRAM          |                             |                              |  |
|---------------------------|-----------------------------|------------------------------|--|
| Subject                   | Hours of Classroom Training | Hours of On-the-job Training | Location   |
| Poki & Product Knowledge  | 2 hours                     | 1 hours                      | Your location or our location, in our discretion |
| Equipment                 | 0 hours                     | 3 hours                      | Your location or our location, in our discretion |
| Product Preparation       | 2 hours                     | 3 hours                      | Your location or our location, in our discretion |
| Food Sanitation           | 0 hours                     | 2 hours                      | Your location or our location, in our discretion |
| Marketing                 | 2 hours                     | 0 hours                      | Your location or our location, in our discretion |
| Point of Sale System      | 0 hours                     | 1 hour                       | Your location or our location, in our discretion |
| Retailing Basics          | 3 hours                     | 2 hours                      | Your location or our location, in our discretion |
| Guest Service             | 2 hours                     | 1 hour                       | Your location or our location, in our discretion |
| Ordering                  | 0 hours                     | 1 hour                       | Your location or our location, in our discretion |
| Accounting and Compliance | 4 hours                     | 0 hours                      | Your location or our location, in our discretion |
| Shift Management          | 0 hours                     | 1 hour                       | Your location or our location, in our discretion |

|                 |           |           |  |
|-----------------|-----------|-----------|--|
| Human Resources | 1 hours   | 1 hour    | Your location or our location, in our discretion |
| <b>TOTAL</b>    | <b>16</b> | <b>16</b> |  |

**Training Instructors:** All training will be under the direction of our CEO, Nick Nguyen. Mr. Nguyen has owned and operated Poki Bowl Restaurants since 2015.

From time to time, we may provide ongoing training programs. In the event that ongoing training is provided, you will be required to attend no more than two (2) sessions in any calendar year. The cost of ongoing training is \$250 per person per day if ongoing training is at our location. If ongoing training is at your location, the cost is \$250 per person per day plus hotel, air fare, and other expenses incurred by the trainer. You will be responsible for all travel costs, room and board, and employees' salaries incurred in connection with attending ongoing training.

We may hold meetings for all franchisees and other Poki Bowl operators on an annual basis. We will provide additional training, introduce new products or changes to the System, or for other reasons. We may require you, your Operating Principal, your General Manager, and/or other Restaurant personnel to attend these meetings. At this time, we do not anticipate that there will be a fee to attend the meetings, but you will be responsible for all of the expenses incurred by your attendees at the meeting, including travel, lodging, meals, and wages.

#### Time to Opening

We estimate that there will be an interval of 6-9 months between signing the Franchise Agreement and the opening of the Restaurant, but this interval may vary based upon finding and securing a location, the location itself, condition of the site and construction. You must propose a site for our approval within 45 days of the execution of this Agreement, and you must sign a lease for a site that has received our approval within 90 days from the execution of this Agreement. You must open the restaurant for business within 9 months after the execution of the Franchise Agreement, unless we agree otherwise.

#### Site Selection and Maintenance

You have the responsibility to find a location for the Restaurant. Thereafter, you must obtain our approval for the location. You have 45 days from the time of executing the Franchise Agreement to obtain such approval from the Franchisor. If we have not approved a location for the Restaurant at the time you sign the Franchise Agreement, you must find a location for your Restaurant and receive approval before you later lease or otherwise acquire a location.

Typically, our site selection assistance provides a demographic review and evaluation of the proposed premises for the Restaurant, including population density, foot traffic vehicle traffic, and review of the physical attributes of the proposed locations, including access, visibility, parking convenience, location of competition, and other factors that may be relevant to your market.

You acknowledge and agree that you are responsible for location of a site for your Restaurant and any consequences that arise from that selection. We will assist you in the lease negotiation process to the extent we determine appropriate to assure that the Restaurant meets our current standards. We will approve or disapprove your site, lease or other matters relating to construction within 15

days of their written submission to us. You must sign a lease within 90 days of the execution of this Agreement. We will not assist with conforming your Restaurant location to local ordinances and building codes or obtaining any required permits.

The typical time between the execution of a Franchise Agreement and the opening of a Restaurant is 6 to 9 months. Factors such as the ability to obtain a lease, construction of required improvements to the site, meeting building code requirements, approvals from building, health, and other local agencies, and obtaining financing affect the time it takes to open a Restaurant. If the Restaurant will be newly constructed rather than renovated, it is likely that more than 360 days will be required.

## **ITEM 12 TERRITORY**

### **Franchise Agreement:**

You will receive a protected territory of the lesser of a 2-mile radius around your location or an area with a population of 30,000 people. You will not receive an exclusive territory. You may face competition from other Franchisees, from units we own or from other channels of distribution or competitive brands that we control.

You expressly acknowledge and agree that the franchise is non-exclusive; that the franchise granted is only for 1 Poki Bowl Restaurant at the Franchised Location that is identified prior to execution of this agreement; and you will not have the right to sublicense, sublease, subcontract or enter into any management agreement providing for the right to operate the restaurant or to use the System granted under this Agreement. You have no rights of first refusal to acquire additional franchises. We retain the right, among others, in any manner and on any terms and conditions that we deem advisable, and without granting you any rights in that agreement:

- a. To own, acquire, establish, and/or operate, and license others to establish and operate, a Poki Bowl Restaurant, at any location;
- b. To own, acquire, establish and/or operate, and license others to establish and operate, businesses under other proprietary marks or other systems, whether those businesses are the same, similar, or different from the Restaurant, at any location;
- c. To license others to sell or distribute any products or services which bear any proprietary marks, including the Proprietary Marks, at any location;
- d. To produce, license, distribute and market Poki Bowl Restaurants branded food products, clothing, souvenirs, and novelty items through any outlet (regardless of its proximity to the Restaurant) including grocery Restaurant, supermarkets and convenience Restaurants and through any distribution channel, at wholesale or retail, including by means of the World Wide Web section of the Internet, mail order catalogs, direct mail advertising and other distribution methods and we will not be required to provide you with any compensation for soliciting or accepting any of these orders; and

- e. To own, acquire, establish and/or operate and grant others the right to develop, own, operate and issue franchises and licenses to others to develop, own and operate other methods and channels of distribution utilizing the Proprietary Marks, or different Marks, and the System, including, telephone numbers, domain names, URLs, on-line computer networks and services, the Internet, carts, concessions, satellite units, other mobile, remote, limited service or non-permanent facilities or other retail operations as a part of larger retail venues like department Restaurants, supermarkets, shopping malls or in public areas like amusement parks, airports, train stations, public facilities, college and school campuses, arenas, stadiums, hospitals, office buildings, convention centers, airlines (in- flight service) and military bases.

If you are asked by a third party to conduct business outside of the Territory (such as at expos, promotional events, charity events, etc.) in another franchisee's territory or in an area in which we, or our affiliate operate a Poki Bowl location, you must immediately refer that request to that Poki Bowl business which is located in that outside territory, or directly to us. If the other franchisee or our affiliate-owned business gives you permission to conduct business at the off-site event within the outside territory, then that franchisee may do so if, and only if, you immediately informs us of such permission in writing. If there is not a Poki Bowl business, whether franchised or otherwise, located in the outside territory, then you must submit a request to us for permission to conduct business within the outside territory. However, you must be prepared to immediately cease conducting such events in that other geographical area when that unassigned area is purchased by a new Poki Bowl franchisee as applicable. We shall approve or deny Franchisee's request to conduct business at off-site events in other geographical areas not owned by other franchisees, us or our affiliates, which approval is in our sole discretion, within 3 days of your written request.

You may relocate your restaurant only with our prior written approval. Neither we, nor any affiliate of ours operates, franchises or has plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those you will offer in your restaurant.

You must follow our delivery policies and procedures in our Manual, which may require you to provide delivery services and/or utilize third-party delivery services (e.g. Uber Eats, GrubHub, DoorDash, etc.). You may be required to use the third-party delivery service(s) with which we have a national contract, and you may not contract with any other delivery platform without our written approval. You are not guaranteed any specific territory or area for delivery. We may require you to discontinue catering or delivery services. We may expand, contract or eliminate any delivery territory that we provide you.

If you fail to (i) refrain from soliciting customers or marketing products within another franchisee's territory or in any territory operated directly by us, or (ii) refer businesses or off-site opportunities to other franchisees, we will have the right to terminate the Franchise Agreement immediately, subject to any applicable notice and cure periods required by law. In addition, for any default of the Franchise Agreement which triggers our ability to terminate, as an alternative to termination, we may modify or completely eliminate any rights you have with respect to the Territory.

### **Multi-Unit Developers:**

Under the Multi-Unit Development Agreement (the “MUDA”), you will develop, open and operate multiple Poki Bowl Businesses within a defined Development Area (the “Development Area”). We determine the Development Area using the same criteria that we use in deciding the Territory for a Business. However, the Development Area must be able to support the number of Businesses you intend to establish in that area. As a result, the Development Area generally consists of a portion of a city, county, or designated market area. Your Development Area will be described in the MUDA before you sign it.

Subject to your compliance with the MUDA and all Franchise Agreements, we will not develop or operate, or grant anyone else to develop or operate a Poki Bowl business in your Development Area. The reserved rights and limitations described above regarding what we and our affiliates can and cannot do in a franchisee’s Territory for a single Franchise are generally the same for the Development Area under the MUDA. In addition, we and our affiliates have the right to continue to own and operate, and allow others to own and operate, currently operating Poki Bowl businesses existing inside your Development Area as of the date you sign the MUDA.

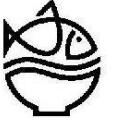
You have no right of first refusal or similar rights to acquire additional franchises or establish additional Businesses that are not in your Development Area. In addition, you will not be entitled to a right of first refusal for any territories that are immediately adjacent to your own which are not in your Development Area. If you wish to obtain an additional location, it must be included in your Development Schedule and you will be required to enter into a separate Franchise Agreement for such location.

Upon expiration or termination of the MUDA, we will be entitled to develop and operate, or to franchise to others the right to develop and operate, Poki Bowl Businesses in the Development Area, except within any Territory under any Franchise Agreement between us and you that has not been terminated.

We may terminate the MUDA if you: (i) fail to comply with the Development Schedule; (ii) make or attempt to make a transfer or assignment in violation of the MUDA; (iii) fail to comply with any terms and conditions of the MUDA; (iv) fail to comply with any terms and conditions of any individual Franchise Agreement or any other agreement to which you and we or our affiliates are parties, and do not cure such failure within the applicable cure period (regardless of whether we in fact terminate such Franchise Agreement or any other agreement). For any default of the MUDA, as an alternative to termination, we may, at our sole and absolute discretion: (i) modify or completely eliminate any territorial rights that you may have with respect to your Development Area and either operate or grant others to operate businesses within the Development Area; or (ii) reduce the Development Area and Development Schedule to a size and magnitude that we estimate you are capable of operating otherwise in accordance with the MUDA (Multi-Unit Development Agreement Section 7).

## **ITEM 13      TRADEMARKS**

Our affiliate, Poki Bowl, Inc. has registered the following principal marks on the Principal and/or Supplemental Register of the United States Patent and Trademark Office (“USPTO”) which will be used by the System and has granted us the rights to license the use of the Marks to you:

| Mark  | Registration Date                             | Registration Number | Register     |
|---|---|---------------------|--------------|
|  | August 30, 2016<br>Renewed: December 2, 2021  | 5030844             | Principal    |
| POKI BOWL   | August 16, 2016<br>Renewed: February 3, 2022  | 5024312             | Supplemental |
|  | February 21, 2017<br>Renewed: August 24, 2022 | 5144278             | Principal    |
| SIMPLE YET DELICIOUS  | December 1, 2020                              | 6210569             | Principal    |

Our Affiliate, Poki Bowl, Inc., has granted us a license to use and sublicense for use the above-mentioned mentioned Marks. The term of the license is perpetual. The license agreement may be terminated if we take any affirmative act of insolvency, if a receiver or trustee is appointed to take possession of our properties and is not discharged within 90 days, if we wind up, sell, consolidate or merge our business, or if we breach any of our duties and obligations under the license and do not cure the breach within 60 days following written notice of the breach. Within the license agreement, the term "Marks" includes any other trade names, service marks, trademarks, designs, logos, slogans and commercial symbols now in existence or later adopted by Poki Bowl, Inc. that are used in connection with the System. This license agreement licensed to us any future trademarks acquired by Poki Bowl, Inc. as well. No other agreements significantly limit our right to use or license the use of our marks. In the event that Poki Bowl, Inc. terminates our agreement with them, they must honor all of our franchise agreements, including each of our franchisees' right to renew.

We grant you a nontransferable, non-exclusive license to use, in the operation of your Restaurant, Poki Bowl trademarks, trade names, service marks, logo, and all advertising or other commercial symbols which identify your Restaurant.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the Trademark administrator of this state or any court. There is no pending infringement, opposition, or cancellation proceeding and there is no pending material litigation involving the trademarks that may be relevant to their use in this state or in any other state. We do not know of any infringing uses that could materially affect your use of the trademarks in this state or elsewhere.

You must promptly notify us of any unauthorized use of the Proprietary Marks, any challenge to

the validity of the Proprietary Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Proprietary Marks. We have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement. We have the right to take action against uses by others that may constitute infringement of the Proprietary Marks. We will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. If we determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will pay for your defense, including the cost of any judgment or settlement. If we determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, you must pay for the cost of defense, including the cost of any judgment or settlement. In any litigation relating to your use of the Proprietary Marks, you must sign all documents and do whatever is necessary to defend or prosecute the action, including becoming a nominal party to any legal action. We do not have to compensate or reimburse you for your costs, loss of revenue or other expenses of promoting a modified and/or substitute trademark.

We may substitute different proprietary marks for use in identifying the System and the businesses being operated under the marks if we determine that substitution of different marks as Proprietary Marks will be beneficial to the System, or if the Proprietary Marks no longer can be used. You must promptly implement any substitution of new Proprietary Marks and the use of the new Proprietary Marks will be governed by the terms of the Franchise Agreement. You will be solely responsible for your costs of modifying your signs and advertising materials to conform to our new Proprietary Marks.

## **ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

### **Patents and Copyrights**

We do not own any right in or to any patents, pending patent applications or copyrights that are material to the franchise. We do, however, claim common law copyright protection for the Poki Bowl printed literature and the Poki Bowl Manuals.

There are currently no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements in effect which significantly limit our right to use or license the copyrighted materials. Finally, there are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights.

### **Confidential Manuals**

You must conduct business under your Franchise Agreement in the manner specified in the Manuals. Poki Bowl may revise the Manuals, and you must comply with each new or changed standard. We will lend you a copy of the Manuals after you complete our initial training program. You must treat the Manuals and the information contained in it, as confidential. You cannot copy these materials or show them to any unauthorized person. The Manuals will remain Poki Bowl's sole property. If you disclose confidential information in violation of the Franchise Agreement, you will be liable to us for damages.

### **Confidential Information**

You must not, during or after the term of the Franchise Agreement, divulge or use for the benefit

of anyone else any confidential information, knowledge, or know-how concerning the System and the methods of operation of Poki Bowl Restaurants. You may divulge confidential information only to those employees who must have access to it to operate the Franchise Restaurant. Any and all information and other data, which we designate as confidential, will be deemed confidential for purposes of the Franchise Agreement. If you disclose confidential information in violation of the Franchise Agreement, you will be liable to us for damages.

## **ITEM 15 OBLIGATIONS TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS**

Unless we otherwise approve in writing, you or your designated manager must devote full-time and best efforts to the management and operation of the Restaurant. You or your manager and other employees you may designate are required to attend and satisfactorily complete our training programs applicable to pre-opening training before opening the Restaurant for business. You or your manager and other employees you may designate, must also attend and satisfactorily complete refresher training courses at our reasonable request. You are not obligated to grant an equity to any employee. You must inform us of the identity of the Restaurant manager, but we do not have the right to disapprove of the manager. Your manager must possess the ability to operate your Restaurant professionally and in compliance with the System and Manuals. If you change managers, you must inform us immediately and you must train or send the new manager to the Poki Bowl headquarters for training prior to or immediately following their engagement as a manager.

Your day-to-day tasks could include supervising employees, checking inventories, reviewing sales and food displays, bookkeeping, and making reasonable efforts to ensure smooth and efficient operations. You must keep your restaurant open during the hours specified in the Operations Manual, subject to local regulations.

We require each equity holder in any limited liability business entity to personally guarantee the obligations of the entity, but we do not require spouses of such equity owners to personally guarantee these obligations. Please see Schedule A to Franchise Agreement (Exhibit 2). As a matter of practice, we require you to obtain signed covenants of confidentiality and non-competition from certain persons associated with you.

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

You must offer for sale and sell only and all those products that we approve or specify. You may not offer for sale any products that we have not approved (See Items 8 and 9). We have the right to change the types of authorized products and there are no limits upon our right to do so.

There are no Franchisor-imposed restrictions or conditions that would limit access to customers. You will be required to offer poke bowls and similar products in your Restaurant. Other than this requirement, you have the right to determine whether or not you will offer extended food service in your Restaurant, although we may impose reasonable restrictions upon the products you offer and the equipment requirements relating to these selected product offerings. For example, if you decide to offer extended food service, you will be limited to items offered on our standard menus.

We may also require that you have certain types of equipment to assure that food product quality and system standards are maintained.

You may not sell any menu item, product, service, or program that we have not approved in writing for your Restaurant, and we may impose reasonable equipment, space, staffing and similar requirements as a condition of our approval relating to your product offerings.

You may not use the “Poki Bowl” name or the Proprietary Marks for any other business, or in the name of your established company and may only use the name Poki Bowl as a dba to your business and in the operation of the Restaurant.

You may not conduct any business other than the business contemplated by the Franchise Agreement from your facility without first obtaining our written consent.

You may sell only “Poki Bowl” products and services (or other approved products) at retail from your Restaurant, and you may not engage in the wholesale sale or distribution of any “Poki Bowl” product, services, equipment or other component, or any related product or service, without first obtaining our written consent.

You may not sell products through the internet or using any channel of distribution other than your Restaurant without first obtaining our written consent.

You may not sell, barter, or exchange any Proprietary Products or other proprietary items at wholesale or under any condition. If you engage in any wholesale, barter or exchange of any quantity of Proprietary Products or other proprietary items to another “Poki Bowl” franchisee or to any other person or entity, we can terminate the Franchise Agreement immediately on notice to you.

Except as described in this Item 16, you are not restricted by the Franchise Agreement or any of our practices or customs regarding the products or services you offer for sale or to whom you may sell.

You must comply with all reasonable requirements if we supplement, improve, or modify the System, including offering and selling new or different services and products that we specify. We have the right to change the types of authorized goods and services, and there are no limits on our right to make changes.

## **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.**

| <b>Provision</b>                                  | <b>Section of Franchise Agreement</b> | <b>Summary</b>   |
|---|---------------------------------------|--|
| a. Length of Franchise Term                       | § 4.1                                 | The initial term for a Poki Bowl Business is 10 years from the date you commence operations.   |
| b. Renewal or Extension of Term                   | § 4.2                                 | You have the right to renew for additional five (5) year terms. You must pay the renewal fee of \$5,000. If you do not meet the conditions, we may refuse to renew or extend the terms of your Franchise Agreement.  |
| c. Requirements for Franchisee to Renew or Extend | § 4.2                                 | You may renew the Franchise Agreement if you: have fully complied with the provisions of the Franchise Agreement; have made capital expenditures as necessary to maintain uniformity with the System; have satisfied all monetary obligations owed to us or any of our affiliates; are not in default of any provision of the Franchise Agreement or any other agreement between you and us; have given timely written notice of your intent to renew; sign a current Franchise Agreement, which may have different terms and conditions than your original Franchise Agreement; comply with current qualifications and agree to comply with any training requirements; sign a general release in a form the same as or similar to the General Release attached to the Franchise Agreement (subject to state law); and pay a renewal fee of \$5,000. |
| d. Termination by you                             | § 16.1                                | You may not terminate the Franchise Agreement.   |
| e. Termination by Franchisor without Cause        | Not Applicable                        | We may not terminate the franchise agreement without cause.  |
| f. Termination by Franchisor with Cause           | § 16.2                                | We may terminate the Franchise Agreement only if you default. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate. (subject to state law)   |
| g. "Cause" Defined – Curable Defaults             | § 16.2.2                              | We may not terminate this Agreement prior to the expiration of its Term, except for good cause. Except as provided in Section 16.2.2, good cause shall be limited to your failure to substantially comply with the requirements imposed upon you by this Agreement after being given notice of at least sixty (60) days in advance of the termination and a reasonable opportunity, which in no event shall be less than sixty (60) days from the date of the notice of noncompliance, to cure the failure.  |

|   |          |   |
|---|----------|---|
|   |          | The period to exercise the right to cure shall not exceed seventy-five (75) days unless there is a separate agreement between us and you to extend the time. (subject to state law)   |
| h. “Cause” Defined<br>– Non-Curable<br>Defaults | § 16.2.1 | You may be terminated without notice to you and without any opportunity for cure if the following occur: (1) You or your Franchised Business has been the subject of an order for relief in bankruptcy, judicially determined to be insolvent, all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or you admit your inability to pay your debts as they come due, (2) You abandon the Franchised Business by failing to operate the business for 5 consecutive days during which you are required to operate the business under the terms of this Agreement, or any shorter period after which it is not unreasonable under the facts and circumstances for us to conclude that you do not intend to continue to operate the Franchised Business, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond your control, (3) We and you agree in writing to terminate this Agreement, (4) You make any material misrepresentation relating to the acquisition of the Franchised Business or you engage in conduct which reflects materially and unfavorably upon the operation and reputation of the Franchised Business or System, (5) You fail, for a period of 10 days after notification of noncompliance, to comply with any federal, state, or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the Franchised Business, (6) You, after curing any failure engage in the same noncompliance whether or not such noncompliance is corrected after notice, (7) You repeatedly fail to comply with one or more requirements of this Agreement or us, whether or not corrected after notice, (8) The Franchised Business or business premises of the franchise is seized, taken over, or foreclosed by a government official in the exercise of its duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor, provided that a final judgment against you remains unsatisfied for 30 |

|   |              |  |
|---|--------------|--|
|   |              | days (unless a supersedeas or other appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in the Franchised Business, and it is not discharged within 5 days of such levy, (9) You are convicted of a felony or any other criminal misconduct which is relevant to the operation of the franchise, (10) You fail to pay any franchise fees or other amounts due to us or our affiliates within 5 days after receiving written notice that such fees are overdue, or (11) We make a reasonable determination that continued operation of the Franchised Business by you will result in an imminent danger to public health or safety. (subject to state law)   |
| i. Franchisee's Obligations on Termination/ Non-Renewal | §§ 17.1-17.3 | If the Franchise Agreement is terminated or not renewed, you must: stop operating the Restaurant and using the Marks and System and completely deidentify the business, stop operating the franchised business; stop using any trade secrets, confidential information, the System and the Marks; cancel or assign to us any assumed names; pay all sums owed to us or our affiliates, including damages and costs incurred in enforcing the Franchise Agreement; return the Operations Manual, trade secrets and all other confidential information; assign your telephone and facsimile numbers to us; at our option, sell or adding to us your rights in the Restaurant premises and the equipment and fixtures used in the business; comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement. |
| j. Assignment of Contract by Franchisor                 | § 18.1       | There are no restrictions on our right to assign our interest in the Franchise Agreement.  |
| k. "Transfer" by Franchisee – Definition                | § 18.2       | "Transfer" includes transfer of an interest in the franchise, the Franchise Agreement or the Franchised Business' assets.  |
| l. Franchisor's Approval of Transfer by Franchisee      | § 18.2       | You may not transfer your interest in any of the items listed in (k) above without our prior written consent.  |
| m. Conditions for Franchisor Approval of                | § 18.2       | We will consent to a transfer if: we have not exercised our right of first refusal; all obligations owed to us are paid; not otherwise be in default;  |

|  |        |   |
|--|--------|---|
| Transfer   |        | you and the transferee have signed a general release in a form the same as or similar to the General Release attached to the Franchise Agreement (subject to state law); the prospective transferee meets our business and financial standards; the transferee and all persons owning any interest in the transferee sign the then current Franchise Agreement; you provide us with a copy of all contracts and agreements related to the transfer; you or the transferee pay a fee of \$5,000 or 10% of the sale price, whichever is greater; the transferee or the owners of transferee have agreed to be personally bound by all provisions of the Franchise Agreement; you have agreed to guarantee performance by the transferee, if requested by us; the transferee has obtained all necessary consents and approvals of third parties; you or all of your equity owners have signed a non-competition agreement in a form the same as or similar to the Nondisclosure and Non-Competition attached to the Franchise Agreement; and the transferee has agreed that its Owner Operator will complete the initial training program before assuming management of the Franchised Business. |
| n. Franchisor's Right of First Refusal to Acquire Franchisee's Franchised Business | § 19   | We may match an offer for your Franchised Business or for an ownership interest you propose to sell.  |
| o. Franchisor's Option to Purchase Franchisee's Franchised Business                | § 17.4 | Except as described in (m) above, we do not have the right to purchase your franchised business; however, during the 30-day period after the termination or expiration of the Franchise Agreement, we have the right to purchase any assets of the franchised business for book value.  |
| p. Death or Disability of Franchisee   | § 18.6 | After the death, permanent disability or incapacity of an owner or controlling principal of the franchise, his or her representative must transfer, subject to the terms of the Franchise Agreement, the individual's interest in the franchise within 180 days of death, permanent disability or incapacity or we may terminate the Franchise Agreement.   |

|   |                           |  |
|---|---------------------------|--|
| q. Non-Competition Covenants During the Term of the Franchise             | § 7.3                     | We have the right to require you, your owners and your officers, directors, executives, managers, professional staff, and employees to execute a nondisclosure and non- competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Schedule B. Upon our request, you shall provide us with copies of all nondisclosure and non-competition agreements signed pursuant to this Section. Such agreements shall remain on file at the Franchised Business and are subject to audit or review as otherwise set forth herein. We shall be a third-party beneficiary with the right to enforce covenants contained in such agreements. You are prohibited from operating or having an interest in a similar business without our prior written consent. (subject to state law) |
| r. Non-Competition Covenants After the Franchise is Terminated or Expires | § 17.2                    | For 2 years after the termination or expiration of the Franchise Agreement, you may not offer competitive business services within 25 miles of any other Business, or planned expansion thereof, or of any other Franchisor owned business; or soliciting or influencing any of our customers, employees, or business associates to compete with us or terminate their relationship with us. (subject to state law)  |
| s. Modification of the Agreement  | §§ 9.20, 22.7, and 22.8   | The Franchise Agreement can be modified only by written agreement between you and us. We may modify the Operations Manual without your consent if the modification does not materially alter your fundamental rights.  |
| t. Integration/Merger Clause  | § 22.7                    | Only the terms of the Franchise Agreement and other written agreements are binding (subject to state law). Any representations or promises outside of the Disclosure Document, the Operations Manual and/or Franchise Agreement may not be enforceable.  |
| u. Dispute Resolution by Arbitration or Mediation                         | § 23.9; Schedules 2 and 3 | You must mediate and arbitrate claims against us.  |
| v. Choice of Forum  | § 23.2                    | Subject to applicable state law, any litigation or arbitration must be pursued in Santa Clara County, California.  |

|                  |        |   |
|------------------|--------|---|
| w. Choice of Law | § 23.1 | Subject to applicable state law, California law applies, except as to claims governed by federal law. |
|------------------|--------|---|

| Provision   | Section of Multi-Unit Development Agreement | Summary  |
|---|---|--|
| a. Length of Franchise Term                       | § 4.1                                       | Term is the date the last Location is required to be opened pursuant to the Development Schedule.  |
| b. Renewal or Extension of Term                   | § 4.3                                       | No right to renew  |
| c. Requirements for Franchisee to Renew or Extend | Not Applicable                              | Not Applicable   |
| d. Termination by you                             | Not Applicable                              | Not Applicable   |
| e. Termination by Franchisor without Cause        | Not Applicable                              | We may not terminate the multi-unit development agreement without cause.   |
| f. Termination by Franchisor with Cause           | §§ 14.1, 14.2 and 14.3                      | You will be deemed in default under this Agreement if you breach any of the terms of this Agreement, including the failure to meet the Development Schedule, or the terms of any Franchise Agreement or any other agreements between you or your affiliates and us or our affiliates. (subject to state law)   |
| g. “Cause” Defined – Curable Defaults             | § 14.3                                      | You shall have a 15-day cure period if you are in default of any term of the MUDA. (subject to state law)  |
| h. “Cause” Defined – Non-Curable Defaults         | §§ 14.1, 14.2                               | You may be terminated without notice to you and without any opportunity for cure if the following occur: (1) if you fail to meet the Development Schedule; (2) you omit or misrepresent any material fact in the information that you furnished to us in connection with our decision to enter into the Agreement, approve any site for your Franchised Businesses or enter into a Franchise Agreement for any Franchised Business; (3) the Franchisor and you agree in writing to terminate the Agreement; (4) You (or any principal of a corporate, partnership, proprietorship or other entity multi-unit operator) are convicted of a felony, fraud, crime involving moral turpitude, or any other crime or offense which the Franchisor |

|   |        |  |
|---|--------|--|
|   |        | <p>reasonably believes is related to your duties under this Agreement and/or your operation of any of the Franchised Businesses, or is likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated with the Proprietary Marks or our interest in the System or Proprietary Marks; (5) you (or any principal of a corporate, partnership, proprietorship or other entity franchisee) purport to transfer any rights or obligations under this Agreement, any interest in you or any of the Franchised Businesses to any third party in violation of the terms of the Agreement; (6) you do not comply with the covenant not to compete during the term of this Agreement; (7) violate the restrictions pertaining to the use of Confidential Information contained in this Agreement; (8) or, do not obtain the execution of the additional covenants required; (9) you fail to obtain our prior written approval, including, but not limited to, site approval, as expressly required by the Agreement; (10) you use or duplicate any aspect of our System, services, programs or products in an unauthorized fashion; (11) if you, or any shareholder or principal, if you are corporate entity, or any of your affiliates cease to operate all of the Franchised Businesses opened pursuant to the terms of the Agreement; (12) if you open any Franchised Business for business before a Franchise Agreement for such Franchised Business has been fully executed and the initial franchise fee due to us has been paid; (13) you engage in any business or market any service or product under a name or mark which, in our opinion, is confusingly similar to our Proprietary Marks; (14) you engage in conduct which reflects materially and unfavorably upon the operation and reputation of the Franchised Businesses, the Franchisor or the System. (subject to state law)</p> |
| i. Franchisee's Obligations on Termination/ Non-Renewal | § 15.1 | <p>You must pay all money owing to us or our affiliates, and third parties; pay all expenses, including attorney's and expert's fees, if we terminate for cause; sign all agreements necessary for termination; comply with the post-termination/ post-expiration covenants not to compete; and continue to abide by restrictions on</p>   |

|  |                        |   |
|--|------------------------|---|
|  |                        | the use of our Confidential Information. Termination of the Multi-Unit Development Agreement for your failure to comply with the Development Schedule will not terminate any of the Franchise Agreements you already signed with us, so long as you have opened the Franchised Business covered by the signed Franchise Agreements and you are not in default of the Franchise Agreements.  |
| j. Assignment of Contract by Franchisor  | § 11.1                 | There are no restrictions on our right to assign our interest in the Multi-Unit Development Agreement   |
| k. “Transfer” by Franchisee – Definition   | § 11.2                 | “Transfer” means any sale, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of your assets, or of any interest in you. |
| l. Franchisor’s Approval of Transfer by Franchisee                                 | §§ 11.2, 11.3 and 11.4 | No transfer without our consent.  |
| m. Conditions for Franchisor Approval of Transfer                                  | § 11.2                 | You may only Transfer your rights and interests under this Agreement if you obtain our prior written consent and you transfer all of your rights and interests under all Franchise Agreements for Locations in the Development Territory and provided the transferee meets the conditions set forth in the MUDA, including good moral standing and completion of the initial training.  |
| n. Franchisor’s Right of First Refusal to Acquire Franchisee’s Franchised Business | § 11.5                 | We have the right to match the offer to purchase your business.   |
| o. Franchisor’s Option to Purchase Franchisee’s Franchised Business                | Not Applicable         | Not Applicable  |

|   |                   |   |
|---|-------------------|---|
| p. Death or Disability of Franchisee                                      | § 11.4            | After the death or incapacity of an owner of the developer, his or her representative must transfer, subject to the terms of the MUDA, the individual's interest in the MUDA within 3 months of death or incapacity.  |
| q. Non-Competition Covenants During the Term of the Franchise             | § 10.2.1          | During the Term and any Renewal Term of this Agreement, you are prohibited from directly or indirectly engaging in any Competitive Business as a proprietor, partner, investor, shareholder, director, member, officer, manager, employee, principal, agent, adviser, or consultant. In addition, you agree not to divert any business that should be handled by your franchised business to any other person or entity. (subject to state law)                                       |
| r. Non-Competition Covenants After the Franchise is Terminated or Expires | § 10.2(ii)        | No involvement in competing business for 2 years within your Development Area, within a 20-mile radius of the perimeter of your Development Area or within a 20-mile radius of the perimeter of (or within) any Poki Bowl business (whether company-owned, franchised or otherwise established and operated). No diversion of business to any competitor and no employment of any current employee or any former employee that worked within the last 90 days. (subject to state law) |
| s. Modification of the Agreement  | § 17.5            | The MUDA can be modified only by written agreement between you and us.  |
| t. Integration/Merger Clause  | § 17.5            | Only written terms of MUDA are binding (subject to state law). Any other promises may not be enforceable, except that the MUDA does not disclaim any representations made in this disclosure document.  |
| u. Dispute Resolution by Arbitration or Mediation                         | § 17.14           | Except for certain claims, all disputes must be litigated within the County of Santa Clara in the State of California (subject to state law).   |
| v. Choice of Forum  | §§ 17.14 and 12.3 | Subject to applicable state law, any litigation must be brought in Santa Clara County, California.  |
| w. Choice of Law  | § 17.13           | Subject to applicable state law, California law applies, except as to claims governed by federal law.   |

## ITEM 18 PUBLIC FIGURES

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

## ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

This Item sets forth certain historical data submitted by (i) our 12 franchisee-owned locations and (ii) our 2 affiliate owned locations. The information presented is from the franchisees' unit's operating during the 2022 calendar year (the "Measurement Period"). Below is a list of all franchisee-owned and affiliate-owned locations open and operational during the Measurement Period.

| Franchisee Name         | Address   | Month and Year opened |
|-------------------------|---|-----------------------|
| NDN, Inc.*              | 127 W. Washington Ave.,<br>Sunnyvale, CA 94086              | March 2020            |
| Gilamy, Inc.            | 2532 Berryessa Rd., San Jose,<br>CA 95132                   | March 2020            |
| Hashi House, LLC        | 98 Rancho Del Mar, Aptos, CA<br>95003                       | March 2020            |
| Looslublin, LLC         | 8370 Mills Drive, Miami, FL<br>33183                        | March 2020            |
| PB Hollister, LLC       | 1210 E. Park Street, Ste. 104,<br>Hollister, CA 95023       | May 2021              |
| Nick Pham and Khanh Le  | 408 Tenant Station, Morgan<br>Hill, CA 95037                | June 2021             |
| Ganesha Cloud, LLC      | 30012 Town Center Dr., Unit<br>110, Menifee, CA 92584       | December 2021         |
| Poki Bowl Morongo, Inc. | 48551 Morongo Trail, Cabazon,<br>CA 92230                   | February 2022         |
| Ace Property, LLC       | 2220 SH 114, Suite 430, Trophy<br>Club, TX 76262            | June 2022             |
| N Texas PB              | 16710 FM 423, #100, Frisco, TX<br>75033                     | June 2022             |
| PB 1425                 | 1425 1 <sup>st</sup> Street, Suite 103, Gilroy,<br>CA 95020 | July 2022             |
| Crosslance, LLC         | 8610 Potranco Road, Suite 109,<br>San Antonio, TX 78251     | September 2022        |

| Affiliate Name | Address   | Year opened   |
|----------------|---|---------------|
| VIO            | 5700 Village Oaks Dr, Suite<br>10, San Jose, CA 95123 | December 2016 |

|                         |   |             |
|-------------------------|---|-------------|
| San Jose @ Almaden Expy | 4750 Almaden Expressway,<br>Suite 100 San Jose, CA<br>95118 | August 2015 |
| San Jose @ The Plant    | 81 Curtner Ave #30, San<br>Jose, CA 95125                   | March 2016  |

### Financial Performance of all Franchisee-Owned Locations

| Franchisee Name         | Gross Revenue |
|-------------------------|---------------|
| NDN, Inc.               | \$567,623     |
| Gilamy, Inc.            | \$316,845     |
| Hashi House, LLC        | \$895,228     |
| PBK Loos Lublin, LLC    | \$491,628     |
| PB Hollister, LLC       | \$812,710     |
| Nick Pham and Khanh Le  | \$465,903     |
| Ganesha Cloud, LLC      | \$632,730     |
| Poki Bowl Morongo, Inc. | \$332,034     |
| Ace Property, LLC       | \$116,135     |
| N Texas PB              | \$191,646     |
| PB 1425                 | \$392,523     |
| Crosslance, LLC         | \$69,003      |

### Financial Performance of all Affiliate-Owned Locations

| Affiliate Name          | Gross Revenue |
|-------------------------|---------------|
| VIO                     | \$895,202     |
| San Jose @ Almaden Expy | \$959,015     |
| San Jose @ The Plant    | \$780,915     |

#### Notes:

1. Our affiliate owned locations are not required to pay royalties to us. These fees are estimates of what the represented affiliate owned locations would have incurred in royalties.

“Gross Revenue” is defined as the total revenue derived from the sale of goods or services less sales tax, discounts, allowances, and returns.

2. This information in this Item 19 is not audited

3. Affiliate owned locations are not required to pay royalties and marketing fund contributions to us and are not required to spend a defined amount in their local areas for marketing.

**Some outlets have earned this amount. Your individual results may differ. There is no assurance you'll earn as much.**

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

We recommend that you make your own independent investigation to determine whether or not the franchise may be profitable, and consult with an attorney and other advisors before signing the Franchise Agreement.

Other than the above 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 Nick Nguyen at 4750 Almaden Expy, Suite 100, San Jose, CA 95118 and 669-247-7654, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

**TABLE 1**  
**Systemwide Outlet Summary**  
**For Fiscal Years 2020 to 2022**

| <b>Outlet Type</b> | <b>Year</b> | <b>Outlets at the Start of the Year</b> | <b>Outlets at the End of the Year</b> | <b>Net Change</b> |
|--------------------|-------------|---|---------------------------------------|-------------------|
| Franchised         | 2020        | 0                                       | 4                                     | +4                |
|                    | 2021        | 4                                       | 8                                     | +4                |
|                    | 2022        | 8                                       | 14                                    | +6                |
| Company-Owned*     | 2020        | 4                                       | 4                                     | 0                 |
|                    | 2021        | 4                                       | 3                                     | -1                |
|                    | 2022        | 3                                       | 3                                     | 0                 |
| Total              | 2020        | 4                                       | 8                                     | +4                |
|                    | 2021        | 8                                       | 11                                    | +3                |
|                    | 2022        | 11                                      | 17                                    | +6                |

\*These locations are operated by our affiliates.

**TABLE 2**  
**Transfers of Outlets from Franchisees to New Owners (other than Franchisor)**  
**For Fiscal Years 2020 to 2022**

| <b>State</b> | <b>Year</b> | <b>Number of Transfers</b> |
|--------------|-------------|----------------------------|
| California   | 2020        | 0                          |
|              | 2021        | 0                          |
|              | 2022        | 1                          |
| Total        | 2020        | 0                          |

|  |      |   |
|--|------|---|
|  | 2021 | 0 |
|  | 2022 | 1 |

**TABLE 3**  
**Status of Franchised Outlets**  
**For Fiscal Years 2020 to 2022**

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations – Other Reasons | Outlets at End of the Year |
|-------|------|--------------------------|----------------|--------------|--------------|--------------------------|-----------------------------------|----------------------------|
| CA    | 2020 | 0                        | 3              | 0            | 0            | 0                        | 0                                 | 3                          |
|       | 2021 | 3                        | 3              | 0            | 0            | 0                        | 0                                 | 6                          |
|       | 2022 | 6                        | 3              | 0            | 0            | 0                        | 0                                 | 9                          |
| CO    | 2020 | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |
|       | 2021 | 0                        | 1              | 0            | 0            | 0                        | 0                                 | 1                          |
|       | 2022 | 1                        | 0              | 1            | 0            | 0                        | 0                                 | 0                          |
| FL    | 2020 | 0                        | 1              | 0            | 0            | 0                        | 0                                 | 1                          |
|       | 2021 | 1                        | 0              | 0            | 0            | 0                        | 0                                 | 1                          |
|       | 2022 | 1                        | 0              | 0            | 0            | 0                        | 0                                 | 1                          |
| TN    | 2020 | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |
|       | 2021 | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |
|       | 2022 | 0                        | 1              | 0            | 0            | 0                        | 0                                 | 1                          |
| TX    | 2020 | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |
|       | 2021 | 0                        | 0              | 0            | 0            | 0                        | 0                                 | 0                          |
|       | 2022 | 0                        | 3              | 0            | 0            | 0                        | 0                                 | 3                          |
| Total | 2020 | 0                        | 4              | 0            | 0            | 0                        | 0                                 | 4                          |
|       | 2021 | 4                        | 4              | 0            | 0            | 0                        | 0                                 | 8                          |
|       | 2022 | 8                        | 7              | 1            | 0            | 0                        | 0                                 | 14                         |

**TABLE 4**  
**Status of Company-Owned and Affiliate-Owned Outlets**  
**For Fiscal Years 2020 to 2022**

| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired From Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of the Year |
|-------|------|--------------------------|----------------|------------------------------------|----------------|----------------------------|----------------------------|
| CA    | 2020 | 4                        | 0              | 0                                  | 0              | 0                          | 4                          |

|       |      |   |   |   |   |   |   |
|-------|------|---|---|---|---|---|---|
|       | 2021 | 4 | 0 | 0 | 1 | 0 | 3 |
|       | 2022 | 3 | 0 | 0 | 0 | 0 | 3 |
| Total | 2020 | 4 | 0 | 0 | 0 | 0 | 4 |
|       | 2021 | 4 | 0 | 0 | 1 | 0 | 3 |
|       | 2022 | 3 | 0 | 0 | 0 | 0 | 3 |

**TABLE 5**  
**Projected Openings as of December 31, 2022**

| State | Franchise Agreements Signed But Outlets Not Yet Opened | Projected New Franchised Outlets In The Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|-------|--|--|---|
| CA    | 5  | 4  | 0   |
| CO    | 0  | 1  | 0   |
| FL    | 0  | 1  | 0   |
| NC    | 2  | 3  | 0   |
| TN    | 1  | 1  | 0   |
| TX    | 3  | 3  | 0   |
| UT    | 1  | 1  | 0   |
| Total | 12   | 14   | 0   |

Exhibit 6 lists the names of all of our operating Franchisees and the addresses and telephone numbers of their outlets as of December 31, 2022. Exhibit 6 also lists the name, city and state, and business telephone number (of, if unknown, the last known telephone number) of every franchisee who had their franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. During the last 3 fiscal years, we have not signed any confidentiality clauses with current or former Franchisee's which would restrict them from speaking openly with you about their experience with us.

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

There are no known trademark-specific franchisee organizations associated with the franchise system being offered.

## **ITEM 21 FINANCIAL STATEMENTS**

Exhibit 4 contains our audited financial statements for the fiscal years ending December 31, 2022, December 31, 2021, and December 31, 2020. Our fiscal year end is December 31.

## **ITEM 22 CONTRACTS**

The following contracts are attached to this Disclosure Document in the following order:

The Franchise Agreement and attachments (Exhibit 2);  
Franchisee Disclosure Questionnaire (Schedule D to the Franchise Agreement)  
Multi-Unit Development Agreement and attachments (Exhibit 7).

## **ITEM 23 RECEIPTS**

The last page of the Disclosure Document is a detachable document acknowledging receipt of the Disclosure Document by you, dated and delivered to us at least fourteen (14) calendar days before signing the Franchise Agreement or making any form or amount of payment to us. A copy of the Receipt for your records is also included.

**EXHIBIT 1**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**LIST OF STATE ADMINISTRATORS/ AGENTS FOR SERVICE OF PROCESS**

| <b><u>CALIFORNIA</u></b>  | <b><u>CONNECTICUT</u></b>  |
|---|--|
| <p>(state administrators)</p> <p>Department of Financial Protection and Innovation:<br/> 320 West 4<sup>th</sup> Street, Suite 750<br/> Los Angeles, CA 90013<br/> (213) 576-7500 Toll Free (866) 275-2677</p> <p>2101 Arena Boulevard<br/> Sacramento, CA 95834<br/> (916) 445-7205</p> <p>One Sansome St., Suite 600<br/> San Francisco, California 94104<br/> (415) 972-8565</p> <p>(agents for service of process)</p> <p>California Commissioner of Financial Protection and Innovation<br/> 320 West 4<sup>th</sup> Street, Suite 750<br/> Los Angeles, CA 90013-2344</p> <p>Commissioner of Financial Protection and Innovation<br/> One Sansome Street, Suite 600<br/> San Francisco, California 94104</p> <p>Commissioner of Financial Protection and Innovation<br/> 2101 Arena Boulevard<br/> Sacramento, CA 95834</p> | <p>(state administrator)</p> <p>State of Connecticut<br/> Department of Banking<br/> Securities &amp; Business Investments Division<br/> 260 Constitution Plaza<br/> Hartford, CT 06103-1800<br/> (860) 240-8230</p> <p>(agent for service of process)<br/> Banking Commissioner</p> |
| <b><u>HAWAII</u></b>  | <b><u>ILLINOIS</u></b>   |
| <p>(state administrator)</p> <p>Business Registration Division<br/> Department of Commerce and Consumer Affairs<br/> 335 Merchant Street, Room 203<br/> Honolulu, Hawaii 96813<br/> (808) 586-2722</p>  | <p>Franchise Bureau<br/> Office of the Attorney General<br/> 500 South Second Street<br/> Springfield, Illinois 62706<br/> (217) 782-4465</p>  |

|   |   |
|---|---|
| <p>(agent for service of process)<br/>         Commissioner of Securities<br/>         State of Hawaii<br/>         335 Merchant Street<br/>         Honolulu, Hawaii 96813<br/>         (808) 586-2722</p>   |   |
| <p><b><u>INDIANA</u></b></p> <p>(state administrator)<br/>         Indiana Secretary of State<br/>         Securities Division, E-111<br/>         302 Washington Street<br/>         Indianapolis, Indiana 46204<br/>         (317) 232-6681</p> <p>(agent for service of process)<br/>         Indiana Secretary of State<br/>         201 State House<br/>         200 West Washington Street<br/>         Indianapolis, Indiana 46204<br/>         (317) 232-6531</p>   | <p><b><u>MARYLAND</u></b></p> <p>(state administrator)<br/>         Office of the Attorney General<br/>         Securities Division<br/>         200 St. Paul Place<br/>         Baltimore, Maryland 21202-2021<br/>         (410) 576-6360</p> <p>(agent for service of process)<br/>         Maryland Securities Commissioner<br/>         200 St. Paul Place<br/>         Baltimore, Maryland 21202-2021<br/>         (410) 576-6360</p> |
| <p><b><u>MICHIGAN</u></b></p> <p>(state administrator)<br/>         Consumer Protection Division<br/>         Antitrust and Franchise Unit<br/>         Michigan Department of Attorney General<br/>         525 W. Ottawa Street<br/>         G. Mennen Williams Building, 1<sup>st</sup> Floor<br/>         Lansing, Michigan 48933<br/>         (517) 373-7117</p> <p>(agent for service of process)<br/>         Corporations Division<br/>         Bureau of Commercial Services<br/>         Department of Labor and Economic Growth<br/>         P.O. Box 30054<br/>         Lansing, Michigan 48909</p> | <p><b><u>MINNESOTA</u></b></p> <p>(state administrator)<br/>         Minnesota Department of Commerce<br/>         Securities-Franchise Regulation<br/>         85 7<sup>th</sup> Place East, Suite 280<br/>         St. Paul, Minnesota 55101-2198<br/>         (651) 539-1500</p> <p>(agent for service of process)<br/>         Minnesota Commissioner of Commerce</p>   |
| <p><b><u>NEW YORK</u></b></p> <p>(state administrator)<br/>         New York State Department of Law<br/>         Investor Protection Bureau<br/>         28 Liberty Street, 21<sup>st</sup> Floor<br/>         New York, NY 10005</p>  | <p><b><u>NORTH DAKOTA</u></b></p> <p>North Dakota Securities Department<br/>         State Capitol, Fifth Floor, Dept. 414<br/>         600 East Boulevard Avenue<br/>         Bismarck, North Dakota 58505<br/>         (701) 328-4712</p>   |

|  |   |
|--|---|
| <p>(212) 416-8222</p> <p>(agent for service of process)<br/>New York Secretary of State<br/>99 Washington Avenue<br/>Albany, NY 12231<br/>(518) 472-2492</p>   |   |
| <p><b><u>OREGON</u></b></p> <p>Department of Insurance and Finance<br/>Corporate Securities Section<br/>Labor and Industries Building<br/>Salem, Oregon 97310<br/>(503) 378-4387</p>   | <p><b><u>RHODE ISLAND</u></b></p> <p>Securities Division<br/>Department of Business Regulation,<br/>Bldg 69, First Floor<br/>John O. Pastore Center<br/>1511 Pontiac Avenue<br/>Cranston, Rhode Island 02920<br/>(401) 462-9582</p>   |
| <p><b><u>SOUTH DAKOTA</u></b></p> <p>Division of Insurance<br/>Securities Regulation<br/>Department of Labor &amp; Regulation<br/>124 S. Euclid, Suite 104<br/>Pierre, South Dakota 57501<br/>(605) 773-3563</p>   | <p><b><u>VIRGINIA</u></b></p> <p>(state administrator)<br/>State Corporation Commission<br/>Division of Securities and Retail Franchising<br/>1300 East Main Street, 9<sup>th</sup> Floor<br/>Richmond, Virginia 23219<br/>(804) 371-9051</p> <p>(for service of process)<br/>Clerk of the State Corporation Commission<br/>1300 East Main Street, 1<sup>st</sup> Floor<br/>Richmond, Virginia 23219<br/>(804) 371-9733</p>               |
| <p><b><u>WASHINGTON</u></b></p> <p>(state administrator)<br/>Department of Financial Institutions<br/>Securities Division<br/>P.O. Box 9033<br/>Olympia, Washington 98507-9033<br/>(360) 902-8760</p> <p>(agent for service of process)<br/>Director, Department of Financial Institutions<br/>Securities Division<br/>150 Israel Road S.W.<br/>Tumwater, Washington 98501</p> | <p><b><u>WISCONSIN</u></b></p> <p>(state administrator)<br/>Division of Securities<br/>Department of Financial Institutions<br/>201 W. Washington Avenue, 3<sup>rd</sup> Floor<br/>Madison, Wisconsin 53703<br/>(608) 266-1064</p> <p>(agent for service of process)<br/>Administrator, Division of Securities<br/>Department of Financial Institutions<br/>201 W. Washington Ave., 3<sup>rd</sup> Floor<br/>Madison, Wisconsin 53703</p> |

**EXHIBIT 2**  
**FRANCHISE AGREEMENT**

This Franchise Agreement made on \_\_\_\_\_ is by and between PB ASSET GROUP, INC., a California corporation having its principal place of business at 4750 Almaden Expy, Suite 100, San Jose, CA 95118 (“Franchisor”) and \_\_\_\_\_, an individual/partnership/corporation/limited liability company established in the State of \_\_\_\_\_ and whose principal address is \_\_\_\_\_ (“Franchisee”).

**RECITALS**

WHEREAS, Franchisor has developed, and is in the process of further developing, a System identified by the service mark “Poki Bowl” and relating to the establishment and operation of a restaurant specializing in build-your-own poké bowls, served with rice and/or salad, fresh seafood, and topping selections under a unique proprietary service system; and

WHEREAS, in addition to the service mark “Poki Bowl” and certain other Marks, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, décor, color scheme, and furnishings; proprietary products and ingredients; proprietary recipes and special menu items; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs and procedures for efficient business operations; recipes; procedures and strategies for marketing, advertising and promotion; customer service and development techniques; other strategies and techniques; and Trade Secrets and other Confidential Information; and the Operations Manual; all of which may be changed, improved, and further developed by us from time to time and

WHEREAS, the System is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark “Poki Bowl” and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by us in writing) for use in connection with the System (hereinafter referred to as “Marks”);

WHEREAS, we and our affiliates continue to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System’s high standards of quality, appearance and service;

WHEREAS, Franchisor grants to qualified persons and business entities the right to own and operate a Poki Bowl Business using the System and the Marks; and

WHEREAS, Franchisee desires to operate a Poki Bowl Business, has applied for the Franchise and such application has been approved by Franchisor in reliance upon all of the representations made herein and therein; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor’s high and Poki Bowl  
2023 Franchise Agreement

uniform standards of quality, operations, appearance and service and the necessity of operating the Franchised Business in strict conformity with Franchisor's System, standards and specifications; and

WHEREAS, you desire to use the System in connection with the operation of a Restaurant at the location accepted by us as herein provided, as well as to receive the training and other assistance provided by us in connection therewith.

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows:

## **1. DEFINITIONS**

Whenever used in this Agreement, the following words and terms have the following meanings:

**“Affiliate”** means any business entity that controls, is controlled by, or is under common control with Franchisor;

**“Agreement”** means this agreement entitled “Poki Bowl Franchise Agreement” and all instruments supplemental hereto or in amendment or confirmation hereof;

**“Competitive Business”** means any business that offers a fast-casual or full-service restaurant focused on serving poké and other similar items prepared under any service system, or any other mass market dining experience, or other services the same as or similar to those provided by Poki Bowl or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Franchisor, any Affiliate or its other franchisees; provided, however, that the term “Competitive Business” shall not apply to (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly-held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest;

**“Confidential Information”** means technical and non-technical information used in or related to Poki Bowl and not commonly known by or available to the public, including, without limitation, Trade Secrets, offering methods and products, customer services techniques and other techniques and methodologies not generally known to the industry or public, and any other information identified or labeled as confidential when delivered by Franchisor. Confidential Information shall not include, however, any information that: (a) is now or subsequently becomes generally available to the public through no fault of Franchisee; (b) Franchisee can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) is independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information;

**“Effective Date”** means the date on which Franchisor and Franchisee fully execute this Agreement, thereby commencing its effectiveness and term;

**“Electronic Depository Transfer Account”** means an account established at a national banking institution approved by Franchisor and providing Franchisor with access to electronically withdraw any funds due Franchisor;

**“Franchise”** means the right granted to Franchisee by Franchisor to use the System and the Marks;

**“Franchised Business”** means the Poki Bowl Business to be established and operated by Franchisee pursuant to this Agreement;

**“Franchisee”** means the individual or entity defined as “Franchisee” in the introductory paragraph of this Agreement;

**“Franchisor”** means PB Asset Group, Inc., a California corporation;

**“Gross Revenue”** means the aggregate of all revenue (total selling price of all services and products and all income of every other kind and nature related to the Restaurant) from the sale of food, beverages, goods, services, merchandise, placemat program sales, and products from all sources in connection with the Franchised Business, whether for check, cash, credit or otherwise including, without limitation, all proceeds from any business interruption insurance, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, (c) the value of any allowance issued or granted to any customer of the Franchised Business that is credited by Franchisee in full or partial satisfaction of the price of any products and services offered in connection with the Franchised Business, and (d) any rebate received by Franchisee from a manufacturer or supplier;

**“Incapacity”** means the inability of Franchisee, or any holder of a legal or beneficial interest in Franchisee, to operate or oversee the operation of the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

**“Internet”** means any one (1) or more local or global interactive communications media that is now available, or that may become available, including sites and domain names on the World Wide Web;

**“Marks”** means the service mark “Poki Bowl” and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with Poki Bowl;

**“Operations Manual”** means the Poki Bowl Operations Manual, whether in paper or electronic form, and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers’ manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor;

**“System”** means the uniform standards, methods, procedures and specifications developed by Franchisor and as may be added to, changed, modified, withdrawn or otherwise revised by Franchisor for the operation of Poki Bowl; and

**“Trade Secrets”** means information in any form (including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in Poki Bowl that is not commonly known by or available to the public and that information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

## **2. GRANT OF FRANCHISE; APPROVED FRANCHISED BUSINESS**

2.1. **Grant.** In reliance on the representations and warranties of you and your Controlling Principals, Franchisor hereby grants to Franchisee, upon the terms and conditions herein contained and subject to this Agreement, the right, license, and privilege to operate a Poki Bowl Franchised Business, and Franchisee hereby accepts a franchise under the terms and conditions set forth herein to operate a Business that has been assigned a protected territory as set forth in Section 2.4 (referred to as the “Territory”). Along with the right to use solely in connection therewith the Franchisor’s Names and Mark, Services, Products, its advertising and merchandising methods, and Franchisor’s System, as they may be changed or improved and/or further developed from time to time, only at the accepted location of the Franchised Business as set forth in Section 2.2, and provided the Franchisee shall adhere to the terms and conditions hereof. You and the Controlling Principals have represented to us that you have entered into this Agreement with the intention to comply fully with the obligations to construct a Restaurant hereunder and not for the purpose of reselling the rights to develop the Restaurant hereunder. You and the Controlling Principals understand and acknowledge that we have granted such rights in reliance on the business skill, financial capacity, personal character of, and expectations of performance hereunder by, you and the Controlling Principals and that this Agreement and the rights and obligations hereunder may not be transferred until after the Restaurant is open for business to the public.

It is understood and agreed that, except as expressly provided herein or in any other executed agreement, this franchise includes no right of Franchisee to sub-franchise.

Except as provided in this Agreement, Franchisee shall be free to use the materials provided by Franchisor in the manner that Franchisee, in Franchisee’s sole and absolute discretion, deems most appropriate for the operation of a Poki Bowl Franchise, provided that Franchisee shall not violate any applicable law, regulation or provision of this Agreement in exercising such discretion.

2.2. **Franchised Business.** The street address or geographic description of the area for the Franchised Business (the “Accepted Location”) is: \_\_\_\_\_

---

2.3. **Sub-Franchising/ Agents.** Franchisee shall not sublicense the use of the System or Marks to any person or entity. Except as permitted in Section 13.3 relating to a Manager, or

Section 18 relating to transfer, Franchisee shall not grant any person or entity the right to perform any part of Franchisee's rights or obligations licensed hereunder.

2.4. **Territory**. The territory which is hereby granted to Franchisee shall be \_\_\_\_\_  
\_\_\_\_\_  
(the "Territory").

Franchisee shall be prohibited from operating a franchise outside of the Territory without the prior written consent of Franchisor.

2.4.1. We reserve the right to grant a Territory that is larger than the territory described below in order to account for more densely or sparsely populated areas. Franchisee may not conduct business at any other location or locations other than the Accepted Location identified above; however, Franchisee may conduct business at off-site events (for example at transportation expos, travel expos, promotional events, charity events, etc.) to sell Services and/or Products as long as such events are within Franchisee's Territory. You further agree and acknowledge that the license granted hereby is only for the operation of one (1) Restaurant and only at a location accepted by us.

2.4.2. The size of the Territory shall be the lesser of 2 miles or a land area containing approximately 30,000 people. The location will be determined by the number of factors, including the population base, demographics of the surrounding area, traffic patterns, proximity to major roads, available parking, competition, availability of appropriate sites, customer demographics, adequate square footage, reasonable rent, or other conditions important to the successful operation of a Franchised Business as we deem appropriate. The Territory is determined once a location is chosen and approved by us and will not be altered even if there is a population increase or decrease during the term of this Agreement. The Territory is not dependent upon achievement of certain revenues, number of customers, customers Franchisee retains, market penetration or any other contingency.

2.4.3. Franchisee shall not relocate a Poki Bowl Business that has been assigned a Territory without the express prior written consent of Franchisor. During the term of this Agreement, Franchisor shall not establish, nor license another party or entity to establish, a Poki Bowl Business within the Territory. If Franchisee decides to open additional Facilities and buys the rights to additional Franchises, such sale and purchase to be at our sole and absolute discretion, and those separate franchise agreement(s) will dictate the terms of the applicable territory. A separate Franchise Agreement is required for each additional Facility.

2.4.4. Franchisee must operate its Facility within the specific Territory as identified in this Section 2.4. Franchisee may conduct business at off-site events (defined in Section 2.4.1 above) in other geographical areas where there is no existing Poki Bowl Business only after providing notice to us and after obtaining our written approval; however, Franchisee cannot perform Target Marketing outside the Territory as further described in Section 2.4.5 below. We shall approve or deny your request in writing or by email, such approval to be in our sole and absolute discretion, within 3 business days of receipt of your written request to conduct business at off-site events in other geographical areas (outside your Territory) that have not been sold to one or more Franchisee(s). If Franchisor later agrees to sell or assign such outside territory to any other franchisee, Franchisee must immediately relinquish and cease all business

activities within the outside geographical area.

- 2.4.5. Franchisee cannot perform any Target Marketing in any other territory of any other Poki Bowl franchisee, or of any business owned by an affiliate of the Franchisor. The term Target Marketing means a concerted effort by Franchisee to solicit customers or market products within another franchisee's territory or in any territory operated directly by the Franchisor ("Target Marketing"). Franchisor shall use commercially reasonable efforts to deal with any franchisee that violates this policy. Franchisee is prohibited from selling food-related products and conducting similar services through any alternative channels of distribution (such as Websites as defined below) without our written approval.
- 2.4.6. If Franchisee is asked by a third party to conduct business outside of the Territory (such as at expos, promotional events, charity events, etc.) in geographical areas in which there is another franchisee or Franchisor affiliate-owned business, Franchisee must immediately refer that request to that Poki Bowl business which is located in that outside territory, or directly to Franchisor. If the other franchisee or Franchisor affiliate-owned business gives Franchisee permission to conduct business at the off-site event within the outside territory, then that Franchisee may do so if, and only if, Franchisee immediately informs Franchisor of such permission in writing. If there is not a Poki Bowl business, whether franchised or otherwise, located in the outside territory, then the franchisee must submit a request to Franchisor for permission to conduct business within the outside territory. However, Franchisee must be prepared to immediately cease conducting such events in that other geographical area when that unassigned area is purchased by a new Poki Bowl franchisee as applicable. Franchisor shall approve or deny Franchisee's request to conduct business at off-site events in other geographical areas not owned by other franchisees, Franchisor or its affiliates, which approval is in Franchisor's sole discretion, within three (3) days of Franchisee's written request.
- 2.4.7. If, during the term of this Agreement, Franchisee is unable to promptly and properly provide customers services or products due to excessive work or for any other cause, Franchisee must refer that customer to another franchisee, Franchisor affiliate-owned business, or to Franchisor.
- 2.4.8. If Franchisee fails to: (i) refrain from Target Marketing, or (ii) refer businesses or off- site opportunities to other franchisees as described herein, Franchisor will have the right to terminate this Agreement immediately without fault. In addition, for any default of this Agreement which triggers Franchisor's ability to terminate, as an alternative to termination, Franchisor will have the right, in its sole discretion, to modify or completely eliminate any rights Franchisee may have with respect to the Territory, effective ten (10) days after delivery of written notice to Franchisee. We encourage Poki Bowl businesses when owned by different individuals to work out a referral and advertising strategy and/or arrangement for both businesses if they are within close proximity of each other (defined as being within a twenty-five (25) mile radius of each other), subject to antitrust law. We must be notified in writing of any consent to all such arrangements.
- 2.4.9. Franchisor shall have the exclusive right to negotiate and enter into agreements or approve forms of agreements to sell services and products to any business including, but not limited to, large businesses, national organizations, or non-profit organizations

with outlets located in multiple territories, or government agencies who on their own behalf or through agents, franchisees, or other third parties owns, manages, controls or otherwise has responsibility for products, buildings, or common-services in more than one location whose presence is not confined within any one particular franchisee's territory (a "National Account"). Franchisor may, at its sole discretion, give Franchisee the option to provide services and products to businesses under the National Account contract, including businesses that would otherwise fall outside the Territory. If we choose, then we may direct the National Account to seek such services, products, equipment, and products from you in your Territory. The National Account program is defined as follows:

- 2.4.9.1. The term "National Account" means a special class of customers which may include but are not limited to large businesses, national organizations or non-profit organizations with outlets located in multiple territories and government agencies who on their own behalf or through agents, franchisees or other third parties owns, manages, controls or otherwise has responsibility for products, buildings or common-services in more than one location whose presence is not confined within any one particular franchisee's Territory regardless of the aggregate contract amount of Services and/or Products the Franchisee performs or provides. Any dispute as to whether a particular account is a National Account shall be determined by Franchisor in its sole and absolute discretion, and Franchisor's determination shall be final and binding;
- 2.4.9.2. If Franchisor chooses to grant Franchisee the right to sell services or products to any businesses falling under the definition of National Account, such sales and services shall be provided on the terms and conditions as determined by the Franchisor in its sole and absolute discretion. Franchisee shall have no right to modify the terms or conditions of any service or sales to any National Account, even if such business should give any indication of consent to such modification. Franchisor shall have the exclusive right, unless otherwise specified in writing, on behalf of itself, Franchisee and/or other franchisees utilizing the Marks, to negotiate and enter into agreements or approve forms of agreement to offer Services and Products to National Account customers, including any affiliate, company-owned, or franchised locations within the Territory;
- 2.4.9.2.1. Following the execution of a contract with or the acceptance of a bid by a National Account which contemplates the provision of Services or Products to one or more National Account locations within the Territory Franchisor will, if we choose, provide Franchisee the option to perform Services and/or offer Products pursuant to the terms and conditions of the National Account contract or on such terms and conditions as we in our sole discretion determine;
- 2.4.9.3. If Franchisee elects not to provide Services and/or Products to a National Account or a business under such National Account in conformity with the terms and conditions as communicated by Franchisor, or fails to make an election within the time specified by Franchisor, then Franchisor shall have the right, exercisable in its sole discretion, to:
  - 2.4.9.3.1. Provide directly, or through any other affiliate utilizing our Mark,

Services, and/or Products, to a National Account location(s) within the Territory on the terms and conditions contained in the National Account bid or contract; and/or

2.4.9.3.2. Contract with another party to provide Services and/or Products to a National Account business located anywhere within the Territory, on the terms and conditions contained in the National Account bid or contract between Franchisor and the National Account Member, utilizing Franchisor's Marks or any trademarks, service marks, or trade names.

2.4.9.4. Neither the direct provision by Franchisor (or an affiliate or agent of Franchisor) of Services or Products to National Account customers as authorized in (a) above, nor if Franchisor contracts with another party to provide Services or Products as authorized in (b) above, shall constitute a violation of Section 2.4 of this Agreement relating to the Franchisee's Territory, even if such Services and/or Products are performed or offered from a location within the Territory. Franchisee disclaims any compensation for Services performed or Products provided by others in the Territory pursuant to this section.

2.4.10. Franchisee's rights in the Territory are solely as expressly set forth in this Section 2.4. Except as expressly provided in this Agreement, Franchisee has no right to exclude, control, or impose conditions on the location, operation, or other management of present or future Poki Bowl (or any other brand) franchises or Franchisor-owned store units or distribution channels of any type, franchised or company-owned, regardless of their location or proximity to the Territory and whether the offer competing services which may affect Franchisee's operations. Franchisee does not have any rights with respect to other and/or related businesses, services, and/or products, in which Franchisor or any Franchisor-related persons or entities may be involved, now or in the future.

2.4.11. Franchisee shall engage in delivery and catering activities with Franchisor's prior written consent, and such delivery and catering activities shall be conducted pursuant to the programs, policies terms, and conditions as Franchisor may establish from time to time. Franchisee shall not, without the prior written approval of Franchisor, engage in any other type of sale of, or offer to sell, or distribution of Products, including, but not limited to: selling, distributing or otherwise providing, any Products to third parties at wholesale, or for resale or distribution by any third party; and selling, distributing or otherwise providing any Products through catalogs, mail-order, toll-free numbers for delivery, or electronic means (e.g., the Internet). Franchisee must utilize the third-party delivery services (e.g. Uber Eats, GrubHub, DoorDash, etc.) as required by Franchisor and may not contract with any third-party or other delivery service providers without Franchisor's prior written authorization.

2.4.12. Any territorial rights not expressly granted to the Franchisee are reserved to the Franchisor, whether or not such rights impact the Territory. Such rights reserved to the Franchisor in the Territory include but are not limited to the following:

2.4.12.1. Nothing in this Agreement will prohibit us from: (a) operating and/or franchising others to operate restaurants identified in whole or in part by the Proprietary Marks and/or utilizing the System in the Territory that are located in gas stations or convenience stores; transportation facilities, including airports, train stations, subways and rail and bus stations; military bases and government

offices; sports facilities, including stadiums and arenas; amusement parks, zoos and convention centers; car and truck rest stops and travel centers; educational facilities; recreational theme parks; hospitals; business or industrial foodservice venues; venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider; Indian reservations; casinos; or any similar captive market location not reasonably available to you (“Non-Traditional Site”); (b) awarding national, regional or local licenses to third parties to sell products under the Proprietary Marks in foodservice facilities primarily identified by the third party’s trademark; (c) merchandising and distributing products identified by the Proprietary Marks in the Territory through any method or channel of distribution other than through the operation of a restaurant or delivery services; (d) selling and distributing products identified by the Proprietary Marks in the Territory to restaurants other than restaurants identified by the Proprietary Marks, provided those restaurants are not licensed to use the Proprietary Marks in connection with their retail sales; (e) selling products and services through other channels of distribution, including the Internet, wholesale, mail order and catalog; (f) developing and/or owning other franchise systems for the same or similar products and services using trade names and trademarks other than the Proprietary Marks; and (g) purchasing, being purchased by, merging or combining with, businesses that we deem to offer direct competition to Poki Bowls; (h) the right to advertise, market, and sell food-related products and conduct similar services in your Territory. You understand and acknowledge that if any Non-Traditional Site (as described above) is located within the physical boundaries of your Territory, then the premises of this Non-Traditional Site will not be included in your Territory and you will have no rights to this Non-Traditional Site.

- 2.4.12.2. the right to advertise, offer, and sell related products online or through other electronic venues, no matter where the customer is based;
- 2.4.12.3. the right to sell, offer, or distribute products or services to anyone from anywhere through any alternative or other channel of distribution, other than through local businesses providing such products under the Marks and System and on any terms and conditions Franchisor deems appropriate. Franchisor maintains this right whether or not the Marks or System used, and regardless of whether Franchisor is acting inside or outside the Territory;
- 2.4.12.4. the right to develop, manufacture, and/or distribute any services or products that have been branded with the Mark, or any separate brand of products or equipment through any outlet located anywhere (including, by way of illustration and not limitation, discount warehouses, retail stores, online sales and/or similar venues). If Franchisor decides to develop and distribute related products or conduct restaurant services within the Territory, Franchisee will receive no compensation from Franchisor for such sales, unless agreed otherwise by the parties in writing;
- 2.4.12.5. own and/or operate ourselves or authorize others to own and/or operate (a) any business located outside the Territory as designated on your Franchise Agreement, whether or not using the Marks and/or System, (b) any business anywhere, whether using the Marks and /or System or not, which is not

substantially similar to the business franchised to you under the Franchise Agreement, and/or (c) any business anywhere which does not use the Marks; and

2.4.12.6. acquire, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), located anywhere, including arrangements in which we are acquired, and/or company-owned, franchised or other businesses (including your own Business) are converted to another format or we acquire a similar business which will be maintained under the System or otherwise. You will fully participate in any conversion subject to any person/entity merging with, or acquiring us or when we acquire, reimbursing you for reasonable costs but not for fees, lost profits, or other damages directly related to the conversion.

We are not responsible for paying any compensation to you concerning the sale or providing of services over the Internet, World Wide Web, other similar venues, by alternative means of distribution, advertising cooperative programs, outlets, businesses that are or are not substantially similar to the Franchised Business or any business that does not use the Marks. For clarity, the Franchise Agreement grants you no rights to offer and provide services and/or products through any alternative channels of distribution (other than our approved list of channels of distribution) without our permission or share in any of the proceeds from our activities through alternative channels of distribution.

2.4.13. Franchisee's Territory may be altered during the initial term, but only by: (i) mutual consent of the parties as demonstrated in a writing signed by both parties; (ii) at the time of transfer or renewal as a condition to transfer or renew; or (iii) for any default of this Agreement which triggers Franchisor's ability to alter, modify, or terminate.

2.4.14. Form of Agreement, you acknowledge that, over time, we have entered, and will continue to enter, into agreements with other franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that we and other franchisees may have different rights and obligations does not affect our or your duties to comply with the terms of this Agreement.

### 3. FEES

3.1. **Franchise Fee**. Upon execution of this Agreement, Franchisee shall pay a fee ("Franchise Fee") to Franchisor of FORTY-FIVE THOUSAND U.S. Dollars (\$45,000.00). The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is non-refundable. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

#### 3.2. **Monthly Royalty Fee**

3.2.1. For so long as this Agreement shall be in effect, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, a monthly fee ("Royalty Fee") equal to FIVE AND A HALF (5.5%) of Gross Revenue for the previous month. The Royalty Fee is due on the fifth (5<sup>th</sup>) of each month (for the prior month) and begins on the first (1<sup>st</sup>) month after the Business is open for operation and continues for the duration the

term of this Agreement. If the Franchise Agreement is terminated, Franchisee may be required to continue such Royalty payments to the Franchisor. This payment will be calculated using the average Gross Revenue of the Franchised Business and paying to Franchisor 5.5% of this amount for the remainder of the term of this Agreement. The Franchisee will provide to Franchisor a Gross Revenue Report, as required by Section 12.2, for each month during the operation of the Franchise. We require Franchisee to pay Royalty Fees through electronic transfer as set forth in Section 3.4, such reports shall instead be submitted to Franchisor via, e-mail or intranet system.

3.2.2. Any payment or report not actually received by the Franchisor on or before the specified submission date shall be deemed overdue. If any payment or report is overdue, in addition to the right to exercise all rights and remedies available to it under this Agreement, Franchisor shall be entitled to interest on such amount from the date it was due until paid at the rate of 1.5% percent per month or the maximum rate allowed by the laws of the province in which Franchisee's Business is located or any successor or substitute law (referred to as the "Default Rate"), until paid in full.

3.3. **Taxes.** Franchisee shall pay its own taxes as related to the Business.

3.4. **Electronic Transfer.** Franchisor requires all Royalty Fees, Advertising Fund Contributions, and amounts due for purchases by Franchisee from Franchisor and other amounts due to Franchisor to be paid through an Electronic Depository Transfer Account. Franchisee shall open and maintain an Electronic Depository Transfer Account and shall provide Franchisor with continuous access to such account for the purpose of receiving any payments due to Franchisor. Franchisee shall make deposits to the account sufficient to cover amounts owed to Franchisor prior to the date such amounts are due. Franchisee shall execute any documents Franchisor's or Franchisee's bank requires to establish and implement the Electronic Depository Transfer Account. Once established, Franchisee shall not close the Electronic Depository Transfer Account without Franchisor's written consent. By executing this Agreement, you agree that we shall have the right to withdraw funds from your designated bank account each week by electronic funds transfer ("EFT") in the amount of the Royalty Fee, Marketing Fun Contribution and any other payments due to us and/or our affiliates.

3.5. **Interest.** All Royalty Fees, Advertising Contributions, amounts due from purchases by Franchisee from Franchisor and other amounts not received by Franchisor within five (5) days after the due date shall incur late fees at the rate of one and a half percent (1.5%) per month (or the highest rate allowed by the law of the province where Franchisee is located, whichever is lower) from the date payment is due to the date payment is received by Franchisor. Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fees, Advertising Contributions or any other amounts due Franchisor, including reasonable accounting and legal fees. This Section shall not constitute an agreement by Franchisor to accept any payments after the due date or a commitment by Franchisor to extend credit to or otherwise finance Franchisee.

3.6. **Application of Payments.** Notwithstanding any designation by Franchisee, Franchisor shall have the right to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Advertising Contributions, purchases from Franchisor or any other amount owed to Franchisor in any proportion or priority.

3.7. **Operations Manual Replacement Fee.** Franchisee agrees to pay to Franchisor \$250 if Franchisee loses or destroys the Operations Manual.

- 3.8. **Repair, Maintenance and Refurbishing of Business.** If, after Franchisor notifies Franchisee, and Franchisee does not undertake efforts to correct deficiencies in Store appearance, the Franchisor can undertake the repairs and Franchisee must reimburse Franchisor.
- 3.9. **Insufficient Funds Fee.** Franchisee agrees to pay to Franchisor \$75 if any payment Franchisee owes is rejected due to insufficient funds in Franchisee's Electronic Depository Transfer Account ("EDTA"), or if any other payment instrument Franchisee uses is rejected for insufficient funds. This fee is in addition to interest on any overdue amount and any fees charged by your bank. If you incur three (3) insufficient funds fees within any twelve (12) month period, we may terminate this Agreement without providing you the opportunity to cure the default.
- 3.10. **Management Fee.** Franchisee agrees to pay \$250 per person per day plus other costs and expenses to Franchisor when Franchisor or (a third party) manages your store after your default or abandonment.
- 3.11. **National Franchise Convention Fee.** Franchisee agrees to pay \$500 to us to attend our National Franchise Convention.
- 3.12. **Technology & POS System.** Franchisee agrees to pay up to \$340 directly to a provider for the POS System named by the Franchisor, which amount may change from time to time. Franchisee also agrees to pay \$250 monthly for reputation and review management from a third-party supplier to manage its presence on multiple platforms.

#### **4. TERM AND RENEWAL**

- 4.1. **Initial Term.** This Agreement shall be effective and binding for an initial term of TEN (10) years from the date you commence operations of the Franchised Business, unless sooner terminated pursuant to Section 16.
- 4.2. **Successor Terms.** Subject to the conditions below, Franchisee has the right to obtain a successor franchise at the expiration of the term of this Agreement by entering into a new franchise agreement with Franchisor. Franchisee's right to a successor franchise is for successive terms of FIVE (5) years each. To qualify for a successor franchise, each of the following pre-conditions shall have been fulfilled and remain true as of the last day of the term of this Agreement:
  - 4.2.1. Franchisee has, during the entire term of this Agreement, fully complied with all material provisions of this Agreement; the lease and all other agreements between you and us or companies associated or affiliated with us; and
  - 4.2.2. Franchisee has, at its expense, made such capital expenditures, refurbishments, upgrades, and/or renovations as were necessary to meet on then-current standards, image and maintain uniformity with any Franchisor-required System modifications such that the Franchised Business reflects Franchisor's then-current standards and specifications; and
  - 4.2.3. Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate) at the time the renewal option is exercised and at the time such renewal commences and has timely met these obligations throughout the term of this Agreement; and
  - 4.2.4. Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor; and
  - 4.2.5. Franchisee has given written notice of its intent to operate a successor franchise to Franchisor not less than nine (9) months nor more than twelve (12) months prior to

the end of the term of this Agreement; and

- 4.2.6. Franchisee has executed Franchisor's then-current form of Franchise Agreement (or has executed other documents at Franchisor's election that modify this Agreement to reflect the fact that the Franchise Agreement relates to the grant of a successor franchise), which franchise agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee or Advertising Contribution; provided, however, that Franchisee shall not be required to pay the then-current Franchise Fee; and
- 4.2.7. Franchisee has complied with Franchisor's then-current qualifications for a new franchisee and has agreed to comply with any training requirements; and
- 4.2.8. Franchisee has executed a general release of any and all claims against Franchisor, any Affiliate and against their officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the Franchised Business is located; and
- 4.2.9. Franchisee has paid the renewal fee, which shall be \$5,000; and
- 4.2.10. Franchisee is able to maintain possession of the Accepted Location for the Restaurant pursuant to a lease reasonably acceptable to us; and
- 4.2.11. the landlord of the Accepted Location consents to a renewal or extension of the lease; and
- 4.2.12. you execute a general release running in favor of us, our affiliates and our respective officers, directors and shareholders releasing all claims against us, our officers, directors and shareholders.

4.3. **Refusal to Renew Franchise Agreement.** We can refuse to renew your franchise if your lease, sublease or other document by which you have the right to occupy the Accepted Location is not extended before your renewal term is to take effect to cover the period of the renewal or if you do not have a written commitment from your landlord to renew the lease or sublease for a period at least equal to the renewal term. We may also refuse to renew your franchise under other circumstances, including, but not limited to, your failure to substantially comply with the terms of this Agreement, your failure to pay amounts owed to us when due, or your failure to cure any defaults incurred during the Initial Term of this Agreement, if applicable.

4.4. **Your Election Not to Renew.** For the purposes hereof, you shall be deemed to have irrevocably elected not to renew the franchise hereunder (and the option to do so shall thereupon terminate) if you fail to execute and return to us our then-standard Franchise Agreement and other ancillary documents required by us for a renewal franchise within thirty (30) days after we have delivered them to you.

**5. FRANCHISED BUSINESS**

- 5.1. **Operation of Franchised Business.** Franchisee shall operate the Franchised Business within the Territory from a fixed location (the "Premises"). Franchisee shall manage and administer the Franchised Business from the Premises and shall maintain and store the books and records of the Franchised Business at its headquarters.
- 5.2. **Failure to Develop Franchised Business.** Should Franchisee fail to develop the Franchised Business, in accordance with the other provisions of this Section 5 and within 270 days after this Effective Date, Franchisor has the right to terminate this Agreement

and retain all fees paid to Franchisor by Franchisee.

5.3. **Opening**. Before opening the Franchised Business and commencing business, Franchisee must:

- 5.3.1. fulfill all of the obligations of Franchisee pursuant to the other provisions of this Section 5;
- 5.3.2. furnish Franchisor with copies of all insurance policies required by this Agreement, or by the lease, or such other evidence of insurance coverage and payment of premiums as Franchisor may request;
- 5.3.3. complete initial training to the satisfaction of Franchisor;
- 5.3.4. obtain all necessary state, county, city, and local permits and licenses, including any zoning permits needed to operate the Franchised Business from the principal residence of either Franchisee or the Owner Operator;
- 5.3.5. pay in full all amounts due to Franchisor;
- 5.3.6. if Franchisee is a business entity, Franchisee has caused each of its stock certificates or other ownership interest certificates to be conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and
- 5.3.7. obtain Franchisor's permission and approval of an opening date; Franchisor shall not unreasonably withhold consent to open. Permission to open shall be based on Franchisor's determination that Franchisee is ready to open and satisfactorily prepared to operate.

Franchisee shall comply with these conditions and be prepared to open and continuously operate the Franchised Business within 9 months after the Effective Date. Time is of the essence.

5.4. **Failure to Open**. Should Franchisee fail to commence operations of the Franchised Business within 9 months after the Effective Date, Franchisor has the right to terminate this Agreement. Franchisee must secure a location within 90 days. Franchisor shall have a period of 30 days to approve such location, and Franchisee must sign the lease within 15 days following our approval of such location. If this Agreement is terminated pursuant to this Section 5.4, Franchisor shall retain the entire Franchise Fee paid by Franchisee. The Franchise Fee retained shall be specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and other efforts of Franchisor up to the date of Franchisee's failure to timely commence operations of the Franchised Business and shall not be construed as nor considered to be a penalty.

## 6. PROPRIETARY MARKS

6.1. **Ownership**. Franchisee's right to use the Marks is derived solely from this Agreement, is non-exclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. We grant you the right to use the Marks during the term of this Agreement in accordance with the System and related standards and specifications. You expressly understand and acknowledge that: (a) we are the owner or the licensee of the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them. All references herein to our right, title and interest in the Marks shall be deemed to include the owner's right, title and interest in the Marks; (b) neither you nor any Controlling Principal shall take any action

that would prejudice or interfere with the validity of our rights with respect to the Marks. Nothing in this Agreement shall give you any right, title, or interest in or to any of the Marks or any service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Marks and the System in accordance with the terms and conditions of this Agreement for the operation of the Restaurant and only at or from its accepted location or in approved advertising related to the Restaurant. (c) You understand and agree that the limited license to use the Marks granted hereby applies only to such Marks as are designated by us, and which are not subsequently designated by us as being withdrawn from use, together with those which may hereafter be designated by us in writing. You expressly understand and agree that you are bound not to represent in any manner that you have acquired any ownership or equitable rights in any of the Marks by virtue of the limited license granted hereunder, or by virtue of your use of any of the Marks. (d) You understand and agree that any and all goodwill arising from your use of the Marks and the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the Marks. (e) You shall not contest the validity of or our interest in the Marks or assist others to contest the validity of or our interest in the Marks. (f) You acknowledge that any unauthorized use of the Marks shall constitute an infringement of our rights in the Marks and a material event of default hereunder. You agree that you shall provide us with all assignments, affidavits, documents, information and assistance we reasonably request to fully vest in us all such rights, title and interest in and to the Marks, including all such items as are reasonably requested by us to register, maintain and enforce such rights in the Marks. (g) If it becomes advisable at any time, in our discretion, to modify or discontinue use of any Mark and/or to adopt or use one or more additional or substitute proprietary marks, then you shall be obligated to comply with any such instruction by us. We shall not have any obligation in such event to reimburse you for your documented expenses of compliance. You waive any other claim arising from or relating to any Mark change, modification or substitution. We will not be liable to you for any expenses, losses or damages sustained by you as a result of any Mark addition, modification, substitution or discontinuation. You covenant not to commence or join in any litigation or other proceeding against us for any of these expenses, losses or damages. Notwithstanding the foregoing, until we are able to achieve federal registration of the Marks with the United States Patent and Trademark Office, we will reimburse your costs related to replacing signage and menus. Once the Marks are federally registered, any modification of the Marks will be at your expense. Additionally, any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee's use of the Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire an ownership interest in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, title or interest in the Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

- 6.2. **Limitations on Use.** With respect to your licensed use of the Marks pursuant to this Agreement, you further agree that: Unless otherwise authorized or required by us, you

shall operate and advertise the Restaurant only under the name “Poki Bowl” without prefix or suffix. You shall not use the Marks as part of your corporate or other legal name and shall obtain our approval of a trade name or “d/b/a” prior to filing it with the applicable state authority. During the term of this Agreement and any renewal hereof, you shall identify yourself as the independent owner of the Restaurant in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Restaurant or any delivery vehicle as we may designate in writing. You shall not use the Marks to incur any obligation or indebtedness on our behalf; You shall comply with our instructions in filing and maintaining the requisite trade name or fictitious name registrations, and shall execute any documents deemed necessary by us or our counsel to obtain protection of the Marks or to maintain their continued validity and enforceability. Additionally, Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification, a prominent notice stating that the Franchised Business is an “Independently Owned and Operated Poki Bowl Franchise” of Franchisee.

- 6.3. **Notification of Infringement and Claims.** Franchisee shall immediately notify Franchisor by phone, email and thereafter in writing of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee and the Controlling Principals shall not communicate with any person other than Franchisor and Franchisor’s counsel in connection with any such infringement, challenge, or claim; provided, however, Franchisee may communicate with Franchisee’s counsel at Franchisee’s expense. Franchisor has the right to take such action as it deems appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor’s counsel, be necessary or advisable to protect and maintain Franchisor’s interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor’s interest in the Marks.
- 6.4. **Indemnification for Use of Marks.** Franchisor is not 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 a trademark. At Franchisor’s option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee’s use of any Mark.
- 6.5. **Discontinuance of Use.** If Franchisor deems it necessary for Franchisee to modify or discontinue use of any of the Marks, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall

comply with Franchisor's directions within ten (10) business days after notice to Franchisee by Franchisor and subject to the limitations in Section 10.2. Franchisor shall not be required to reimburse Franchisee in any way for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made for losses sustained by Franchisee to promote a modified or substitute Mark.

- 6.6. **Right to Inspect.** To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business, Franchisor reserves the right to inspect the Franchised Business at any time and for any reason without advance notice.
- 6.7. **Franchisor's Sole Right to Domain Name.** Franchisee shall NOT advertise on the Internet using, or establish, create or operate an Internet site or website using a domain name or uniform resource locator containing, the Marks or the words "Poki Bowl" or any variation thereof without Franchisor's written approval. Franchisor is the sole owner of a right, title and interest in and to such domain names. Franchisor shall grant Franchisee a page on its website, [www.pokibowl.com](http://www.pokibowl.com) that will provide contact information and suggested pricing for your Franchised Business.
- 6.8. **Retention of Rights by Us.** The right and license of the Marks granted hereunder to you is non-exclusive and we thus have and retain the following rights, among others, subject only to the limitations of Section 1:
  - 6.8.1. To grant other licenses for use of the Marks, in addition to those licenses already granted to existing franchisees;
  - 6.8.2. To develop and establish other systems using the Marks or other names or marks and to grant licenses thereto without providing any rights to you; and
  - 6.8.3. To engage, directly or indirectly, through our employees, representatives, licensees, assigns, agents and others, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services, and (b) the use in connection with such production, distribution and sale, of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or used from time to time by us.

## 7. TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION

- 7.1. **Confidentiality of Trade Secrets and Other Confidential Information.** Franchisee acknowledges that Franchisor shall disclose Trade Secrets and other Confidential Information to Franchisee during the training program, through the Operations Manual and training, and as a result of guidance furnished to Franchisee during the term of this Agreement. To protect our reputation and goodwill and to maintain high standards of operation under the Marks, you shall conduct your business in accordance with the Manuals, other written directives which we may reasonably issue to you from time to time whether or not such directives are included in the Manuals, and any other manuals and materials created or approved for use in the operation of the Franchised Business. You and the Controlling Principals shall at all times treat the Manuals, any of our written directives, and any other manuals and materials, and the information contained therein as confidential and shall maintain such information as trade secret and confidential in accordance with this Section 7. You and the Controlling Principals shall divulge and make such materials available only to such of your employees as must have access to it in order to operate the Restaurant. You and the Controlling Principals shall not at any time copy,

duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above. The Manuals, written directives, other manuals and materials and any other confidential communications provided or approved by us shall at all times remain our sole property, shall at all times be kept in a secure place on the Restaurant premises, and shall be returned to us. The Manuals, any written directives, and any other manuals and materials issued by us and any modifications to such materials shall supplement and be deemed part of this Agreement. We may from time to time revise the contents of the Manuals and the contents of any other manuals and materials created or approved for use in the operation of the Franchised Business. You shall remove and return to us all pages of the Manual that have been replaced or updated by us. You expressly agree to comply with each new or changed standard. You shall at all times ensure that the Manuals are kept current and up to date. In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by us at our headquarters shall control. Franchisee shall not acquire any interest in the Trade Secrets or other Confidential Information, other than the right to use it in the development and operation of the Franchised Business and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Trade Secrets or other Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges that the Trade Secrets and other Confidential Information are proprietary and are disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, executives, managers and members of the professional staff of Franchisee): (a) shall not use the Trade Secrets or other Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Trade Secrets and other Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Trade Secrets or other Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Trade Secrets and other Confidential Information. Franchisee shall enforce this Section as to its employees, agents and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of Trade Secrets or other Confidential Information by any of them.

7.2. **Additional Developments.** All ideas, concepts, techniques or materials concerning the System or developed, in whole or in part, using Trade Secrets or other Confidential Information, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, shall be promptly disclosed to Franchisor and shall be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation shall be due to Franchisee or its owners or employees therefore, and Franchisee hereby agrees to assign to Franchisor all right, title and interest in any intellectual property so developed. Franchisor has the right to incorporate such items into the System. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee shall assign, and by this Agreement, does assign, ownership of that item, and all related rights to that item, to Franchisor and shall sign any assignment or other document as Franchisor requests to assist Franchisor in obtaining or preserving intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts

and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

7.3. **Exclusive Relationship.** Franchisee acknowledges that Franchisor would be unable to protect the Trade Secrets and other Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Poki Bowl franchisees if owners of Poki Bowl and members of their immediate families or households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the term of this Agreement and for a TWO (2) year period following termination or expiration hereof, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall:

7.3.1. Divert or attempt to divert any business or customer of the Franchised Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

7.3.2. Violate the non-competition requirements of Section 17.2 hereof.

7.4. **Nondisclosure and Non-Competition Agreements with Certain Individuals.** Neither you nor any Controlling Principal shall, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, persons, partnership, association or corporation and, following the expiration or termination of this Agreement, they shall not use for their own benefit any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to them or of which they may be apprised in connection with the operation of the Restaurant under the terms of this Agreement. You and the Controlling Principals shall divulge such confidential information only to such of your employees as must have access to it in order to operate the Restaurant. Any and all information, knowledge, know-how, techniques and any materials used in or related to the System which we provide to you in connection with this Agreement, including but not limited to the Manual, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, recipes, and the terms of this Agreement, shall be deemed confidential for purposes of this Agreement. Neither you nor the Controlling Principals shall at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person. The covenants in this Section shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon you and each of the Controlling Principals.

7.4.1. You shall require and obtain the execution of covenants similar to those set forth from your General Manager and all other of your personnel who have received or will have access to confidential information. Such covenants shall be substantially in the form set forth in Attachment. All of your Principals not required to sign this Agreement as a Controlling Principal also must execute such covenants.

7.4.2. If you, the Controlling Principals, the General Manager or any of your employees

develop any new concept, process, product, recipe, or improvement in the operation or promotion of the Restaurant, you are required to promptly notify us and provide us with all necessary related information, without compensation. You and the Controlling Principals acknowledge that any such concept, process product, recipe, or improvement will become our property, and we may use or disclose such information to other franchisees as we determine to be appropriate.

Additionally, Franchisor has the right to require any holder of a legal or beneficial interest in Franchisee, and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee to execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Schedule B, upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to this Section. Such agreements shall remain on file at the business of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor shall be a third-party beneficiary with the right to enforce covenants contained in such agreements.

7.5. **Reasonableness of Restrictions.** Franchisee acknowledges that the restrictive covenants contained in this Section and Section 17.2 are essential elements of this Agreement, and that without their inclusion Franchisor would not have entered into this Agreement. Franchisee acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, the System and the Marks and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable; however, should a court or arbitrator decide otherwise, Franchisee authorizes it to reduce the restriction to make it enforceable.

## **8. YOUR AGREEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS**

8.1. **Use Commercially Reasonable Efforts.** Each of you and the Controlling Principals covenants and agrees that they shall make all commercially reasonable efforts to operate the Restaurant so as to achieve optimum sales.

8.2. **Representations of Corporate Entity.** If you are a corporation, limited liability company, or partnership, you and the Controlling Principals represent, warrant and covenant that:

- 8.2.1. You are duly organized and validly existing under the state law of your formation;
- 8.2.2. You are duly qualified and are authorized to do business in each jurisdiction in which your business activities or the nature of the properties owned by you require such qualification;
- 8.2.3. Your corporate charter, operating agreement, or written partnership agreement shall at all times provide that your activities are confined exclusively to the operation of the Restaurant, unless otherwise consented to in writing by us;
- 8.2.4. The execution of this Agreement and the consummation of the transactions contemplated hereby are within your corporate power, if you are a corporation, or if you are a limited liability company, permitted under your operating agreement, or if you are a partnership, permitted under your written partnership agreement and have been duly authorized by you;
- 8.2.5. If you are a corporation or a limited liability company, copies of your articles of incorporation, bylaws, operating agreement, other governing documents, any amendments thereto, resolutions of the Board of Directors authorizing entry into and

performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents as may be reasonably required by us shall be furnished to us prior to the execution of this Agreement; or, if you are a partnership, copies of your written partnership agreement, other governing documents and any amendments thereto shall be furnished to us prior to the execution of this Agreement, including evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if such approval or consent is required by your written partnership agreement;

- 8.2.6. If you are a corporation, partnership or other form of legal entity other than an individual, the ownership interests in you are accurately and completely described in Schedule F. Further, if you are a corporation, you shall maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in you or, if you are a partnership or other form of legal entity, you shall maintain at all times a current list of all owners of an interest in the partnership or entity. You shall immediately provide a copy of the updated list of all owners to us upon the occurrence of any change of ownership and otherwise make your list of owners available to us upon reasonable written request;
- 8.2.7. If you are a corporation, you shall maintain stop-transfer instructions against the transfer on your records of any of equity securities and each stock certificate representing stock of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to us that it is held subject to all restrictions imposed upon assignments by this Agreement. If you are a partnership or limited liability company, your written agreement shall provide that ownership of an interest in the entity is held subject to all restrictions imposed upon assignments by this Agreement;
- 8.2.8. If, after the execution of this Agreement, any person ceases to qualify as one of your Principals or if any individual succeeds to or otherwise comes to occupy a position which would, upon designation by us, qualify him as one of your Principals, you shall notify us within ten (10) days after any such change and, upon designation of such person by us as one of your Principals or as a Controlling Principal, as the case may be, such person shall execute such documents and instruments (including, as applicable, this Agreement) as may be required by us to be executed by others in such positions;
- 8.2.9. Your Principals shall each execute and bind themselves to the confidentiality and non-competition covenants set forth in the Confidentiality and Non-Competition Agreement which forms are attached to this Agreement. The Controlling Principals shall, jointly and severally, guarantee your performance of all of your obligations, covenants and agreements hereunder pursuant to the terms and conditions of the guaranty contained herein, and shall otherwise bind themselves to the terms of this Agreement as stated herein; and
- 8.2.10. You and the Controlling Principals acknowledge and agree that the representations, warranties and covenants set forth above in Sections 8.2.1 through 8.2.9 are continuing obligations of you and the Controlling Principals, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. You and the Controlling Principals will cooperate with us in any efforts made by us to verify compliance with

such representations, warranties and covenants.

8.3. **Operating Principal.** If you will not actively participate in the daily operation of the Restaurant franchised hereunder (such as if you are a corporate entity and/or you own multiple Restaurants), then you shall designate and retain at all times an operating principal (“Operating Principal”) to direct the operation and management of the Restaurant. The Operating Principal shall be responsible for the daily operation of the Restaurant and shall be our primary contact with respect to operations matters. The Operating Principal shall, during the entire period he/she serves as Operating Principal, meet the following qualifications:

- 8.3.1. The Operating Principal shall satisfy our educational and business experience criteria as set forth in the Manual as defined herein or otherwise in writing by us;
- 8.3.2. The Operating Principal shall devote full time and best efforts to the supervision and management of the Restaurant;
- 8.3.3. The Operating Principal shall be an individual acceptable to us;
- 8.3.4. The Operating Principal shall at all times own at least a ten percent (10%) interest in you; and
- 8.3.5. The Operating Principal shall satisfy the training requirements set forth in Section 8.5. If, during the term of this Agreement, the Operating Principal is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section, you shall promptly notify us and designate a replacement within thirty (30) days after the Operating Principal ceases to serve, such replacement being subject to the same qualifications listed above (including completing all training and obtaining all certifications required by us). You shall provide for interim management of the Restaurant until such replacement is so designated, such interim management to be conducted in accordance with the terms of this Agreement. Any failure to materially comply with the requirements of this Section shall be deemed a material event of default under Section 16 hereof.

8.4. **General Manager.** You shall designate and retain at all times a general manager (“General Manager”) to direct the operation and management of the Restaurant. The General Manager shall be responsible for the daily operation of the Restaurant and may be one of the Controlling Principals. The General Manager shall, during the entire period he/she serves as General Manager, meeting the following qualifications:

- 8.4.1. The General Manager shall satisfy our educational and business experience criteria as set forth in the Manuals as defined herein or otherwise in writing by us;
- 8.4.2. The General Manager shall devote full time and best efforts to the supervision and management of the Restaurant;
- 8.4.3. The General Manager shall be an individual acceptable to us; and
- 8.4.4. The General Manager shall satisfy the training requirements set forth in Section 8.5. If, during the term of this Agreement, the General Manager is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section, you shall promptly (not later than seven (7) days after the event) notify us and designate a replacement within sixty (60) days after the General Manager ceases to serve, such replacement being subject to the same qualifications listed above (including completing all training and obtaining all certifications required by us). You shall provide for interim management of the Restaurant until such replacement is so designated, such interim management to be conducted in accordance with the terms

of this Agreement. Any failure to materially comply with the requirements of this Section 6.4 shall be deemed a material event of default under Section 16 hereof.

8.5. **Initial Training.** You agree that it is necessary to the continued operation of the System and the Restaurant that your personnel receive such training as we may reasonably require, and accordingly agree as follows:

- 8.5.1. Not later than thirty (30) days prior to the Opening Date, you or your Operating Principal, and a maximum of three other trainees shall have completed, to our reasonable satisfaction, our initial training program, including classroom training and training in an operating Restaurant at such location(s) as may be designated by us. If you request that we provide our initial training program to any additional trainees, you shall pay our then-current, per person training fee for each additional trainee.
- 8.5.2. We shall determine, in our reasonable discretion, whether a manager has satisfactorily completed initial training. If the initial training program is (a) not completed within the timeframe required by us, (b) not satisfactorily completed by any manager, or (c) if we in our reasonable business judgment, based upon the performance of the manager, determine that the training program cannot be satisfactorily completed by any such person, you shall designate a replacement to satisfactorily complete such training. Any manager subsequently designated by you shall also receive and complete such initial training. We reserve the right to charge a reasonable fee for providing our initial training program to any replacement or successor manager or other Restaurant personnel. You shall be responsible for any and all expenses incurred by you or your Operating Principal, your General Manager and other Restaurant personnel in connection with any initial training program, including, without limitation, costs of travel, lodging, meals and applicable wages.
- 8.5.3. Upon your reasonable request or as we shall deem appropriate, we shall, during the term hereof and subject to the availability of personnel, provide you with additional trained representatives who shall provide on-site remedial training and assistance to your Restaurant personnel. For this additional training and assistance, you shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.
- 8.5.4. We reserve the right to conduct additional or refresher training programs, seminars and other related activities regarding the operation of the Restaurant. Such training programs and seminars may be offered to you, your managers or other Restaurant personnel generally, and we may designate that such training programs and seminars are mandatory for you, your Operating Principal, General Manager, or other Restaurant personnel. We do not anticipate charging a fee for any refresher training, but you will pay for all of the expenses incurred by your trainees, including travel, lodging, meals and wages.

8.6. **Employees.** The people you retain to work in your Restaurant will be your agents and employees. They are not our agents or employees and we are not a joint employer of those persons. It will be up to you to determine who to retain, how many people to retain (subject to any minimum staffing requirements we may prescribe), how you compensate these people, terms of employment and working conditions for your employees, when and how to discipline the people you hire, and when and how to terminate the people you hire. However, you are required at all times to comply with all applicable employment laws. We will not have any duty or obligation to operate your Restaurant, to direct your

employees, to schedule your employees, or to oversee your employment policies or practices.

- 8.7. **Opening Assistance**. In conjunction with the beginning of operation of the Franchised Business, Franchisor may make available to Franchisee, an opening team to be on site of Franchisee's location one (1) day prior and one (1) day after the Grand Opening for the purpose of familiarizing Franchisee's staff with the Poki Bowl techniques and for the purpose of providing general assistance and guidance in connection with the opening of the Franchised Business. Franchisee shall reimburse Franchisor for all reasonable travel and living expenses associated with opening assistance under this Section 8.7. If Franchisee requests additional assistance with respect to the opening or continued operation of the Franchised Business, and should Franchisor deem it necessary and appropriate to comply with such request, Franchisee shall pay Franchisor's then-current standard rates, plus expenses, for such additional assistance.
- 8.8. **Failure to Complete Initial Training Program**. If Franchisor determines that the Franchisee is unable to satisfactorily complete the training program described above, Franchisor has the right to terminate this Agreement and retain all fees paid to Franchisor. If Franchisee is a business entity and the Manager fails to complete the initial training program to Franchisor's reasonable satisfaction, Franchisee may be permitted to select a substitute manager and such substitute manager must complete the initial training to Franchisor's satisfaction. Franchisee will be required to pay Franchisor's then-current rates for additional training or \$250 per day per person, whichever is greater, for providing the substitute manager an initial training program at our location, or our then-current rates for additional training or \$250 per day per person, whichever is greater, for training at Franchisee's location (plus hotel, air fare and other expenses incurred by our trainer).
- 8.9. **Ongoing Training**. From time to time, Franchisor may provide and if it does, has the right to require that the Franchisee to attend ongoing training programs or seminars during the term of this Agreement, at Franchisee's expense of \$250 per person per day if ongoing training is at our location, or \$250 per person per day (plus hotel, air fare and other expenses incurred by our trainer) if ongoing training is at Franchisee's location. Franchisor shall not require the Franchisee to attend more than two (2) sessions in any calendar year. Franchisee shall be responsible for all travel costs, room and board and employees' salaries incurred in connection with its attendance at such training.

We reserve the right to hold meetings for all franchisees and other Poki Bowl operators, which meetings shall not occur more frequently than annually. We shall not be required to hold such meetings until we believe it is prudent to do so. These meetings may be used to provide additional training, introduce new products or changes to the System, or for other reasons. We reserve the right to designate that attendance at any franchisee meeting is mandatory for you, your Operating Principal, your General Manager, and/or other Restaurant personnel. We do not anticipate charging a fee for the meeting, but you will pay for all of the expenses incurred by your attendees at the meeting, including travel, lodging, meals and wages.

- 8.10. **Compliance with Laws**. You shall comply with all requirements of federal, state and local laws, rules, regulations, and orders, including, but not limited to, obtaining the appropriate licenses and permits required by your local or state government. You and your Principals agree to comply, and to assist us to the fullest extent possible in our efforts to

comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your Principals certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your Principals otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your Principals, or any blocking of your or your Principals' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

8.11. **Compliance with All Other Obligations.** You shall comply with all other requirements and perform such other obligations as provided hereunder.

## **9. OPERATIONS MANUAL**

9.1. **Loan by Franchisor.** While this Agreement is in effect, Franchisor shall lend to Franchisee one (1) copy of the Operations Manual or grant Franchisee access to an electronic copy of the Operations Manual. Franchisee shall conduct the Franchised Business in strict accordance with the provisions set forth in the Operations Manual. The Operations Manual may consist of one (1) or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form. The Operations Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned to Franchisor upon expiration or termination of this Agreement.

9.2. **Revisions.** Franchisor has the right to add to or otherwise modify the Operations Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor; provided, however, that no such addition or modification shall materially alter Franchisee's fundamental status and fundamental rights under this Agreement. Franchisor may make such additions or modifications without prior notice to Franchisee. Franchisee shall immediately, upon notice, adopt any such changes and shall ensure that its copy of the Operations Manual is up to date at all times. If a dispute as to the contents of the Operations Manual arises, the terms of the master copy of the Operations Manual maintained by Franchisor at Franchisor's headquarters shall be controlling.

9.3. **Confidentiality.** The Operations Manual contains Trade Secrets and other Confidential Information of Franchisor and its contents shall be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Operations Manual is available at the Franchised Business in a current and up-to-date manner. If the Operations Manual is in paper form or stored on computer-readable media, Franchisee shall maintain the Operations Manual in a secure manner at the Franchised Business; if the Operations Manual is in electronic form, Franchisee shall maintain the Operations Manual in a password-protected file. Franchisee shall only grant authorized personnel, as defined in the Operations Manual, access to the Operations Manual or any key, combination, or passwords needed for access to the Operations Manual. Franchisee shall not disclose, duplicate or otherwise use any portion of the Operations Manual in an unauthorized manner.

## **10. FRANCHISE SYSTEM**

10.1. **Uniformity.** You understand the importance of maintaining uniformity among all of the Restaurants and the importance of complying with all of our standards and specifications relating to the operation of the Restaurant. Franchisee shall strictly comply and shall cause the Franchised Business and its employees to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Operations Manual or other communications supplied to Franchisee by Franchisor.

10.2. **Modification of the System.** To assure the continued success of the Restaurant, you shall, upon our request, remodel and/or redecorate the Restaurant premises, equipment (including point of sale or computer hardware and software systems), signs, interior and exterior décor items, fixtures, furnishings, supplies and other products and materials required for the operation of the Restaurant to our then-current System-wide standards and specifications. We agree that we shall not request such remodeling and/or redecorating more frequently than every five (5) years during the term of this Agreement, except that if the Restaurant franchise is transferred, we may request that the transferee remodel and/or redecorate the Restaurant premises as described herein. If such additional investment is required to be made in the last year of the initial term, Franchisee may avoid making the investment by providing notice of intent not to renew the Franchise unless the investment is in connection with a modification to the System required by law or court order. Franchisee acknowledges that any required expenditures for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in Section 13.2 of this Agreement. Notwithstanding the foregoing, Franchisee shall be required to make any and all improvements or modifications whenever such are required by law, regulation, agency decision or court order.

10.3. **Repair, Maintenance and Refurbishment of the Equipment.** You shall maintain the Restaurant in a high degree of sanitation, repair and condition, and in connection therewith shall make such additions, alterations, repairs and replacements thereto (but no others without our prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment (including, but not limited to, point of sale or computer hardware and software systems), and décor as we may reasonably direct in order to maintain System-wide integrity and uniformity. You shall also obtain, at your cost and expense, any new or additional equipment (including point of sale or computer hardware and software systems), fixtures, supplies and other products and materials which may be reasonably required by us for you to offer and sell new menu items from the Restaurant or to provide the Restaurant services by alternative means, such as through catering or delivery arrangements. Except as may be expressly provided in the Manuals, no material alterations or improvements or changes of any kind in design, equipment, signs, interior or exterior décor items, fixtures or furnishings shall be made in or about the Restaurant or its premises without our prior written approval, which shall not be unreasonably withheld. Every fifth (5th) year after execution of this Agreement, Franchisee, upon Franchisor's request shall expend a minimum of Fifteen Thousand Dollars (\$15,000.00) for purposes of updating Franchisee's equipment. Franchisor shall provide Franchisee with specifications and assistance in such refurbishment. The obligations described herein are in addition to the obligations described in Section 10.2.

10.4. **Variance.** Franchisor has the right to vary standards or specifications or

enforcement regarding any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of any particular Poki Bowl Business. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance hereunder.

## **11. ADVERTISING AND PROMOTIONAL ACTIVITIES**

### **11.1. Local Advertising.**

11.1.1. In addition to the ongoing marketing contributions set forth herein you shall spend each month throughout the term of this Agreement an amount equal to one percent (1%) of Gross Revenue on marketing and promotion of your Restaurant in your Territory ("Local Advertising") (such advertising to be approved by Franchisor prior to use thereof). Franchisee shall continuously and consistently promote the Franchised Business. Every month, Franchisee shall participate in a variety of marketing and promotions such as door mailings, public relations, online or mobile advertisement, or any other form of marketing within the immediate locality surrounding the Franchisee Business, as well as direct sales support when requested by Franchisor.

11.1.2. Franchisor shall oversee all local advertising/marketing programs, with sole control over creative concepts, materials, and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular franchisee will benefit directly or pro rata from expenditures by its local advertising program. Franchisor does not warrant the success or effectiveness of any particular advertising/marketing program. Franchisor may, subject to its sole discretion, allow a Franchisee to directly control elements of the local advertising program, including designing their own materials, using their own materials, or designing an advertising program. In no event does Franchisor grant the Franchisee any control of the advertising without first obtaining the Franchisor's express written permission; such permission not to exceed 15 days without the express written extension of approval by the Franchisor. Franchisor shall have the right to review all marketing materials and must approve such materials prior to their use.

11.2. **Conduct of Marketing; Our Approval.** All marketing and promotion by you in any medium shall be conducted in a professional manner and shall conform to our standards and requirements as set forth in the Manuals or otherwise. You shall obtain our approval of all marketing and promotional plans and materials prior to use if such plans and materials have not been prepared by us or previously approved by us during the twelve (12) months prior to their proposed use. You shall submit such unapproved plans and materials to us not later than fifteen (15) days prior to the date you intend to use them. If we do not provide our specific approval of the proposed materials, the proposed materials are deemed to be disapproved. Any plans and materials that you submit to us for our review will become our property and there will be no restriction on our use or dissemination of such materials. You shall not advertise or use the Marks in any fashion on the Internet, World Wide Web or via other means of advertising through telecommunication without our express written consent.

11.3. **National Advertising Fund.** During the term of this or any subsequent renewal agreement, Franchisor, upon thirty (30) days' notice to you, may begin collecting a

System-wide marketing, advertising and promotion fund to assist in Franchisor's regional and national advertising ("National Advertising Fund"). Franchisee shall be required to contribute monthly to the National Advertising in an amount of 1% of Gross Revenue for the previous month as specified by Franchisor and which Franchisor may adjust from time to time ("National Advertising Fund Contribution"). National Advertising Fund Contributions shall be made at the time and in the manner provided for Royalty Fees in Section 3.2. Franchisor shall notify Franchisee at least thirty (30) days before implementing or changing National Advertising Fund Contribution requirements. The National Advertising Fund shall be maintained and administered by Franchisor or its designee as follows:

- 11.3.1. Franchisee's National Advertising Fund Contributions may be used to meet the costs of, or to reimburse Franchisor for its costs of, producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, intranet, magazine, newspaper, and direct mail advertising campaigns and other public relations activities; developing and/or hosting an Internet and/or intranet web page or site and similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees). All National Advertising Fund Contributions shall be maintained in a separate account from the monies of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable costs and expenses, if any, that Franchisor may incur in activities reasonably related to the administration of the National Advertising.
- 11.3.2. Franchisor shall endeavor to spend all National Advertising Fund Contributions on marketing programs and promotions during Franchisor's fiscal year within which such contributions are made. If excess amounts remain in any National Advertising Fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of such excess amounts, including any interest or other earnings of the National Advertising Fund, and next out of prior year contributions and then out of current contributions.
- 11.3.3. Although Franchisor intends the National Advertising Fund to be of perpetual duration, Franchisor has the right to terminate the National Advertising Fund at any time. The Advertising shall not be terminated, however, until all National Advertising Fund Contributions have been expended for advertising and promotional purposes or returned to Franchisee and other franchisees on a pro rata basis based on total National Advertising Fund Contributions made in the aggregate by each franchisee.
- 11.3.4. Poki Bowl Businesses operated by Franchisor or an Affiliate shall not be required to make National Advertising Fund Contributions.
- 11.3.5. An accounting of the operation of the National Advertising Fund shall be prepared annually and shall be available to Franchisee upon request. Franchisor retains the right to have the National Advertising Fund reviewed or audited and reported on, at the expense of the Fund, by an independent certified public accountant selected by Franchisor.
- 11.3.6. Franchisee acknowledges that the National Advertising Fund is not a trust and Franchisor assumes no fiduciary duty in administering the National Advertising Fund.

11.4. **Grand Opening Advertising.** Starting approximately sixty (60) days prior to the

Restaurant opening, you must spend at least Three Thousand Dollars (\$3,000) for a grand opening marketing campaign, the content of which must be approved by us in our sole discretion.

11.5. **Extranet.** We may establish a website providing private and secure communications between us, you, franchisees, licensees and other persons and entities as determined by us, in our sole discretion (an “Extranet”). You shall comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to connecting to the Extranet, and utilizing the Extranet in connection with the operation of the Franchised Business. The Extranet may include, without limitation, the Manual, training other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You shall purchase and maintain such computer software and hardware as may be required to connect to and utilize the Extranet.

11.6. **Website and Intranet Advertising.** As used in this Agreement, the term “Website” means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes, but is not limited to, Internet, Internet Advertising and World Wide Web home pages. In connection with any Website, you agree to the following:

11.6.1. We shall have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage. We shall also have the right to discontinue operation of the Website.

11.6.2. You shall not establish a separate Website related to the Marks or the System without our prior written approval (which we shall not be obligated to provide). If approved to establish such a Website, you shall comply with our policies, standards and specifications with respect to the creation, maintenance and content of any such Website. You specifically acknowledge and agree that any such Website owned or maintained by you or for your benefit shall be deemed “advertising” under this Agreement and will be subject to (among other things) our approval under this Section 11.

11.6.3. You are not permitted to promote your Franchised Business or use any of the Proprietary Marks in any manner on any social or networking websites, such as Facebook, LinkedIn, Instagram, or Twitter, without our prior written consent. We alone may establish, maintain, modify or discontinue all internet activities pertaining to the System, including through the use of a page or profile on a social media website such as Facebook, Instagram, TikTok, Twitter or Snapchat. You must comply with our System standards regarding the use of social media in your Franchised Business’s operation, including prohibitions on your and the Franchised Business’s employees posting or blogging comments about the Franchised Business or the System, other than on a website established or authorized by us (“social media” includes personal blogs, common social networks like Facebook, professional networks like LinkedIn, live-blogging tools like Instagram, Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We reserve the right to conduct collective/national campaigns via local social media on your behalf.

We currently have an Internet website at the uniform resource locator [www.pokibowl.com](http://www.pokibowl.com)

that provides information about the System and about Poki Bowl franchises. We may provide you with a page on our home page, where we will have contact information and possibly suggested pricing for your location. All information posted on Poki Bowl website or any linked webpages must be approved by us before it is posted. We retain the sole right to market on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. You may be requested to provide content for our Internet marketing, and you must follow our intranet and Internet usage rules, policies and requirements. We retain the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, social media pages and in connection with linking, marketing, co-branding and other arrangements. We retain the sole right to approve any linking to, or other use of, the Poki Bowl website. You are not permitted to use a domain name containing “Poki Bowl” in the URL.

## **12. ACCOUNTING, BOOKS, RECORDS, AND REPORTING OBLIGATIONS**

12.1. **Books and Records.** During the term of this Agreement, Franchisee shall maintain full, complete, and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Operations Manual or otherwise in writing. Franchisee shall utilize an accounting software such as Quickbooks.com (or other Franchisor approved accounting software) to manage its books. Franchisee shall retain during the term of this Agreement, and shall preserve for at least three (3) years from the dates of their preparation, full, complete and accurate books, records and accounts, including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers, records of EFT transactions, and backup or archived records of information maintained on any computer and point of sale system in accordance with generally accepted accounting principles and in the form and manner prescribed by us from time to time in the Manuals or otherwise in writing.

12.2. **Reports.** Franchisee shall maintain an accurate record of Gross Revenue and shall deliver to Franchisor electronically a signed and verified statement of Gross Revenue (“Gross Revenue Report”) for the period ending each period by the 5th day of each month in a form that Franchisor approves or provides in the Operations Manual. The Gross Revenue Report for the preceding period must be provided to Franchisor by the close of business on the 5th of each month as provided in Section 3.2. Franchisor shall have the right to release franchisee and financial and operational information it chooses relating to the Franchised Business to Franchisor’s lenders, prospective lenders, franchisees and or prospective franchisees.

12.3. **Financial Statements.** In addition to the Gross Revenue Report required by Section 12.2 above, you shall comply with the following reporting obligations:

12.3.1. You shall, at your expense, submit to us, in the form prescribed by us, a report of gross revenue and a profit and loss statement for each period (which may be unaudited) for you within five (5) days after the end of each period during the term hereof. Each such statement shall be signed by your treasurer or chief financial officer or comparable officer attesting that it is true, complete and correct, and in a form that Franchisor approves or provides in the Operations Manual; and

12.3.2. You shall, at your expense, provide to us a complete annual financial statement

(which shall be reviewed) prepared by an independent certified public accountant within ninety (90) days after the end of each fiscal year during the term hereof showing the results of the Restaurant's operations during such fiscal year. We reserve the right to require such financial statements to be audited by an independent certified public accountant satisfactory to us at your cost and expense if an inspection discloses an understatement of two percent (2%) or more in any report, pursuant to Section 12.6; and

- 12.3.3. You shall also submit to us, for review or auditing, such other forms, reports, records, information and data as we may reasonably designate, and which pertain to the Franchised Business, in the form and at the times and places reasonably required by us, upon request and as specified from time to time in writing; and
- 12.3.4. You shall also use our system wide accounting chart of accounts for all accounting and or profit and loss reporting to us; and
- 12.3.5. Franchisor shall have the right to release franchisee and financial and operational information it chooses relating to the Franchised Business to Franchisor's lenders, prospective lenders, franchisees and or prospective franchisees.

12.4. **Other Reports.** Franchisee shall submit to Franchisor copies of all state sales tax returns that are required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Operations Manual. Franchisor shall have the right to release financial and operational information it chooses relating to the Franchised Business to Franchisor's lenders, prospective lenders, franchisees and or prospective franchisees. Franchisee shall certify as true and correct all reports to be submitted pursuant to this Agreement.

12.5. **Computer Equipment & Camera System.** Franchisor reserves the right to require Franchisee to purchase, install and continually use computer equipment, point of sale system and camera surveillance system consisting of hardware and software in accordance with Franchisor's specifications. Franchisor shall have full real-time live access to all of Franchisee's computers, point of sale system, data, camera surveillance system and systems and all related information by means of direct access, either in person or by telephone, modem or Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this Agreement.

We have a right and you are required to provide us with an independent access to the information that will be generated or stored in your computer systems, point of sale system, and camera surveillance system, which includes, but is not limited to, customer, transaction, and operational information. We have the right to review your business operations, in person, by mail, or electronically, and to inspect your operations and obtain your paper and electronic business records related to the Franchised Business and any other operations taking place through your Franchised Business.

12.6. **Right to Inspect.** Franchisor or its designee has the right, during normal business hours without notice, to examine, copy, and audit the books, records, tax returns, point of sale system, computers, and camera surveillance system of Franchisee. You shall make such and all books and records available to us or our designees immediately upon request. If any required royalty or other payments due to us are delinquent, or if an inspection should reveal that such payments have been understated in any report to us, then you shall immediately pay to us the amount overdue or understated upon demand with interest determined in accordance with the provisions of Section 3.5. If the audit or any other

inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of one and one-half percent (1.5%) per month (or the rate legally allowed by the law of the state where Franchisee is located, whichever is lower). Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

- 12.7. **Correction of Errors.** You understand and agree that our receipt or acceptance of any of the statements furnished or royalties paid to us (or the cashing of any royalty checks or processing of any EFTs) shall not preclude us from questioning the correctness thereof at any time and, in the event that any inconsistencies or mistakes are discovered in such statements or payments, they shall immediately be rectified by you and the appropriate payment shall be made by you.
- 12.8. **Authorization of Us.** You hereby authorize (and agree to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with which you do business to disclose to us any requested financial information in their possession relating to you or the Restaurant. You authorize us to disclose data from your reports, point of sale data, profit and loss statements and tax returns, if we determine, in our sole and absolute discretion, that such disclosure is necessary or advisable, which disclosure may include disclosure to prospective or existing franchisees or other third parties.
- 12.9. **Release of Records.** Under Right To Inspect, at Franchisor's request Franchisee shall authorize Franchisor and/or its direct third party(s), including accounting and legal professionals, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Revenue, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a period basis for the length of the unexpired term of this Agreement or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor. Notwithstanding any forms and documents which may have been executed, you hereby appoint us as your true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by you with any state and/or federal taxing authority pertaining to the Franchised Business. This power of attorney shall survive the expiration or termination of this Agreement.

### **13. STANDARDS OF OPERATION**

#### **13.1. Authorized Products, Services, and Suppliers.**

- 13.1.1. Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality products and services to its customers. Accordingly, Franchisee shall provide or offer for sale or use at the Franchised Business only those services, with the greatest diligence and care by Franchisee, that Franchisor approves (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards. You shall comply with all of our

standards and specifications relating to the purchase of all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including point of sale and computer hardware and software systems) and other products used or offered for sale at the Restaurant. Except to certain materials bearing the Marks and proprietary products, you shall obtain such items from suppliers (including manufacturers, distributors and other sources) who continue to demonstrate the ability to meet our then-current standards and specifications for food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment and other items used or offered for sale at Restaurants and who possess adequate quality controls and capacity to supply your needs promptly and reliably; and who have been approved in writing by us prior to any purchases by you from any such supplier; and who have not thereafter been disapproved by us.

If required by Franchisor, any such items or services shall be purchased only from Franchisor. Franchisor shall maintain inventory levels for all supplies offered solely by Franchisor at a level sufficient to ensure prompt delivery to all Franchisees. Franchisee shall NOT offer for sale, sell or provide through the Franchised Business or from the Franchised Business any products or services that Franchisor has not approved. Furthermore, Franchisee must offer for sale all services and products currently offered by Franchisor or which will be offered by the Franchisor in the future.

13.1.2. Notwithstanding anything contrary in this Agreement, Franchisor has the right to review from time to time its approval of any items or suppliers. Franchisor may revoke its approval of any item, service or supplier at any time by notifying Franchisee and/or the supplier. Franchisee shall, at its own expense, promptly cease using, selling or providing any items or services disapproved by Franchisor. The cost to review a new product or service as proposed by Franchisee shall not exceed \$1,000.00 per product or service. If you desire to purchase, lease or use any products or other items from an unapproved supplier, you shall submit to us a written request for such approval, or shall request the supplier itself to do so, together with payment of our then-current evaluation fee. You shall not purchase or lease from any supplier until and unless such supplier has been approved in writing by us. We shall have the right to require that our representatives be permitted to inspect the proposed supplier's facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory designated by us, for testing. We reserve the right, at our option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. Nothing herein shall be construed to require us to approve any particular supplier.

13.1.3. Franchisor has the right to designate certain products and services, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. Franchisor has the right to give its consent to one (1) or more franchisees to provide certain products or services not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 10.4 and shall not create any rights in Franchisee to provide the same products or services.

13.1.4. Franchisor has the right to retain volume rebates, markups and other benefits from suppliers or in connection with the furnishing of suppliers. Franchisee shall have no entitlement to or interest in any such benefits.

13.1.5. Franchisor shall provide Franchisee, in the Operations Manual or other written or electronic form, with a list of specifications and, if required, a list of Approved Suppliers for some or all of the supplies, furniture, fixtures, inventory, equipment and other approved or specified items and services, and Franchisor may from time to time issue revisions to such list. If Franchisor or an Affiliate is an Approved Supplier, Franchisee shall execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or its Affiliate. If Franchisee desires to utilize any products, services or new technology that Franchisor has not approved (for products and services that require supplier approval), Franchisee shall first send Franchisor sufficient information, specifications and samples for Franchisor to determine whether the service or product complies with its standards and specifications or whether the supplier meets its Approved Supplier criteria. Franchisee shall bear all expenses incurred by Franchisor in connection with determining whether it shall approve an item, service or supplier, not to exceed \$1,000.00. Franchisor will decide within a reasonable time (usually thirty [30] days) after receiving the required information whether Franchisee may purchase or lease such items or services or from such supplier. Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity of product; quality of products or services at competitive prices; production and delivery capability; and dependability and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor deems confidential.

13.2. **Appearance and Condition of the Franchised Business.** Franchisee shall maintain all front of house, back of house, service equipment, Premises and signage of the Franchised Business in "like new" condition, and shall repair or replace service equipment, the Premises and signage as necessary to comply with the health and safety standards and specifications of Franchisor and any applicable laws or regulations. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications and refurbishments, as described in Sections 10.2 and 10.3. Franchisor shall have the right at any time, without notice to Franchisee, to inspect the Premises to ensure compliance with Franchisor's specifications.

13.3. **Ownership and Management.** The Franchised Business shall, at all times, be under the direct supervision of Franchisee, Operating Principal, and/or General Manager.

13.4. **Days of Operation.** Franchisee shall keep the Franchised Business open for business at the times and on the days specified in the Operations Manual.

13.5. **Contributions and Donations.** In order to protect the Marks, Franchisee must obtain Franchisor's prior written consent before making any contributions or donations of items, services or funds to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any organization). Franchisor may withhold any such consent in its sole and absolute discretion.

13.6. **Operation of Restaurant in Compliance with Our Standards.** To ensure that the highest degree of quality and service is maintained, you shall operate the Restaurant in

strict conformity with such of our methods, standards and specifications set forth in the Manuals and as may from time to time otherwise be prescribed in writing. In particular, you also agree:

- 13.6.1. To sell or offer for sale all menu items, products, services, and merchandise required by us and in the method, manner and style of distribution prescribed by us, including, but not limited to, dine-in and take-out, only as expressly authorized by us in writing in the Manuals or otherwise in writing. You understand and acknowledge that you may not provide catering or delivery services without our prior written consent.
- 13.6.2. To sell and offer for sale only the menu items, products, services, and merchandise that have been expressly approved for sale in writing by us; to refrain from deviating from our standards and specifications without our prior written consent; and to discontinue selling and offering for sale any menu items, products or services which we may, in our sole discretion, disapprove in writing at any time. Notwithstanding the foregoing, you understand and agree that we have the right, in our sole discretion, to grant to certain variances from our standard menu to accommodate regional or local tastes or ingredients, and that nothing in this Agreement requires us to grant to you a similar variance.
- 13.6.3. To maintain in sufficient supply and to use and sell at all times only such food, beverage, items, ingredients, products, materials, merchandise, supplies and paper goods that conform to our standards and specifications; to prepare all menu items in accordance with our recipes and procedures for preparation contained in the Manuals or other written directives, including, but not limited to, the prescribed measurements of ingredients; and to refrain from deviating from our standards and specifications by the use or offer of non-conforming items or differing amounts of any items, without our prior written consent.
- 13.6.4. To permit us or our agents, during normal business hours, to remove a reasonable number of samples of food or non-food items from your inventory or from the Restaurant, without payment therefor, in amounts reasonably necessary for testing by us or an independent laboratory to determine whether such samples meet our then-current standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if the supplier of the item has not previously been approved by us or if the sample fails to conform with our reasonable specifications.
- 13.6.5. To purchase or lease and install, at your expense, all fixtures, furnishings, equipment (including point of sale and computer hardware and software systems), décor items, signs, and related items as we may reasonably direct from time to time in the Manuals or otherwise in writing; and to refrain from installing or permitting to be installed on or about the Restaurant premises, without our prior written consent, any fixtures, furnishings, equipment, delivery vehicles, décor items, signs, or other items not previously approved as meeting our standards and specifications. If any of the property described above is leased by you from a third party, such lease shall be approved by us, in writing, prior to execution. Our approval shall be conditioned upon such lease containing a provision which permits any interest of yours in the lease to be assigned to us upon the termination or expiration of this Agreement and which prohibits the lessor from imposing an assignment or related fee upon us in connection

with such assignment.

- 13.6.6. To grant us and our agents the right to enter upon the Restaurant Premises, during normal business hours, for the purpose of conducting inspections; to cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from us or our agents and without limiting our other rights under this Agreement, to take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should you, for any reason, fail to correct such deficiencies within a reasonable time as determined by us, we shall have the right and authority (without, however, any obligation to do so) to correct such deficiencies and charge you a reasonable fee for our expenses in so acting, payable by you immediately upon demand.
- 13.6.7. To maintain a competent, conscientious, trained staff and to take such steps as are necessary to ensure that your employees preserve good customer relations and comply with such dress code as we may reasonably prescribe from time to time.
- 13.6.8. To install and maintain equipment and a telecommunications line in accordance with our specifications to permit us to access and retrieve by telecommunication any information stored on a point of sale system (or other computer hardware and software) and camera surveillance system you are required to utilize at the Restaurant premises as specified in the Manuals, thereby permitting us to inspect and monitor electronically information concerning your Restaurant, Gross Revenue and such other information as may be contained or stored in such equipment and software. You shall obtain and maintain Internet access and/or other means of electronic communication, as specified by us from time to time. It shall be a material default under this Agreement if you fail to maintain such equipment, lines and communication methods in operation and accessible to us at all times throughout the term of this Agreement. We shall have access as provided herein at such times and in such manner as we shall from time to time specify.
- 13.6.9. To honor all credit, charge, courtesy or cash cards or other credit devices required or approved by us. You must obtain our written approval prior to honoring any previously unapproved credit, charge, courtesy or cash cards or other credit devices.
- 13.6.10. To sell or otherwise issue gift cards or certificates (together "Gift Cards") that have been prepared utilizing the standard form of Gift Card provided or designated by us, and only in the manner specified by us in the Manuals or otherwise in writing. You shall fully honor all Gift Cards that are in the form provided or approved by us regardless of whether a Gift Card was issued by you or another Poki Bowl. You shall sell, issue, and redeem (without any offset against any Royalty Fees) Gift Cards in accordance with procedures and policies specified by us in the Manuals or otherwise in writing, including those relating to procedures by which you shall request reimbursement for Gift Cards issued by other Poki Bowls and for making timely payment to us, other operators of Poki Bowls, or a third-party service provider for Gift Cards issued from the Restaurant that are honored by us or other Poki Bowl operators.
- 13.6.11. To issue and honor any loyalty cards that we designate or approve for the System.

13.7. **Licenses and Permits.** Franchisee shall secure and maintain in force all required operational and professional licenses, permits and certificates necessary for the operation

of the Franchised Business, including all zoning and local permits necessary to operate the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

13.8. **Notification of Proceedings.** Franchisee shall notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Business, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of the Franchised Business not more than five (5) days after notice of such commencement or issuance. Franchisee shall deliver to Franchisor not more than five (5) days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation.

13.9. **Compliance with Good Business Practices.** Franchisee acknowledges that the quality of customer service, and every detail of appearance and demeanor of Franchisee and its employees, are material to this Agreement and the relationship created and licenses granted hereby. Therefore, Franchisee shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business, including operating in strict compliance with all applicable rules and regulations. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Business. The Franchised Business shall in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint or has operated outside of applicable rules and regulations, Franchisor has the right to intervene and satisfy the customer. Franchisor has the right to terminate this Agreement for violation of this Section or other Sections. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing a customer of the Franchised Business pursuant to this Section.

13.10. **Uniforms.** Franchisee shall abide by all uniform and dress code requirements stated in the Operations Manual or otherwise. Uniforms must be purchased from an Approved Supplier, if such is designated, or if none, then a supplier who meets Franchisor's specifications and quality standards for uniforms.

13.11. **Credit Cards.** Franchisee shall, at its expense, lease or purchase the necessary equipment and/or software through approved vendors and shall have arrangements in place with Visa, MasterCard, American Express and such other credit card issuers as Franchisor may designate, from time to time, to enable the Franchised Business to accept such methods of payment from its customers.

13.12. **E-Mail.** Franchisor will set up an email address for Franchisee's benefit, using Franchisor's information, methods, and trade name. Franchisor may charge a maintenance fee, which fee shall be communicated contemporaneous of Franchisor's initiation of the alternative e-mail as mentioned in this Section. Franchisor shall have uninterrupted access to Franchisee's email address and Franchisee understands and acknowledges that it has no

right of privacy in Franchisor provided email addresses.

13.13. **Best Efforts.** Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business. Franchisee shall require all of Franchisee's employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all products and services provided as part of the System.

13.14. **Proprietary Products.** You acknowledge and agree that we and our affiliates have developed and/or may develop, for use in the System, certain products which are prepared from confidential proprietary recipes and which are trade secrets of us and our affiliates, and other proprietary products bearing the Marks. Because of the importance of quality and uniformity of production and the significance of such products in the System, it is to the mutual benefit of the parties that we closely control the production and distribution of such products. Accordingly, you agree that if such products become a part of the System, you shall use only our secret recipes and proprietary products and shall purchase all of your requirements for such products solely from us or from a source designated by us. You further agree to purchase from us or our designated supplier for resale to your customers certain merchandise identifying the System as we shall require, such as logoed merchandise, memorabilia and promotional products, in amounts sufficient to satisfy your customer demand.

13.15. **Advertising and Promotional Materials.** You shall require all advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Franchised Business), and other items which may be designated by us to bear the Marks in the form, color, location and manner prescribed by us, including, without limitation, notations about the ownership of the Marks.

13.16. **Complaints.** You shall process and handle all consumer complaints connected with or relating to the Restaurant, and shall promptly notify us by telephone and in writing of all of the following complaints: (i) food related illnesses, (ii) environmental, safety or health violations, (iii) claims exceeding Five Hundred Dollars (\$500.00), and (iv) any other material claims against or losses suffered by you. You shall maintain for our inspection any governmental or trade association inspection reports affecting the Restaurant or equipment located in the Restaurant during the term of this Agreement and for thirty (30) days after the expiration or earlier termination of this Agreement.

13.17. **Vehicles.** Any vehicle used by you to deliver Restaurant products and services to customers, should we authorize you to do so, shall meet our standards with respect to appearance and ability to satisfy the requirements imposed on you hereunder. You shall place such signs and décor items on the vehicle as we reasonably require, shall ensure that such vehicle is properly licensed and insured, and shall at all times keep such vehicle clean and in good working order. You shall not engage or utilize any individual in the operation of a motor vehicle in connection with providing services hereunder who is under the age of eighteen (18) years or who does not possess a valid driver's license under the laws of the state in which you provide such services. You shall require each such individual to comply with all laws, regulations and rules of the road and to use due care and caution in the operation and maintenance of motor vehicles. Except as noted above, we do not set forth any standards or exercise control over any motor vehicle utilized by you.

13.18. **Unapproved Products and Services.** In the event you sell any food, beverage, products, merchandise, novelty items, clothing, souvenirs or perform any services that we

have not prescribed, approved or authorized, you shall, immediately upon notice from us: (i) cease and desist offering or providing the unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or from performing such services and (ii) pay to us, on demand, a prohibited product or service fine equal to Two Hundred Fifty Dollars (\$250) per day for each day such unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or service is offered or provided by you after written notice from us. The prohibited product or service fine shall be in addition to all other remedies available to us under this Agreement or at law.

13.19. **Customer Surveys.** You shall participate in all customer surveys and satisfaction audits, which may require that you provide discounted or complimentary products, provided that such discounted or complimentary sales shall not be included in the Gross revenue of the Restaurant. Additionally, you shall participate in any complaint resolution and other programs as we may reasonably establish for the System, which programs may include, without limitation, providing discounts or refunds to customers.

13.20. **Mystery Shopper, Health & Safety and Quality Assurance Audits.** We may designate an independent evaluation service to conduct a “mystery shopper” “health and safety” “quality assurance” quality control, audit and/or evaluation programs with respect to Restaurants. You agree that the Restaurant will participate in such mystery shopper program, health and safety inspection and or quality assurance audits as prescribed and required by us, provided that Restaurants owned by us, our affiliates and our franchisees also will participate in such program to the extent we have the right to require such participation. You further agree to pay all fees related to such mystery shopper program, health and safety inspection and/or quality assurance audit follow-up inspections, due to, failing and or performing unsatisfactory on any initial report mystery shopper program, health and safety inspection and or quality assurance audit.

13.21. **Pricing.** We may advise you in writing, from time to time and where permitted by applicable law, concerning the suggested maximum and minimum prices which you should charge your customers for menu items, products and services provided or sold under the System. Any such advice, if given at all, will be binding on you and you agree to comply with our pricing guidelines. Nothing contained herein shall be deemed a representation by us that if you follow such guidelines you will, in fact, generate or optimize profits. You are obligated to inform us of all prices charged for services and products sold by you and to inform us of any modifications of your prices.

#### **14. FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE**

14.1. **General Advice and Guidance.** Franchisor shall be available to render advice, discuss problems, and offer general guidance to Franchisee by telephone and/or electronic correspondence, with respect to planning and operating the Franchised Business. Franchisor shall not charge for this service. Franchisor's advice or guidance to Franchisee relative to prices for products and services that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor and its franchisees in operating Poki Bowl and an analysis of costs and prices charged for competitive products and services. Franchisee shall have the right to change/determine the price to be charged for a particular service by the Franchised Business at the time of sale (if necessary). Notwithstanding, Franchisee acknowledges and agrees that Franchisor shall not be held liable for such advice; any decisions made by Franchisee, whether on its own accord or through suggestion from Franchisor is Franchisee's sole and absolute responsibility.

14.2. **Periodic Visits.** Franchisor or Franchisor's representative may make periodic visits, which may be announced or unannounced, to the Franchised Business for the purposes of consultation, assistance and guidance with respect to various aspects of the operation and management of the Franchised Business. Franchisor may also accompany Franchisee and/or Franchisee's employees along any job site visits, in order to monitor all business practices and better render any advice or opinions. Franchisor and Franchisor's representatives who visit the Franchised Business or accompany Franchisee and/or Franchisee's employees along job site visits may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such written report may be provided to Franchisee. Franchisee shall implement any required changes or improvements as required by Franchisor with time being of the essence.

## 15. INSURANCE

15.1. **Types and Amounts of Coverage.** You shall procure, upon execution of this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required hereunder for events having occurred during the term of this Agreement) at your expense, an insurance policy or policies protecting you and us, our successors and assigns, our affiliates, and our respective officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of each of them against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Restaurant. Such policy or policies shall: (a) be written by insurer(s) licensed and admitted to write coverage in the province in which the Restaurant is located and with a rating of "A" or better as set for in the most recent edition of Best's Key Rating Guide; (b) name Franchisor as additional insured; and (c) comply with the requirements prescribed by Franchisor in writing at the time such policies are obtained. The types of insurance listed below, and/or requested by law in their territory/city(s) of operation. All policies (except any workers' compensation insurance) shall expressly name Franchisor as an additional insured or loss payee and all shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure the following insurance: Such policy or policies shall be written by a responsible, duly licensed carrier or carriers reasonably acceptable to us and shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by us from time to time), in accordance with standards and specifications set forth in writing, any insurance that you must have according to the terms of the lease for the Accepted Location and as required by applicable law. Currently you must maintain the following insurance: (a) general liability insurance with limits not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate; (b) personal injury insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate; (c) property damage insurance with coverage at replacement cost; (d) business interruption insurance in an amount to cover expenses for at least ninety (90) days; (e) worker's compensation with limits required by applicable state law, but not less than One Million Dollars (\$1,000,000); (f) any insurance required

by the terms of lease (or mortgage) for the Restaurant; and (g) any other insurance we may require in the future. Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by us, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in this Agreement.

All general liability and property damage policies shall contain a provision that we, our affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to us or our servants, agents or employees by reason of the negligence of you or your servants, agents or employees.

Upon written request by us, you shall procure from your insurance carrier or carriers a report of claims made and reserves set against your insurance policies.

15.2. **Future Increases.** Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards, or other relevant changes in circumstances.

15.3. **Carrier Standards.** Such policies shall be written by an insurance company licensed in the state in which Franchisee operates and having at least an "A" Rating Classification as indicated in the latest issue of A.M. Best's Key Rating Guide. Although A.M. Best groups "A" and "A-" in the same classification, Franchisor demands at least an "A" rating.

15.4. **Evidence of Coverage.** Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 21.3. Not later than thirty (30) days prior to the Opening Date, and thereafter within thirty (30) days prior to the expiration of any such policy, you shall deliver to us Certificates of Insurance evidencing the existence and continuation of proper coverage with limits not less than those required hereunder. In addition, if requested by us, you shall deliver to us a copy of the insurance policy or policies required hereunder. All insurance policies required hereunder, with the exception of workers' compensation, shall name us, our affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional named insureds, and shall expressly provide that any interest of same therein shall not be affected by any breach by you of any policy provisions. Further, all insurance policies required hereunder shall expressly provide that no less than thirty (30) days' prior written notice shall be given to us in the event of a material alteration to or cancellation of the policies. Upon issuance of a policy and renewal of said policy, Franchisee shall provide to Franchisor, certificates of insurance showing compliance with the foregoing requirements within fifteen (15) days of Franchisee's receipt of such certificates. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days' prior written notice to Franchisor and shall reflect proof of payment of premiums.

15.5. **Failure to Maintain Coverage.** Should you, for any reason, fail to procure or

maintain the insurance required by this Agreement, as such requirements may be revised from time to time by us in writing, we shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to you, which charges shall be payable by you immediately upon notice together with a ten percent (10%) administrative fee. The foregoing remedies shall be in addition to any other remedies we may have at law or in equity.

## **16. DEFAULT AND TERMINATION**

16.1. **Termination by Franchisee.** Under no circumstances may Franchisee terminate this Agreement.

16.2. **Termination by Franchisor.**

16.2.1. We may not terminate this Agreement prior to the expiration of its Term, except for good cause. Except as provided in Section 16.2.2, good cause shall be limited to your failure to substantially comply with the requirements imposed upon you by this Agreement after being given notice of at least sixty (60) days in advance of the termination and a reasonable opportunity, which in no event shall be less than sixty (60) days from the date of the notice of noncompliance, to cure the failure. The period to exercise the right to cure shall not exceed seventy-five (75) days unless there is a separate agreement between us and you to extend the time.

16.2.2. You acknowledge and agree that each of your obligations described in this Agreement is a material and essential obligation of yours; that non-performance of such obligations will adversely and substantially affect us and the System; and that our exercise of the rights and remedies set forth herein is appropriate and reasonable.

You shall be in default under this Agreement, and all rights granted to you herein shall automatically terminate without notice to you, if you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedes bond is filed); if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the Premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

You shall be deemed to be in material default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, (except as otherwise stated below), effective immediately upon notice to you, upon the occurrence of any of the following events:

16.2.2.1. You or your Franchised Business has been the subject of an order for relief

in bankruptcy, judicially determined to be insolvent, all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or you admit your inability to pay your debts as they come due;

16.2.2.2. You abandon the Franchised Business by failing to operate the business for five (5) consecutive days during which you are required to operate the business under the terms of this Agreement, or any shorter period after which it is not unreasonable under the facts and circumstances for us to conclude that you do not intend to continue to operate the Franchised Business, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond your control;

16.2.2.3. We and you agree in writing to terminate this Agreement;

16.2.2.4. You make any material misrepresentation relating to the acquisition of the Franchised Business or you engage in conduct which reflects materially and unfavorably upon the operation and reputation of the Franchised Business or System;

16.2.2.5. You fail, for a period of ten (10) days after notification of noncompliance, to comply with any federal, state, or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the Franchised Business;

16.2.2.6. You, after curing any failure in accordance with Section 16.2.1 engage in the same noncompliance whether or not such noncompliance is corrected after notice;

16.2.2.7. You repeatedly fail to comply with one or more requirements of this Agreement or us, whether or not corrected after notice;

16.2.2.8. The Franchised Business or business premises of the franchise is seized, taken over, or foreclosed by a government official in the exercise of its duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor, provided that a final judgment against you remains unsatisfied for thirty (30) days (unless a supersedeas or other appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in the Franchised Business, and it is not discharged within five (5) days of such levy;

16.2.2.9. You are convicted of a felony or any other criminal misconduct which is relevant to the operation of the franchise;

16.2.2.10. You fail to pay any franchise fees or other amounts due to us or our affiliates within five (5) days after receiving written notice that such fees are overdue; or

16.2.2.11. We make a reasonable determination that continued operation of the Franchised Business by you will result in an imminent danger to public health or safety.

16.2.3. For any default of this Agreement which triggers Franchisor's ability to terminate, Franchisor may as an alternative to termination at its sole and absolute discretion, modify or completely eliminate any rights Franchisee may have with respect to the Territory, effective ten (10) days after delivery of written notice to Franchisee.

16.3. **Reinstatement and Extension.** If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, Franchisor may

reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

16.4. **Right of Franchisor to Discontinue Services to Franchisee.** If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers to Franchisee a notice of termination pursuant to Section 16.2.2, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any products or services for which Franchisor is an Approved Supplier to Franchisee, and/or suspension of your web page on our Website until such time as Franchisee corrects the breach.

16.5. **Right of Franchisor to Operate Franchised Business.** Following the delivery of a notice of termination pursuant to Section 16.2.2, if necessary, in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume the operation of the Franchised Business until such time as Franchisee corrects the breach. Franchisor may charge a management fee as stated in the Operations Manual from time to time, currently equal to TWO HUNDRED AND FIFTY DOLLARS (\$250.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

16.6. **Cross-Default, Non-Exclusive Remedies, Etc.** Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any of our affiliates) and you (or any of your affiliates). Any default by you (or any person/company affiliated with you) under any other agreement, including, but not limited to, any lease and/or sublease, between us (or any of our affiliates) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any of our affiliates) may be regarded as a default under this Agreement. Any default by you (or any person/company affiliated with you) under any lease, sublease, loan agreement, security interest or otherwise, whether with us, any of our affiliates and/or any third party may be regarded as a default under this Agreement and/or any other agreement between us (or any of our affiliates) and you (or any of your affiliates).

In each of the foregoing cases, we (and any of our affiliates) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our affiliates') obligations. No right or remedy which we may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available.

16.7. **Amendment Pursuant to Applicable Law.** Notwithstanding anything to the contrary contained in this Section, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit our rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by us that the grounds for termination set forth in this Agreement do not constitute "good cause" for termination within the meaning ascribed to that term by any applicable law or regulation. We shall not be precluded from contesting the validity, enforceability or

application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination of this Agreement.

## **17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION**

17.1. **Actions to be Taken.** Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall:

17.1.1. You shall immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

17.1.2. You shall immediately and permanently cease to use, in any manner whatsoever, any Trade Secrets, confidential methods, computer software, procedures, techniques or other Confidential Information associated the System and the Mark “Poki Bowl”; and all other marks including, without limitation, all slogans, symbols, logos, advertising materials, stationery, forms, and any other items which display or are associated with the Marks. In particular, you shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms and any other articles which display the Marks, and shall immediately change all paint colors, remove all of our proprietary or non-proprietary design items;

17.1.3. You shall take such action as may be necessary to cancel or assign to Franchisor, at Franchisor’s option, any assumed name or equivalent registration filed with state, city, or county authorities which contains the name “Poki Bowl” or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement;

17.1.4. You or your Controlling Principals shall pay all sums owing to Franchisor and any Affiliate. In the event of termination for any default of Franchisee, such sums shall include, but not be limited to, all damages, costs, and expenses, including reasonable attorneys’ fees, with respect to litigation, arbitration, appellate, or bankruptcy proceedings, unpaid Royalty Fees, loss of future Royalty Fee payments incurred by Franchisor as a result of any early termination of this Agreement, and any other amounts due to Franchisor or any Affiliate; which obligation shall give rise to and remain, until paid in full, a lien in our favor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by you and on the premises operated hereunder at the time of default.

17.1.5. You and the Controlling Principals pay to Franchisor all costs and expenses, including reasonable attorneys’ fees, damages, costs and expenses incurred by Franchisor in connection with obtaining any remedy available to us for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

17.1.6. immediately return to Franchisor the Operations Manual, Trade Secrets, software licensed by us (if any), records, files, instructions, correspondence, all materials related to operating the Restaurant, including, without limitation, agreements, invoices, and any and all other materials relating to the operation of the Restaurant in your possession or control, and all copies thereof (all of which are acknowledged to be our property), and shall retain no copy or record of any of the foregoing, except

your copy of this Agreement and of any correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law and all other Confidential Information, including records, files, instructions, brochures, agreements, disclosure statements, and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property);

17.1.7. assign all telephone listings and numbers for the Franchised Business to Franchisor and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified or other telephone directory listing and shall authorize transfer of same to or at the direction of Franchisor. Further, you shall assign to us all Internet listings, domain names, Internet Accounts, advertising on the Internet or World Wide Web, websites, listings with search engines, e-mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents which may have been, you hereby appoint us as your true and lawful agent and attorney in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. You shall thereafter use different telephone numbers, email addresses or other listings or usages at or in connection with any subsequent business conducted by you.

17.1.8. comply with all other applicable provisions of this Agreement;

17.1.9. You agree, in the event you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute our rights in and to the Marks, and further agree not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us constituting unfair competition;

17.1.10. You and the Controlling Principals shall comply with the restrictions on confidential information contained in this Agreement and shall also comply with the non-competition covenants in this Agreement. Any other person required to execute similar covenants pursuant to this Agreement shall also comply with such covenants;

17.1.11. You shall also immediately furnish us with an itemized list of all marketing and sales promotion materials bearing the Marks or any of our distinctive markings, designs, labels, or other marks thereon, whether located on your premises or under your control at any other location. We shall have the right to inspect these materials. We shall have the option, exercisable within thirty (30) days after such inspection, to purchase any or all of the materials at your cost, or to require you to destroy and properly dispose of such materials. Materials not purchased by us shall not be utilized by you or any other party for any purpose unless authorized in writing by us;

17.1.12. Upon execution of this Agreement, in partial consideration of the rights granted hereunder, you acknowledge and agree that all right, title and interest in the signs used at the Restaurant are hereby assigned to us, and that upon termination or expiration of this Agreement, neither you nor any lien holder of yours shall have any further interest therein;

17.1.13. We shall be entitled to assign any and all of our options in this Section to

any other party, without your consent.

17.1.14. Notwithstanding anything to the contrary, if you operate the Restaurant from a premises that is subleased to you by us, upon termination (or expiration if you do not renew) of this Agreement, we shall have the right to take immediate possession of the assets of the Restaurant, including, any or all of the furnishings, equipment (including any point of sale or computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of yours related to the operation of the Restaurant. We shall have a lien against all such assets in the amount of any amounts due to us under this Agreement or any other agreement. We shall have the right to have such assets appraised at the lower of cost or fair market value of the used assets, and to acquire all right, title and interest to such assets, without conducting any public sale, by paying to you (or to any lender of yours who has a lienholder interest in the assets) the difference between the appraised value and the amounts owed to us by you at the time of termination. If the lien on the assets from your lender has priority over any lien of ours, and the amount of the lien is in excess of the appraised value of such assets, we shall have the right to deal directly with your lienholder, and to pay any amounts due to you directly to the lienholder. You agree to provide all further assurances, and to execute all documents required by us or by law to lawfully effect such transfer, and to perfect our security interest. We shall have the right to take such action without the execution of any further documents by you if you fail or refuse to comply with these further assurances;

17.1.15. We shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from you any or all of the furnishings, equipment (including any point of sale or computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of yours related to the operation of the Restaurant, at fair market value. If we exercise our right to purchase all or a portion of your assets, we shall be purchasing such assets only and shall be assuming no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of our exercise of this option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs, and each shall pay one-half (1/2) of the appraisal fees. If we elect to exercise any option to purchase herein provided, we shall have the right to set off (i) all fees for any such independent appraiser due from you, (ii) all amounts due from you to us and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash.

17.1.16. In addition to the options described above and if you own the Restaurant premises, we shall have the option, to be exercised at or within thirty (30) days after termination or expiration of this Agreement, to purchase the Restaurant premises including any building thereon, if applicable, for the fair market value of the land and building, and any or all of the furnishings, equipment, signs, fixtures, vehicles, supplies and inventory therein at fair market value. We shall purchase assets only and shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If you do not own the land on which the Restaurant is operated and we

exercise our option for an assignment of the lease, we may exercise this option for the purpose of purchasing the building if owned by you and related assets as described above. If the parties cannot agree on fair market value within thirty (30) days of our exercise of this option, fair market value shall be determined in accordance with appraisal procedure described above. With respect to the options described, you shall deliver to us in a form satisfactory to us, such warranties, deeds, releases of lien, bills of sale, assignments and such other documents and instruments which we deem necessary in order to perfect our title and possession in and to the properties being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, you have not obtained all of these certificates and other documents, we may, in our sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents. The time for closing of the purchase and sale of the properties described shall be a date not later than thirty (30) days after the purchase price is determined by the parties or the determination of the appraisers, or such date we receive and obtain all necessary permits and approvals, whichever is later, unless the parties mutually agree to designate another date. The time for closing on the assignment of the lease described shall be a date no later than ten (10) days after our exercise of the option thereunder unless we are exercising our options, in which case the date of the closing shall be on the same closing date prescribed for such option. Closing shall take place at our corporate offices or at such other location as the parties may agree.

17.1.17. If you operate the Restaurant under a lease for the Restaurant premises with a third party or, with respect to any lease for equipment used in the operation of the Franchised Business, then you shall, at our option, assign to us any interest which we have in any lease or sublease for the premises of the Restaurant or any equipment related thereto. We may exercise such option at or within thirty (30) days after either termination or (subject to any existing right to renew) expiration of this Agreement. In the event we do not elect to exercise our option to acquire the lease or sublease for the Restaurant premises or do not have such option, you shall make such modifications or alterations to the Restaurant premises as are necessary to distinguish the appearance of the Restaurant from that of other Restaurants operating under the System and shall make such specific additional changes as we may reasonably request. If you fail or refuse to comply with the requirements of this Section 17.1, we shall have the right to enter upon the premises of the Franchised Business, without being guilty of trespass or any other crime or tort, to make or cause to be made such changes as may be required, at your expense, which expense you agree to pay upon demand. Notwithstanding to the contrary, in the event the lease is assigned to us, we hereby indemnify and hold harmless you and any guarantors under said lease, for any breach by us or our successors or assigns from any liability arising out of the lease for the Restaurant premises from and after the date of the assignment of lease;

17.2. **Post-Termination Covenant Not to Compete.**

17.2.1. Franchisee acknowledges that the restrictive covenants contained in this Section and in Section 17 are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

17.2.1.1. to protect the Trade Secrets and other Confidential Information of Franchisor;

- 17.2.1.2. to induce Franchisor to grant a Franchise to Franchisee; and
- 17.2.1.3. to protect Franchisor against its costs in training Franchisee and its officers, directors, executives, professional staff, and Owner Operators.

17.2.2. Except as otherwise approved in writing by Franchisor, and subject to Section 7.5 hereof, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager, or member of the professional staff of Franchisee, shall, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly:

- 17.2.2.1. offer Competitive Business services located or operating (i) at or within a twenty- five (25) mile radius of the Franchised Business, or (ii) within a twenty-five (25) mile radius of the Franchised Business or any other Poki Bowl Business in existence at the time of termination or expiration;
- 17.2.2.2. solicit or otherwise attempt to induce or influence any customer, employee or other business associate of Franchisor to terminate or modify his, her or its business relationship with Franchisor or to compete against Franchisor; or
- 17.2.2.3. In furtherance of this Section, Franchisor has the right to require certain individuals to execute standard form nondisclosure or non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Schedule B.

17.3. **Unfair Competition.** Franchisee shall not ever use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with Franchisor. This Section is not intended as an approval of Franchisee's right to operate other businesses and in no way is it intended to contradict Sections 17, 17.1 or 17.2. Franchisee shall make such modifications or alterations to the Franchised Business (including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Franchised Business. Franchisee shall make such specific additional changes to the Franchised Business as Franchisor may reasonably request for that purpose including, without limitation, removal of all physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Franchised Business for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay upon demand.

17.4. **Franchisor's Option to Purchase Certain Business Assets.** Franchisor has the right (but not the obligation), for a period of thirty (30) days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Business including improvements, vehicles, service tools and equipment, supplies and other inventory or equipment. The purchase price shall be equal to the assets' fair market value, as determined by an independent appraiser. If Franchisor elects to exercise this option to purchase, it has the right to set off all amounts due from Franchisee under this Agreement, if any, against the purchase price.

17.5. **Survival of Certain Provisions.** All obligations of Franchisor and Franchisee, which expressly or by their nature survive the expiration or termination of this Agreement, shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.

## **18. TRANSFERABILITY OF INTEREST**

18.1. **Transfer by Franchisor.** This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement.

You expressly affirm and agree that we may sell our assets, our rights to the Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of "PB Asset Group, Inc." as Franchisor. Nothing contained in this Agreement shall require us to remain in the restaurant business or to offer the same products and services, whether or not bearing the Marks, in the event that we exercise our right to assign our rights in this Agreement.

18.2. **Transfer by Franchisee to a Third-Party.** The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill, financial ability and personal character of you and the Controlling Principals. Accordingly, neither Franchisee, Controlling Principal nor any holder of a legal or beneficial interest in Franchisee may sell, assign (including but not limited to by operation of law, such as an assignment under bankruptcy or insolvency laws, in connection with a merger, divorce or otherwise, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise encumber, any direct or indirect interest in this Agreement, in the Restaurant and/or the Franchise granted hereby, the assets of the Franchised Business or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. If you wish to transfer all or part of your interest in the Restaurant, any of the Restaurant's material assets (except as provided in Section 18.1 above) or this Agreement, or if you or a Controlling Principal wishes to transfer or permit a transfer of any ownership interest in you or in a Controlling Principal that is an entity, then in each such case (any or all of which are referred to in this Section 18 as a "Restricted Transfer"), transferor and the proposed transferee shall apply to us for our consent. We shall not unreasonably withhold our consent to a Restricted Transfer. We may, in our sole discretion, require any or all of the following as conditions of our approval:

18.2.1. Franchisee has complied with the requirements set forth in Section 19;

- 18.2.2. All of the accrued monetary obligations of you or any of your affiliates and all other outstanding obligations to us arising under this Agreement or any other agreement shall have been satisfied in a timely manner and you shall have satisfied all trade accounts and other debts, of whatever nature or kind, in a timely manner;
- 18.2.3. You and your affiliates shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between you or any of your affiliates and us or any of our affiliates at the time of transaction;
- 18.2.4. Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release, in a form the same as or similar to the General Release attached as Schedule C, of any and all claims against Franchisor, including its officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;
- 18.2.5. The transferee shall demonstrate to our reasonable satisfaction that transferee meets the criteria considered by us when reviewing a prospective franchisee's application for a franchise, including, but not limited to, our educational, managerial and business standards; transferee's good moral character, business reputation and credit rating; transferee's aptitude and ability to conduct the business franchised herein (as may be evidenced by prior related business experience or otherwise); transferee's financial resources and capital for operation of the business; and the geographic proximity and number of other Restaurants owned or operated by transferee;
- 18.2.6. The transferee shall enter into a written agreement, in a form reasonably satisfactory to us, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the transfer, all obligations, covenants and agreements contained in this Agreement; and, if transferee is a corporation or a partnership, transferee's shareholders, partners or other investors, as applicable, shall execute such agreement as transferee's principals and guarantee the performance of all such obligations, covenants and agreements;
- 18.2.7. the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current franchise agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee, National Advertising Fund Contribution rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;
- 18.2.8. Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise;
- 18.2.9. Franchisee, or the transferee, has paid to Franchisor a transfer fee in the amount of the greater of \$5,000.00 or 10% of the sale price if the Franchise is being sold, transferred, or assigned to a third party;
- 18.2.10. the transferee, or all holders of a legal or beneficial interest in the transferee, has agreed to be personally bound jointly and severally by all provisions of this

Agreement for the remainder of its term by executing a personal guaranty in such form as prepared by Franchisor;

18.2.11. Franchisee has agreed to be bound to the obligations of the new franchise agreement and to guarantee the full performance thereof by the transferee, if required by Franchisor;

18.2.12. the transferee has obtained all necessary consents and approvals by third parties and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

18.2.13. Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have executed and delivered to Franchisor a nondisclosure and non-competition agreement in a form satisfactory to Franchisor and in substance the same as the nondisclosure and non-competition covenants contained in Sections 7 and 17; and

18.2.14. At the transferee's expense, the transferee agrees that its Operating Principal, General Manager and/or any other applicable Restaurant personnel shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 8.5 prior to assuming the management of the day-to-day operation of the Franchised Business.

18.2.15. The transferee, at its expense, shall renovate, modernize and otherwise upgrade the Restaurant and, if applicable, any delivery vehicles to conform to the then-current standards and specifications of the System, and shall complete the upgrading and other requirements which conform to the System-wide standards within the time period reasonably specified by us;

18.2.16. The transferor shall remain liable for all of the obligations to us in connection with the Restaurant incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by us to evidence such liability;

You shall not grant a security interest in the Restaurant or in any of your assets without our prior written consent, which shall not be unreasonably withheld. In connection therewith, the secured party will be required by us to agree that in the event of any default by you under any documents related to the security interest, we shall have the right and option to be substituted as obligor to the secured party and to cure any default of yours.

You acknowledge and agree that each condition which must be met by the transferee is reasonable and necessary to assure such transferee's full performance of the obligations hereunder.

18.3. **Transfer to a Controlled Entity.**

18.3.1. If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by Franchisee ("Controlled Entity"), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.3.1.1. the Controlled Entity is newly organized and its charter or articles of formation provides that its activities are confined exclusively to the operation of the Franchised Business;

18.3.1.2. Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

18.3.1.3. all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee as required pursuant to Section 18.2;

18.3.1.4. the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

18.3.1.5. all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

18.3.1.6. each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

18.3.1.7. copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, federal tax identification number, and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption.

18.3.1.8. With respect to a transfer to a corporation formed for the convenience of ownership, you shall be the owner of all of the voting stock or interest of the corporation and if you are more than one (1) individual, each individual shall have the same proportionate ownership interest in the entity as he had in you prior to the transfer. A transfer under this Section 18 may occur one (1) time only.

18.3.2. The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

18.3.3. Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

18.4. **Franchisor's Disclosure to Transferee.** Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall

release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended transferee identified by Franchisee.

18.5. **For-Sale Advertising.** Franchisee shall NOT, without prior written consent of Franchisor, place in, on or upon the area of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder.

18.6. **Transfer by Death or Incapacity.** Upon the death or Incapacity and/or Permanent Disability (if you are a natural person) or upon the death of any Controlling Principal who is a natural person and who has an interest in this Agreement, the Restaurant or you (the "Deceased"), the executor, administrator or other personal representative of the Deceased or the appropriate representative of such person (whether administrator, personal representative or trustee) shall, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in the Franchised Business or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement. During such one hundred eighty (180) day period, the Franchised Business must remain at all times under the primary management of an Owner Operator who otherwise meets Franchisor's management qualifications. "Incapacity and/or Permanent Disability" shall mean any physical or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guaranty made part of this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent Disability shall be determined by a licensed practicing physician selected by us, upon examination of the person; or if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Section 18.6. The costs of any examination required by this Section shall be paid by us.

Upon the death or claim of permanent disability of you or any Controlling Principal, you or a representative of yours must notify us of such death or claim of permanent disability within ten (10) days of its occurrence. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as described in this Section for any inter vivos transfer. If an interest is not transferred upon death or permanent disability as required in this Section, then such failure shall constitute a material event of default under this Agreement.

In order to prevent any interruption of the Restaurant operations which would cause harm to the Restaurant, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Restaurant to our required standards, operate the Restaurant for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Restaurant during such period of operation by us shall be kept in a separate account, and the expenses of the Restaurant, including reasonable compensation and expenses for our representative, shall be charged to said account. If, as herein provided, we temporarily operate the Restaurant franchised herein for you, you agree to indemnify and hold harmless us and any representative of

ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties. Franchisor shall be given access to the Franchised Business, even if located within Franchisee's or its Owner Operator's principal residence and shall not be held liable for trespass or any related tort. Franchisor may charge a management fee as stated in the Operations Manual from time to time, currently equal to TWO HUNDRED AND FIFTY DOLLARS (\$250.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

18.7. **No Waiver of Claims.** Our consent to a transfer of any interest described herein shall not constitute a waiver of any claims which we may have against the transferring party, nor shall it be deemed a waiver of our right to demand material and full compliance with any of the terms of this Agreement by the transferee.

18.8. **Transfer Among Owners.** If any person holding an interest in you, this Agreement or the Restaurant (other than you or a Controlling Principal, which parties shall be subject to the provisions set forth above) transfers such interest, then you shall promptly notify us of such proposed transfer in writing and shall provide such information relative thereto as we may reasonably request prior to such transfer. Such transferee may not be a competitor of ours. Such transferee will be your Principal and as such will have to execute a confidentiality agreement and ancillary covenants not to compete in the form then required by us. We also reserve the right to designate the transferee as one of the Controlling Principals. Notwithstanding the provisions contained in Section 18.2 to the contrary, the Controlling Principals may freely transfer their ownership interests in you among themselves and to their family members (or to trusts for the benefit of such family members), and our right of first refusal shall be inapplicable with respect to such transfers, provided you provide us with thirty (30) days prior written notice of such transfer, which notice shall include the names and percentages transferred.

## **19. RIGHT OF FIRST REFUSAL**

19.1. **Submission of Offer.** If Franchisee, or any of its owners, proposes to sell or otherwise transfer (including a transfer by death or Incapacity pursuant to Section 18.6) the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee shall obtain and deliver a bona fide, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor, except with regards to a sale or transfer to a family member. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

19.2. **Franchisor's Right to Purchase.** Franchisor shall, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to sixty (60) days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's

election, such representations and warranties contained in the proposal. If you wish to transfer all or part of your interest in the Restaurant or this Agreement or if you or a Controlling Principal wish to transfer any ownership interest in you, pursuant to any bona fide offer received from a third party to purchase such interest, then such proposed seller shall promptly notify us in writing of each such offer, and shall provide such information and documentation relating to the offer as we may require. We shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all documentation required by us describing such offer, to send written notice to the seller that we intend to purchase the seller's interest on the same terms and conditions offered by the third party. In the event that we elect to purchase the seller's interest, closing on such purchase must occur within the latest of (i) sixty (60) days from the date of notice to the seller of the election to purchase by us, (ii) sixty (60) days from the date we receive or obtain all necessary documentation, permits and approvals, or (iii) such other date as the parties agree upon in writing. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer. Our failure or refusal to exercise the option afforded by this Section 19.2 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section 19, with respect to a proposed transfer.

19.2.1. In the case of a Restricted Transfer involving a bona fide purchase offer, then such proposed seller shall promptly notify us in writing of each such offer and shall provide such information and documentation relating to the offer as we may require. We shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all documentation required by us describing such offer, to send written notice to the seller that we intend to purchase the interest proposed to be transferred in the Restricted Transfer on the same terms and conditions offered by the proposed purchaser (the "Offer Terms"). In the event that we elect to purchase the seller's interest, closing on such purchase must occur within the latest of (i) sixty (60) days from the date of notice to the seller of the election to purchase by us, (ii) sixty (60) days from the date we receive or obtain all necessary documentation, permits and approvals, or (iii) such other date as the parties agree upon in writing. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer. Our failure or refusal to exercise the option afforded by this Section 19.2 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section 19 with respect to a proposed transfer.

19.2.2. Notwithstanding the provisions of Section 19.2.1 above, where the Restricted Transfer (alone or together with any other Restricted Transfer or event effected within the prior twenty- four (24) month period) results in a "Change of Control", we may elect, in our sole discretion, to treat the notice given pursuant to such Section 19.2.1 as an offer to assign to us all of your rights under this Agreement and to the Restaurant (including lease and contract rights and other assets of you and your affiliates used in connection with the Restaurant, excluding the assets of your benefit plans) (collectively, the "Restaurant Interests"). As used in this Section 19.2.2, Change of Control means any circumstance resulting in one or more of your Controlling Principals ceasing to be a Principal and/or the addition of any new Principal. In such case, we shall notify you of the special election provided for in this Section 19.2.2 at

the time we exercise our option as provided in Section 19.2.1. The terms of such purchase shall be the same as the Offer Terms (subject to the other provisions of this Section 19), but the price shall be the lesser of (1) the Implied Market Price or (2) the fair market value of the Restaurant Interests, determined in a manner consistent with Section 17. As used herein, “Implied Market Price” shall mean an amount equal to the total price to be paid by the transferee under the Offer Terms, divided by the percentage (expressed as a decimal) of ownership of you proposed to be acquired (directly or indirectly) by the transferee, less the fair market value (determined as provided in Section 17) of any assets included in the Restricted Transfer that are not related to the Restaurant. If you have more than one (1) Restaurant, then the Implied Market Price shall, unless otherwise agreed by us and you, be allocated among all Restaurants equally.

19.2.3. We may assign our rights under this Section 19 to any other person or entity.

19.2.4. It shall be a material obligation of yours under this Agreement to cause any transferor and transferee described in this Section 19 to perform all of the obligations imposed on such persons.

In the event an offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, we may elect to purchase the interest proposed to be sold for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the non-cash part of the Offer Terms, then such amount shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and each shall pay one-half (1/2) of the appraisal fees. In the event that we exercise our right of first refusal herein provided, we shall have the right to set off against any payment therefor (i) all fees for any such independent appraiser due from you hereunder and (ii) all amounts due from you to us.

Failure to comply with the provisions of this Section prior to the transfer of any interest in you, the Restaurant or this Agreement shall constitute a material event of default under this Agreement.

19.3. **Non-Exercise of Right of First Refusal.** If Franchisor does not exercise its right of first refusal within thirty (30) days from the date of delivery of all such documents, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor’s prior written approval as required by Section 18.2. Should the sale fail to close within one hundred twenty (120) days after the offer is delivered to Franchisor, Franchisor’s right of first refusal shall renew and be implemented in accordance with this Section.

19.4. **Sales of Transfers to Family Excepted.** If Franchisee proposes to sell or otherwise transfer the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder to a member of Franchisee’s (or its owners’) family, then the terms and conditions of this Section shall be inapplicable. Nothing in this Section 19.4 shall be construed to relieve Franchisee from full compliance with the terms and conditions of Section 18.2 prior to a sale or transfer to family pursuant to this Section.

## **20. BENEFICIAL OWNERS OF FRANCHISEE**

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such

representation, that the individual(s) identified in Schedule F is/are the sole holder(s) of a legal or beneficial interest (in the stated percentages) of Franchisee.

## **21. RELATIONSHIP AND INDEMNIFICATION**

21.1. **Relationship.** This Agreement is purely a contractual relationship between the parties and does not appoint or make Franchisee an agent, legal representative, joint-venture, partner, employee, servant, subsidiary, joint employer or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty, or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or renewal hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Franchised Business operating the Franchised Business pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place on all forms, stationery or other written materials, the content of which Franchisor has the right to specify. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt, nor any other obligation of Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business by Franchisee. Any third-party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

21.2. **Standard of Care.** This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.

21.3. **Indemnification.** You and each of the Controlling Principals shall, at all times, indemnify and shall hold harmless to the fullest extent permitted by law us Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and all officers, directors, executives, managers, members, partners, owners, employees, agents, successors and assigns (collectively "Franchisor Indemnities") from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted), which arises from or is based upon Franchisee's (a) ownership or operation of the Franchised Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or an Affiliate); (d) defamation of Franchisor or the System; (e) acts, errors or omissions committed or incurred in connection with the Franchised Business; or (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Trade Secrets or other Confidential Information. The obligations of this Section 21.3 shall expressly survive the termination of this Agreement; (g) The

infringement, alleged infringement, or any other violation or alleged violation by you or any of the Controlling Principals of any patent, trademark or copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any right to use the Marks, any copyrights or other proprietary information granted hereunder pursuant to Section 7), including, but not limited to, the unauthorized use of any image, likeness or recording of a public figure; (h) The violation, breach or asserted violation or breach by you or any of the Controlling Principals of any federal, state or local law, regulation, ruling, standard or directive or any industry standard; (i) Libel, slander or any other form of defamation of us, the System or any franchisee operating under the System, by you or by any of the Controlling Principals; (j) The violation or breach by you or by any of the Controlling Principals of any warranty, representation, agreement or obligation in this Agreement or in any other agreement between you or any of your affiliates and us and our Indemnitees; and (k) Acts, errors, or omissions of you, any of your affiliates and any of the Controlling Principals and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you and your affiliates in connection with the establishment and operation of the Restaurant, including, but not limited to, any acts, errors or omissions of any of the foregoing in the operation of any motor vehicle. The parties understand and agree that we cannot and do not exercise control over the manner of operation of any motor vehicles used by, or on behalf of, you or any employee, agent or independent contractor of yours and that the safe operation of any motor vehicle is, therefore, entirely your responsibility.

21.4. **Right to Retain Counsel.** Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation, or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnity. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section causes any of Franchisee's insurers to refuse to pay a third-party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee. Franchisee agrees to not be a party to class action suit against PB ASSET GROUP, INC. or any of its Affiliates under any circumstances.

21.5. **We May Settle.** In order to protect persons or property, or our reputation or goodwill, or the reputation or goodwill of others, we may, at any time and without notice, as we in our reasonable judgment deem appropriate, consent or agree to settlements or take such other remedial or corrective action as we deem expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in our reasonable judgment, there are reasonable grounds to believe that:

21.5.1. any of the acts or circumstances enumerated in Section 21.3 have occurred; or

21.5.2. any act, error, or omission may result directly or indirectly in damage, injury, or harm to the System, any person or any property.

21.6. **Losses and Expenses.** All losses and expenses incurred under this Section 21 shall be chargeable to and paid by you or any of the Controlling Principals pursuant to your obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of such actions, activity, or defense.

As used in this Section 21, the phrase “losses and expenses” shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys’ fees, court costs, settlement amounts, judgments, compensation for damages to our reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

21.7. **Indemnitees Do Not Assume Liability.** The Indemnitees do not hereby assume any liability whatsoever for acts, errors, or omissions of any third party with whom you, any of the Controlling Principals, your affiliates or any of the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you or your affiliates may contract, regardless of the purpose. You and each of the Controlling Principals shall hold harmless and indemnify the Indemnitees for all losses and expenses which may arise out of any acts, errors or omissions of you, the Controlling Principals, your affiliates, the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you and your affiliates and any such other third parties without limitation and without regard to the cause or causes thereof or the negligence of us or any other party or parties arising in connection therewith and whether such negligence be sole, joint or concurrent, or active or passive.

21.8. **Recovery from Third Parties.** Under no circumstances shall the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against you or any of the Controlling Principals. You and each of the Controlling Principals agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable from you or any of the Controlling Principals by the Indemnitees.

21.9. **Survival of Terms.** You and the Controlling Principals expressly agree that the terms of this Section 21 shall survive the termination, expiration or transfer of this Agreement or any interest herein.

## **22. GENERAL CONDITIONS AND PROVISIONS**

22.1. **No Waiver.** No delay, waiver, omission or forbearance on our part to exercise any right, option, duty or power arising out of any breach or default by you or the Controlling Principals under this Agreement shall constitute a waiver by us to enforce any such right, option, duty or power against you or the Controlling Principals, or as to a subsequent breach or default by you or the Controlling Principals. Acceptance by us of any payments due to us hereunder subsequent to the time at which such payments are due shall not be deemed to be a waiver by us of any preceding breach by you or the Controlling Principals of any terms, provisions, covenants or conditions of this Agreement. No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict

compliance by Franchisee with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

22.2. **Injunctive Relief.** As any breach by Franchisee of any of the restrictions contained in Sections 6, 7, and 17 would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated, without the necessity of posting security or bond and Franchisee shall be responsible for Franchisor's reasonable attorneys' fees incurred in pursuing the same. Franchisor's right to seek injunctive relief will not affect the parties' waiver of jury trial and covenant to arbitrate all disputes as stated herein. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in a state or federal court.

22.3. **Notices.** All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system; (c) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five (5) business days after being sent by Registered Mail, return receipt requested. Either party may change its address by a written notice sent in accordance with this Section 22.3. All notices, payments and reports required by this Agreement shall be sent to Franchisor at the following address, or at such other address as Franchisor.

22.4. **Cost of Enforcement or Defense.** If Franchisor is required to enforce this Agreement in a judicial proceeding, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, in connection with such proceeding.

22.5. **Unlimited Guaranty and Assumption of Obligations.** All holders of a legal or beneficial interest in Franchisee of five percent (5%) or greater shall be required to execute, as of the date of this Agreement, the Unlimited Guaranty and Assumption of Obligations attached as Schedule A, through which such holders agree to assume and discharge all of Franchisee's obligations under this Agreement and to be personally liable hereunder for all of the same.

22.6. **Approvals.** Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any

neglect, delay or denial of any request for approval.

22.7. **Entire Agreement.** This Agreement, its schedules and the documents referred to herein shall be construed together and constitute the entire, full and complete agreement between Franchisor and Franchisee and Controlling Principals concerning the subject matter hereof and shall supersede all prior agreements. No other representation, oral or otherwise, has induced Franchisee to execute this Agreement, and there are no representations (other than those within Franchisor's Disclosure Document), inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with respect to the matters set forth in or contemplated by this Agreement or otherwise. No amendment changes or variance from this Agreement shall be binding on either party unless executed in writing by both parties. Nothing in this or in any related agreement; however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

22.8. **Severability and Modification.** Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable. If any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement. If Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement. Notwithstanding the above, each of the covenants contained in Sections 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for limitations on disclosure of Trade Secrets or other Confidential Information or on competition to the maximum extent provided or permitted by law. All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable. Without limiting the obligations individually undertaken by the Controlling Principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by you in this Agreement shall be deemed, jointly and severally, undertaken by all of the Controlling Principals.

22.9. **Construction.** All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

22.10. **Force Majeure.** Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to (a) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material, or energy, or the voluntary forgoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations, or instructions of any national, state, provincial, municipal or other government or any department or agency thereof; (b) compliance with any law, ruling, order, regulation, requirement, or instruction of any national, state, provincial, municipal or other government or any department or agency thereof; (c) acts

of God; (d) acts of war or insurrection; (e) strikes, lockouts, boycotts, fire and other casualties; (f) pandemics or epidemics; or (g) any other similar event or cause, and the time period for the performance of such act shall be extended for the amount of time of the delay. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance in whole or in part as may be reasonable, except that said causes shall not excuse payments of amounts owed at the time of such occurrence or payment of amounts or fees thereafter, and as soon as performance is possible the non-performing party shall immediately resume performance. The ability to invoke this clause is conditioned upon delivery of written notice to the other party stating the basis for such invocation as soon as reasonably practical – in no event longer than ten (10) days – after learning of the basis. The party invoking this clause shall use reasonable efforts to limit damages to the other party. This clause shall not result in an extension of the term of this Agreement.

22.11. **Timing**. Time is of the essence. Except as set forth in Section 22.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

22.12. **Withholding Payments**. Franchisee shall not, for any reason, withhold payment of any Royalty Fees, Advertising or other amounts due to Franchisor or to an Affiliate. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

22.13. **Further Assurances**. Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

22.14. **Third-Party Beneficiaries**. Anything to the contrary notwithstanding, subject to Section 23.12, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

22.15. **Multiple Originals**. Both parties may execute multiple copies of this Agreement, and each executed copy will be deemed an original.

## **23. DISPUTE RESOLUTION**

23.1. **Choice of Law**. This Agreement is effective upon its acceptance in California by our authorized officer. Except as to claims governed by federal law, California law governs all claims that in any way relate to or arise out of this Agreement or any of the dealings of the parties ("Claims").

23.2. **Jurisdiction and Venue**. You and we agree that venue and jurisdiction for any Claims shall be proper solely in the state and federal court nearest to our corporate

headquarters, presently located in Santa Clara County, California.

- 23.3. **Jury Waiver.** In any trial between any of the parties as to any Claims, you and we agree to waive our rights to a jury trial and instead have such action tried by a judge.
- 23.4. **Class Action Waiver.** You agree to bring any Claims, if at all, individually and you shall not join such claim with claims of any other person or entity or bring, join, or participate in a class action against us.
- 23.5. **Limitation of Damages.** Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees as provided in Section 22.4. Franchisee waives and disclaims any right to consequential damages in any action or claim against Franchisor concerning this Agreement or any related agreement. In any claim or action brought by Franchisee against Franchisor concerning this Agreement, Franchisee's contract damages shall not exceed and shall be limited to refund of Franchisee's Franchise Fee and Royalty Fees.
- 23.6. **Limitation of Actions.** You agree to bring any Claims against us, if at all, within one (1) year of the occurrence of the facts giving rise to such Claims, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.
- 23.7. **Prior Notice of Claims.** As a condition precedent to commencing an action for a Claim, you must notify us within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.
- 23.8. **Internal Dispute Resolution.** You must first bring any Claim to our President and/or CEO after providing notice as set forth in Section 23.7 above. You must exhaust this internal dispute resolution procedure before you may bring your Claim before a third party.
- 23.9. **Mediation and Litigation.** Before you may bring any Claim against us, you agree to try for a period of 60 days to mediate such claim before a mutually agreed to mediator in the city or county where our headquarters are located. If we cannot mutually agree on a mediator, you and we agree to use the mediation services of the American Arbitration Association ("AAA") and split any AAA and mediator fees equally. If mediation is unsuccessful and you pursue a legal claim against us, you agree to file lawsuit in a court of competent jurisdiction as described in Section 23.2.
- 23.10. **Waiver of Bond.** You agree that if we are forced to bring suit to enforce any provision of this Agreement, you agree to waive any requirement that we post bond to obtain a temporary, preliminary, or permanent injunction to enforce these duties.
- 23.11. **Attorney Fees.** If we are the substantially prevailing party as to any Claims, you agree to reimburse our costs and attorney fees incurred in pursuing or defending the Claims.
- 23.12. **Third Party Beneficiaries in Dispute Resolution.** Our officers, directors, members, shareholders, agents, and employees are express third party beneficiaries of the terms of the Dispute Resolution provisions contained herein.
- 23.13. **Waiver of Punitive Damages.** You, the Controlling Principals and we hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and

employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, either party shall be limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, and consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

23.14. **Survival of Terms.** Any obligation of you or the Controlling Principals that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of you or the Controlling Principals therein, shall be deemed to survive such termination, expiration or transfer.

## **24. MISCELLANEOUS**

24.1. **Terminology.** The term “your Principals” shall include, collectively and individually, (1) your spouse, if you are an individual, (2) all officers, directors, managers and general partners (or persons holding comparable positions in non-corporate entities) of you and (3) all officers, directors, managers and general partners (or persons holding comparable positions in non-corporate entities) of any Controlling Principal that itself is an entity, in each case whom we designate as your principals and all holders of an ownership interest in you and of any entity directly or indirectly controlling you, and any other person or entity controlling, controlled by or under common control with you. As used in this agreement, the terms “control” and “controlling” shall mean the power to influence the management decisions of the specified person and shall in any case be deemed to exist where the second person holds five percent (5%) or more of the total ownership interest in the specified person, serves on any board of directors or comparable body of such specified person or acts as an officer, general partner or manager thereof (or holds a comparable position in a non-corporate entity). The initial Principals shall be listed on Attachment. The term “Controlling Principals” shall include, collectively and individually, any Principal who has been designated by us as a Controlling Principal hereunder. For purposes of this Agreement, a publicly held corporation is a corporation registered pursuant of the Securities Exchange Act of 1934, as amended, or a corporation subject to the requirements of such Act.

24.2. **References.** Each reference in this Agreement to a corporation or partnership shall be deemed to also refer to a limited liability company and any other entity or organization similar thereto. Each reference to the organizational documents, equity owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, equity owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto.

24.3. **No Rights or Remedies Except to the Parties.** Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you, us, our officers, directors, members and employees and such of your and our respective successors and assigns as may be contemplated (and, as to you, authorized by Section 18), any rights or remedies under or as a result of this Agreement.

24.4. **Non-Uniform Agreements.** You agree and acknowledge that we make no

representations or warranties that all other agreements with our franchisees entered into before or after the Effective Date do or will contain terms substantially similar to those contained in this Agreement. You agree that we may waive or modify comparable provisions of other franchise agreements to other System franchisees in a non-uniform manner.

24.5. **Effectiveness of Agreement.** This Agreement shall not become effective until signed by an authorized officer of ours.

24.6. **Modification of the System.** You understand and agree that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other marketplace variables, and if it is to best serve the interests of us, you and all other franchisees. Accordingly, you expressly understand and agree that we may from time to time change the components of the System including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which your Franchised Business is authorized and required to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, décor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which you are required to observe hereunder; and changing, improving, modifying, or substituting other words or designs for, the Marks. We shall provide you with fifteen (15) calendar days written notice, before any such modifications, changes, additions, deletions, substitutions, or alternations take effect. You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions and alterations, at your sole expense.

You shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed.

We shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby. You hereby covenant not to commence or join in any litigation or other proceeding against us or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. You expressly waive any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

24.7. **Operation in the Event of Absence or Disability.** In order to prevent any interruption of the Franchised Business operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Franchised Business, operate the Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement.

All monies from the operation of the Franchised Business during such period of operation by us shall be kept in a separate account, and the expenses of the Franchised Business, including reasonable compensation and expenses for our representative, shall be charged to said account. If, as herein provided, we temporarily operate the Franchised Business for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

24.8. **Step-In Rights.** If we determine in our sole judgment that the operation of your business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Franchised Business which would cause harm to the System and thereby lessen its value, you authorize us to operate your business for as long as we deem necessary and practical, and without waiver of any other rights or remedies which we may have under this Agreement. In our sole judgment, we may deem you incapable of operating the Franchised Business if, without limitation, you are absent or incapacitated by reason of illness or death; you have failed to pay when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your business; or we determine that operational problems require that we operate your business for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the business as a going concern.

We shall keep in a separate account all monies generated by the operation of your business, less the expenses of the business, including reasonable compensation and expenses for our representatives. In the event of our exercise of the Step-In Rights, you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You agree to pay all of our reasonable attorneys' fees and costs incurred as a consequence of our exercise of the Step-In Rights. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

24.9. **Costs and Legal Fees.** If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

## **25. YOUR REPRESENTATIVES AND ACKNOWLEDGMENTS**

25.1. **Your Representations.** You represent and warrant to us, with the intention that we are relying thereon in entering into this Agreement, that:

25.1.1. If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, then you are organized under the laws of the state of your principal place of business (or another state which you have identified to us) and are in good standing with and qualified to do business in each state and political/governmental subdivision having jurisdiction over the Restaurant.

25.1.2. If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, you have all corporate power and authority to execute, deliver,

consummate and perform this Agreement, and it will be binding upon you and your successors and assigns when executed.

25.1.3. As of the date of execution of this Agreement, there are no actions, suits, proceedings or investigations pending or, to your knowledge or the knowledge any of your officers, directors, principal shareholders, proprietors, partners or principals (as applicable) after due inquiry, threatened, in any court or arbitral forum, or before any governmental agency or instrumentality, nor to the best of your knowledge or the knowledge of any such persons or entities (after due inquiry) is there any basis for any claim, action, suit, proceeding or investigation which affects or could affect, directly or indirectly, any of your assets, properties, rights or business; your right to operate and use your assets, properties or rights to carry on your business; and/or which affects or could affect your right to assume and carry out in all respects the duties, obligations and responsibilities specified in this Agreement.

25.1.4. Neither you nor any of your Principals is a party to any contract, agreement, covenant not to compete or other restriction of any type which may conflict with, or be breached by, the execution, delivery, consummation and/or performance of this Agreement.

25.1.5. All of your representations and warranties contained in this Agreement are complete, correct and accurate as of the date of execution of this Agreement and will survive any termination or expiration of this Agreement.

25.2. **Your Acknowledgments.** You acknowledge, warrant and represent to us and we rely on such acknowledgments, warranties and representations that:

25.2.1. You have received from us a copy of our Franchise Disclosure Document, together with a copy of all proposed agreements relating to the sale of the franchise at least fourteen (14) calendar days before the execution of this Agreement or at least fourteen (14) calendar days before the payment by you to us of any consideration in connection with the sale or proposed sale of the franchise granted by this Agreement.

\_\_\_\_ Initials

25.2.2. You affirm that all information set forth in all applications and submissions to us are true, complete and accurate in all respects, and you expressly acknowledge that we are relying on the truthfulness, completeness and accuracy of this information.

\_\_\_\_ Initials

25.2.3. You understand and agree that we may manage and change the System and our business in any manner that is not expressly prohibited by this Agreement. Whenever we have the right within this Agreement to take or withhold action or to grant or decline to you the right to take or withhold action, we may make such a decision on the basis of our business judgment of what is in our best interests and those of the System and the franchise network, without regard to whether other reasonable alternative decisions exist or whether our decision adversely affects you. Absent applicable statute, we shall have no liability for such a decision, and you agree that our decision will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, you agree that such a covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants to us the

right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations hereunder.

\_\_\_\_ Initials

25.2.4. Although we retain the right to establish and periodically modify System standards, which you have agreed to maintain in the operation of the Franchised Restaurant, you retain the right and sole responsibility for the day-to-day management and operation of the Restaurant and the implementation and maintenance of System standards at the Restaurant.

\_\_\_\_ Initials

25.2.5. Franchisee represents that its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

\_\_\_\_ Initials

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

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date first above written.

**PB ASSET GROUP, INC.**

Signature:

Print:

Title:

**FRANCHISEE:** \_\_\_\_\_

Signature:

Print:

Title:

**SCHEDULE A TO THE FRANCHISE AGREEMENT  
GUARANTY AND ASSUMPTION OF OBLIGATIONS**

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given on \_\_\_\_\_, by \_\_\_\_\_.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement dated \_\_\_\_\_ herewith (“Agreement”) by PB ASSET GROUP, INC. (“Franchisor”), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that (“Franchisee”) shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Franchisee’s breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 6, 7, and 17 of the Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (a) its direct and immediate liability under this Guaranty shall be joint and several; (b) it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person or entity; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement.

This Guaranty represents the entire agreement and understanding of these parties concerning the subject matter hereof, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

Successors and Assigns; Death of Guarantor. This Guaranty shall be binding upon Guarantor and his or her heirs, executors, administrators, successors and assigns and shall inure to the benefit of Franchisor and its successors, endorsees, transferees and assigns. Without limiting any other provision hereof, Guarantor expressly agrees that Guarantor’s death shall not serve as a revocation of or otherwise affect the guaranty made hereunder and that Guarantor’s estate and heirs shall continue to be liable hereunder with respect to any Guaranteed Obligations created or arising after Guarantor’s death.

The validity, interpretation and enforcement of this Guaranty and any dispute arising out of the relationship between Guarantor and Franchisor, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of California (without giving effect to principles of conflicts of law).

Guarantor hereby irrevocably consents and submits to the non-exclusive jurisdiction of the Courts of the State of California and the United States District Court located in or serving Santa Clara County, California and waives any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Guaranty or any of the other Franchising Agreements or in any way connected with or related or incidental to the dealings of Guarantor and Franchisor in respect of this Guaranty or any of the other Franchising Agreements or the transactions related hereto or thereto, in each case whether now existing or hereafter arising and whether in contract, tort, equity or otherwise, and agrees that any dispute arising out of the relationship between Guarantor or Franchisee and Franchisor or the conduct of any such persons in connection with this Guaranty, the other Franchising Agreements or otherwise shall be heard only in the courts described above (except that Franchisor shall have the right to bring any action or proceeding against Guarantor or his or her property in the courts of any other jurisdiction which Franchisor deems necessary or appropriate in order to realize on any collateral at any time granted by Franchisee or Guarantor to Franchisor or to otherwise enforce its rights against Guarantor or his or her property).

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written.

**PERSONAL GUARANTOR**

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

---

---

---

TELEPHONE NO.: \_\_\_\_\_

PERCENTAGE OF OWNERSHIP  
IN FRANCHISEE: \_\_\_\_\_ %

**PERSONAL GUARANTOR**

Personally and Individually (Printed Name)

Personally and Individually (Signature)

**PERSONAL GUARANTOR**

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

---

---

---

TELEPHONE NO.: \_\_\_\_\_

PERCENTAGE OF OWNERSHIP  
IN FRANCHISEE: \_\_\_\_\_ %

**PERSONAL GUARANTOR**

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

---

---

---

TELEPHONE NO.: \_\_\_\_\_

PERCENTAGE OF OWNERSHIP  
IN FRANCHISEE: \_\_\_\_\_ %

**PERSONAL GUARANTOR**

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

---

---

---

TELEPHONE NO.: \_\_\_\_\_

PERCENTAGE OF OWNERSHIP  
IN FRANCHISEE: \_\_\_\_\_ %

HOME ADDRESS

---

---

---

TELEPHONE NO.: \_\_\_\_\_

PERCENTAGE OF OWNERSHIP  
IN FRANCHISEE: \_\_\_\_\_ %

**PERSONAL GUARANTOR**

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

---

---

---

TELEPHONE NO.: \_\_\_\_\_

PERCENTAGE OF OWNERSHIP  
IN FRANCHISEE: \_\_\_\_\_ %

**SCHEDULE B TO THE FRANCHISE AGREEMENT**  
**NONDISCLOSURE AND NON-COMPETITION AGREEMENT**

This “Agreement” made as of the \_\_\_\_\_, is by and between \_\_\_\_\_, (“Franchisee”, “we”, “us,” or “our”) and \_\_\_\_\_ (“Individual,” “you,” or “your”).

**WITNESSETH:**

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated \_\_\_\_\_ (“Franchise Agreement”) by and between Franchisee and the Franchisor, PB ASSET GROUP, INC. (“Company”); and

WHEREAS, Franchisee desires Individual to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said Trade Secrets and other Confidential Information; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) poké bowls and similar products the same as or similar to those provided by Franchisee or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company’s other franchisees (hereinafter, “Competitive Business”); provided, however, that the term “Competitive Business” shall not apply to any business operated by Franchisee under a Franchise Agreement with Company.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. **Trade Secrets and Confidential Information.** Individual understands Franchisee possesses and will possess Trade Secrets and other Confidential Information that are important to its business.

a. For the purposes of this Agreement, a “Trade Secret” is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, recipes compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in Poki Bowl that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b. For the purposes of this Agreement “Confidential Information” means technical and non-technical information used in or related to Poki Bowl that is not commonly known by or

available to the public, including, without limitation, Trade Secrets and information contained in the Operations Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

c. Any information expressly designated by Company or Franchisee as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

## **2. Confidentiality/ Non-Disclosure.**

a. Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Individual must take all steps reasonably necessary and/or requested by Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Individual must comply with all applicable policies, procedures and practices that Franchisee has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b. Individual's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in a Poki Bowl Business.

## **3. Non-Competition.**

a. During the term of Individual's relationship with Franchisee and for a period of two (2) years after the expiration or termination of Individual's relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of Franchisee or the Company to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's service mark "Poki Bowl" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with Poki Bowl or the Company's uniform standards, methods, procedures and specifications for the establishment and operation of Poki Bowl shop.

b. During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within a TWENTY FIVE (25) mile radius of any Poki Bowl location without the express written consent of Franchisee and the Company.

c. During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee, Company or any other Poki Bowl Business to compete against, or terminate or modify his, her or its employment or business relationship with, Franchisee, Company or any other Poki Bowl Business.

4. **Reasonableness of Restrictions.** Individual acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisee, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

5. **Relief for Breaches of Confidentiality, Non-Solicitation, and Non-Competition.** Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and/or Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

6. **Dispute Resolution.**

a. **Choice of Law.** Except as to claims governed by federal law, California law governs all claims that in any way relate to or arise out of this Agreement or any of the dealings of the parties ("Claims"). However, no laws regulating the sale of franchises or governing the relationship between franchisor and franchisee shall apply unless the jurisdictional requirements of such laws are met independently of this paragraph.

b. **Jurisdiction and Venue.** You and we agree that venue and jurisdiction for any Claims, except those required to be submitted to arbitration, shall be proper solely in the state and federal court nearest to our corporate headquarters.

c. **Jury Waiver.** In any trial between any of the parties as to any Claims, you and we agree to waive our rights to a jury trial and instead have such action tried by a judge.

d. **Class Action Waiver.** You agree to bring any Claims, if at all, individually and you shall not join such claim with claims of any other person or entity or bring, join or participate in a class action against us.

e. **Punitive Damages Waiver.** As to any Claims, you and we agree to waive our rights, if any, to seek or recover punitive damages.

f. **Limitation of Actions.** You agree to bring any Claims against us, if at all, within one (1) year of the occurrence of the facts giving rise to such Claims, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

g. **Prior Notice of Claims.** As a condition precedent to commencing an action for a Claim, you must notify us within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

h. **Internal Dispute Resolution.** You must first bring any Claim to our CEO, after providing notice as set forth in Section 6(g) above. You must exhaust this internal dispute resolution procedure before you may bring your Claim before a third party.

i. **Mediation.** Before you may bring any Claim against us in court, you agree to try for a period of 60 days to mediate such claim before a mutually agreed to mediator in the city or county where our headquarters are located. If we cannot mutually agree on a mediator, you and we agree to use the mediation services of the American Arbitration Association (“AAA”), and split any AAA and mediator fees equally.

j. **Waiver of Bond.** You agree that if we are forced to bring suit to enforce any provision of this Agreement, you agree to waive any requirement that we post bond to obtain a temporary, preliminary, or permanent injunction to enforce these duties.

k. **Attorney Fees.** If we are the substantially prevailing party as to any Claims, you agree to reimburse our costs and attorney fees incurred in pursuing or defending the Claims.

## 7. Miscellaneous.

a. This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

b. This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors, and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.

c. The failure of either party to insist upon performance in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

d. In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

e. This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Company.

f. The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

**INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.**

**THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD-PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.**

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written.

FRANCHISEE:

By: \_\_\_\_\_

Its: \_\_\_\_\_

INDIVIDUAL:

Signature: \_\_\_\_\_

Name Printed: \_\_\_\_\_

**SCHEDULE C TO THE FRANCHISE AGREEMENT**  
**GENERAL RELEASE**

THIS GENERAL RELEASE is made and given on this \_\_\_\_\_ by \_\_\_\_\_, (“Releasor”) an individual/ corporation/ limited liability company/ partnership with a principal address of \_\_\_\_\_, in consideration of:

\_\_\_\_\_ the execution by PB ASSET GROUP, INC., a California corporation (“RELEASEE”), of a successor Franchise Agreement or other renewal documents renewing the franchise (the “Franchise”) granted to RELEASOR by RELEASEE pursuant to that certain Franchise Agreement (the “Franchise Agreement”) between RELEASOR and RELEASEE; or

\_\_\_\_\_ RELEASEE’S consent to RELEASOR’S assignment of its rights and duties under the Franchise Agreement; or

\_\_\_\_\_ RELEASEE’S consent to RELEASOR’S assumption of rights and duties under the Franchise Agreement;

and other good and valuable consideration, the adequacy of which is hereby acknowledged, and accordingly RELEASOR hereby releases and discharges RELEASEE, RELEASEE’s officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), and RELEASEE’s successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR’s heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise or the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and RELEASEE.

IN WITNESS WHEREOF, RELEASOR has executed this General Release as of the date first above written.

RELEASOR: \_\_\_\_\_  
(type/ print name)

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **SCHEDULE D TO THE FRANCHISE AGREEMENT FRANCHISEE DISCLOSURE QUESTIONNAIRE**

As you know, PB ASSET GROUP, INC. and you are preparing to enter into a Franchise Agreement for the operation of a franchised business. In this Franchisee Disclosure Questionnaire, PB ASSET GROUP, INC. will be referred to as "we" or "us." The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may be untrue, inaccurate, or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed PB Asset Group, Inc.'s Franchise Agreement and each exhibit, addendum, and schedule attached to it?  
Yes \_\_\_\_\_ No \_\_\_\_\_
2. Have you received and personally reviewed our Franchise Disclosure Document we provided to you?  
Yes \_\_\_\_\_ No \_\_\_\_\_
3. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits, or operating costs of the franchised business that we or our franchisees operate that is contrary to or different from the information contained in the Disclosure Document?  
Yes \_\_\_\_\_ No \_\_\_\_\_
4. Has any employee or other person speaking on our behalf made any statement or promise concerning a franchised business that is contrary to, or different from, the information contained in the Disclosure Document?  
Yes \_\_\_\_\_ No \_\_\_\_\_
5. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a franchised business?  
Yes \_\_\_\_\_ No \_\_\_\_\_
6. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support service, or assistance that we will furnish to you that is contrary to, or different from, the information contained in this Disclosure Document?  
Yes \_\_\_\_\_ No \_\_\_\_\_
7. If you have answered "Yes" to any of the above questions, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of these questions, please leave the following lines blank.  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

You understand that your answers are important to us and that we will rely on them.

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.

By signing this Franchise Disclosure Questionnaire, you are representing that you have responded truthfully to the above questions.

Name of Franchisee/Applicant

Date

Signature

Name and Title of Person Signing

## **SCHEDULE E TO THE FRANCHISE AGREEMENT** **ACH PAYMENT AGREEMENT**

ACCOUNT NAME: \_\_\_\_\_

CUSTOMER NUMBER: \_\_\_\_\_

FRANCHISE NAME: \_\_\_\_\_

### **AUTHORIZATION AGREEMENT FOR ACH PAYMENTS**

(I/we) do hereby authorize PB Asset Group, Inc., hereinafter named the “Franchisor”, to initiate (debit or credit) entries to (my/our) (Checking Account / Savings Account) as indicated and named below as the depository financial institution, hereafter named FINANCIAL INSTITUTION pursuant to the terms of the Franchise Agreement by and between us and the Franchisor.

(I/we) acknowledge that the origination of ACH transactions to my (my/our) account must comply with the provisions of U.S. law. Furthermore, if any such debit(s) should be returned NSF, (I/we) authorize the Franchisor to collect such debit(s) by electronic debit and subsequently collect a returned debit NSF fee of \$75.00 per item by electronic debit from my account identified below. In the event all funds and interests are not received by Franchisor within 15 days from presentment and intended withdrawal from our account by Franchisor, then we will be deemed in default of the Franchise Agreement. We further agree to pay all reasonable costs of collection including but not limited to reasonable attorney’s fees and court costs incurred by Franchisor. I am a duly authorized check signer on the financial institution account identified below and authorize all of the above as evidenced by my signature below.

CHECK (ACH) INFORMATION ROUTING NUMBER: \_\_\_\_\_

ACCOUNT NUMBER: \_\_\_\_\_

DEPOSITORY NAME: \_\_\_\_\_

BRANCH: \_\_\_\_\_

CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ ZIP: \_\_\_\_\_

COMPANY NAME: \_\_\_\_\_

FIRST NAME/ LAST NAME: \_\_\_\_\_

BILLING ADDRESS: \_\_\_\_\_

CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ ZIP: \_\_\_\_\_

PHONE NUMBER: \_\_\_\_\_

CUSTOMER NUMBER: \_\_\_\_\_

SIGNATURE ON FILE: \_\_\_\_\_

PHONE OR EMAIL APPROVAL AUTHORIZATION NUMBER: \_\_\_\_\_

FRANCHISEE: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**SCHEDULE F TO THE FRANCHISE AGREEMENT**  
 **HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE; OFFICERS;**  
**DIRECTORS**

**Holders of Legal or Beneficial Interest:**

Name: \_\_\_\_\_  
Position/ Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_  
Percentage of ownership: \_\_\_\_\_ %

Name: \_\_\_\_\_  
Position/ Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_  
Percentage of ownership: \_\_\_\_\_ %

Name: \_\_\_\_\_  
Position/ Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_  
Percentage of ownership: \_\_\_\_\_ %

**Officers and Directors**

Name: \_\_\_\_\_  
Position/ Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_  
Percentage of ownership: \_\_\_\_\_ %

Name: \_\_\_\_\_  
Position/ Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_

Name: \_\_\_\_\_  
Position/ Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_  
Percentage of ownership: \_\_\_\_\_ %

Name: \_\_\_\_\_  
Position/ Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_  
Percentage of ownership: \_\_\_\_\_ %

Name: \_\_\_\_\_  
Position/ Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_  
Percentage of ownership: \_\_\_\_\_ %

Name: \_\_\_\_\_  
Position/ Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_  
Percentage of ownership: \_\_\_\_\_ %

Name: \_\_\_\_\_  
Position/ Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_  
Percentage of ownership: \_\_\_\_\_ %

Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_  
Percentage of ownership: \_\_\_\_\_ %

## **SCHEDULE G TO THE FRANCHISE AGREEMENT** **COLLATERAL ASSIGNMENT OF LEASE**

Option to Assume Lease \_\_\_\_\_

1. FOR VALUE RECEIVED, if \_\_\_\_\_ ("Tenant/ Assignor") defaults under the Lease dated \_\_\_\_\_, ("Lease") by and between \_\_\_\_\_ ("Landlord/ Assignee") and Tenant for the premises located at \_\_\_\_\_ (the "Premises"), of if PB Asset Group, Inc. ("Franchisor") terminates the Tenant's franchise agreement covering the Premises or default under the Lease Landlord and Tenant acknowledge and agree that Franchisor will have the option to assume the Lease pursuant to Paragraph 3 below. This assignment is for collateral purposes only and except as specified in this document Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor's obligations under the Lease. Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the premises it demises. Upon Assignor's default under the Lease or under the "Franchise Agreement" for a Restaurant between Assignee and Assignor or in the event Assignor defaults under any document or instrument securing the Franchise Agreement Assignee has the right to take possession of the premises the Lease demises and expel Assignor from the premises. In that event Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates. Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee's prior written consent. Throughout the term of the Franchise Agreement Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day upon which the option must be exercised unless Assignee agrees otherwise in writing. Upon Assignee's failure to agree otherwise in writing and upon Assignor's failure to elect to extend or renew the Lease as required Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.
2. Landlord agrees to give Franchisor written notice specifying all default(s) of Tenant under the Lease. Franchisor agrees to give written notice to Landlord if Franchisor terminates Tenant's franchise agreement and, in such notice, will request that Landlord provide Franchisor with a copy of the Lease and specify any of the Tenant's defaults thereunder. All notices will be by nationally recognized overnight courier (with tracking capability).

3. Franchisor (or one of its real estate affiliates) may, within 30 days from (i) receipt of notice from Landlord that Tenant has defaulted under the Lease and failed to cure such default(s) as required or permitted by the terms of the Lease, or (ii) sending of notice to Landlord that has terminated Tenant's franchise agreement covering the Premises, notify Landlord of Franchisor's decision to assume the Lease. If Franchisor exercises its right to assume the Lease by sending Landlord the required notice as provided in the prior sentence, (i) Landlord will deliver possession of the Premises to Franchisor; and (ii) Franchisor will, immediately upon such delivery, cure all of Tenant's monetary defaults under the Lease and execute an agreement pursuant to which Franchisor agrees to assume all of Tenant's rights and obligations under the Lease, subject to the next paragraph.
4. If Franchisor exercises its right to assume the Lease pursuant to Paragraph 3 above, Landlord agrees that Franchisor (i) may, without Landlord's consent, sublet the Premises to or assign the Lease to, an approved franchisee of Franchisor, provided in either instance that Franchisor remains liable for the payment of rent and the performance of Tenant's duties under the Lease, (ii) may assign, without recourse, its rights under the Lease upon receiving Landlord's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed, and subject to the terms of the Lease, (iii) will not be bound by the terms of any amendment to the Lease executed by Tenant without obtaining Franchisor's prior written approval, (iv) will not be subject to any provision of the Lease that requires Tenant to continuously operate a business in the Premises during any period that the Premises is closed for remodeling or while Franchisor is seeking to obtain and train a new franchisee, provided however, that such period of closure will not exceed 60 days in each instance; and (v) may, if it subleases the Premises to a franchisee as provided above, retain all rent or other consideration payable under such sublease.
5. If Franchisor exercises its right to assume the Lease pursuant to Paragraph 3 above, within 10 days after written demand, Tenant agrees to assign all of its right, title and interest in the Lease to Franchisor and, if Tenant does not do so, Tenant appoints Franchisor as its agent to execute all documents that may be necessary for Franchisor to take assignment of the Lease. Notwithstanding anything to the contrary contained herein Tenant shall remain liable to Landlord for all of its obligations under the Lease and to Franchisor for all amounts that Franchisor pays to Landlord to cure Tenant's defaults under the Lease, including interest, reasonable collection costs and de-identification costs (the parties acknowledging that Franchisor may enter the Premises without being guilty of trespass or tort to de-identify the Premises). Franchisor may assign this Option and its rights hereunder to any affiliate, subsidiary, parent, successor or assign of Franchisor provided the conditions herein as to assignment are met. The assignee must be an approved licensed franchisee of Franchisor. This Option may be signed in any number of counterparts by facsimile or otherwise, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. A facsimile signature may be used for any purpose in lieu of an original signature.

LANDLORD:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

TENANT:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISOR:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**SCHEDULE H**

**STATE ADDENDA TO FRANCHISE AGREEMENT**

## **CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT**

Notwithstanding anything to the contrary set forth in the PB Asset Group, Inc. Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all PB Asset Group, Inc. franchises offered and sold in the State of California:

This California Addendum is only applicable if you are a resident of California or if your business is located in California.

1. Section 2.1 of the Franchise Agreement is hereby deleted in its entirety, and replaced by the following:
  1. A. Initial Term. The term of this Agreement is for ten (10) years, commencing on the Effective Date of this Agreement, unless terminated earlier as provided in this Agreement. However, by the end of the fifth year following the opening of your Franchised Business, you must make, or provide for in a manner satisfactory to us, such renovation and equipping of your location as we deem appropriate to reflect the then current standards and image of the System, including, without limitation, renovation or replacement of signs, equipment, furnishings, fixtures and décor.
  2. Section 23.6 of the Franchise Agreement is hereby amended in its entirety as follows:

**Limitation of Actions.** You agree to bring any Claims against us, if at all, within four (4) years of the occurrence of the facts giving rise to such Claims, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.
  3. The California Franchise Relations Act (Business and Professions Code Section 20000 through 20043), provides franchisees with additional rights concerning termination and non-renewal of the Franchise Agreement and certain provisions of the Franchise Agreement relating to termination and non-renewal may be superseded by the Act. There may also be court decisions which may supersede the Franchise Agreement and your relationship with Franchisor, including the areas of termination and renewal of Franchisee's franchise. If the Franchise Agreement is inconsistent with the law, the law will control.
  4. The Franchise Agreement requires Franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 - 20043)). To the extent required by such laws, Franchisee shall not be required to execute a general release.
  5. 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.

6. The provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.

7. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:

Franchisee:

PB Asset Group, Inc.

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT**

Notwithstanding anything to the contrary set forth in the PB Asset Group, Inc. Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all PB Asset Group, Inc. franchises offered and sold in the State of Illinois:

1. Notwithstanding the fact that the Franchise Agreement requires that the Agreement be governed by the laws of the State of California, to the extent required by Rule 200.608 of the Illinois Franchise Disclosure Laws, the Agreement shall be governed and construed in accordance with the laws of the State of Illinois.
2. The Franchise Agreement states that California law generally applies. However, the conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Illinois law, and we will comply with that law in Illinois.
3. The other conditions under which your franchise can be terminated and your rights of nonrenewal may be affected by Illinois Law, 815 Illinois Compiled Statutes 705/19 and 705/20.
4. Section 4 of the Illinois Franchise Disclosure Act states that “Any provision of a franchise agreement which designates jurisdiction or venue in a forum outside of this state (Illinois) is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State.”
5. Any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive requirements with any provisions of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims pursuant to the provisions of Title IX of the United States Code.
6. The provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.
7. Section 14.2 of the Franchise Agreement is modified by the insertion of the following at the end of such Section:

“Notwithstanding the foregoing, to the extent required by Illinois law, the Franchisor shall provide reasonable notice to the Franchisee with the opportunity to cure any defaults under this Section 14.2, which shall not be less than ten (10) days and in no event shall such notice be required to be more than thirty (30) days.”

8. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

[Signatures on Following Page]

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:

PB Asset Group, Inc.

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Franchisee:

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

## **INDIANA ADDENDUM TO FRANCHISE AGREEMENT**

Notwithstanding anything to the contrary set forth in the PB Asset Group, Inc. Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all PB Asset Group, Inc. franchises offered and sold in the State of Indiana:

This Indiana Addendum is only applicable if you are a resident of Indiana or if your business is located in Indiana.

1. Section 17.2 of the Agreement shall be deleted in its entirety and the following shall be substituted in lieu thereof:

**“B. After Expiration, Termination or Transfer.** You will not, directly or indirectly for a period of two (2) years after the transfer by you, or the expiration or termination of this Agreement, on your own account or as an employee, consultant, partner, officer, director, shareholder, lender, or joint venturer of any other person, firm, entity, partnership, corporation or company, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in any business that derives more than 10% of its revenue from the sale of coffee, which is located within the Protected Territory.”

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:

PB Asset Group, Inc.

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Franchisee:

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

## **MARYLAND ADDENDUM TO FRANCHISE AGREEMENT**

Notwithstanding anything to the contrary set forth in the PB Asset Group, Inc. Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all PB Asset Group, Inc. franchises offered and sold in the State of Maryland:

1. Section 13.2 of the Franchise Agreement is revised to provide that, pursuant to COMAR 02.02.08.16L, the general release required as a condition to renewal, sale or consent to assignment/transfer, shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
2. Section 14 of the Franchise Agreement is revised to provide that termination upon bankruptcy might not be enforceable under the U.S. Bankruptcy Act, but Franchisor intends to enforce it to the extent enforceable.
3. Section 18.5 of the Franchise Agreement is revised to include the following language:

“Notwithstanding the standing provisions of this section, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.”

4. The representations made in the Franchise Agreement are not intended to nor should they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
5. Each provision to this Addendum to the Franchise Agreement shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.
6. The Franchise Agreement states that California law generally applies. However, the conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Maryland Law, and we will comply with that law in Maryland.
7. Notwithstanding anything to the contrary in the Franchise Agreement, nothing will prevent the Franchisee from filing suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

[Signatures on following page]

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:

PB Asset Group, Inc.

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Franchisee:

\_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

## **MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT**

Notwithstanding anything to the contrary set forth in the PB Asset Group, Inc. Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all PB Asset Group, Inc. franchises offered and sold in the State of Minnesota:

This Minnesota Addendum is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota.

1. Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

2. Franchisor will comply with Minn. Stat. Section 80C.14, subds. 3, 4 and 5, which require, except in certain specified cases, that the Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement.

3. Section 3 is revised to include the following:

“To the extent required by the Minnesota Franchise Act, Franchisor will protect your rights to use the trademarks, service marks, trade names, logos and other commercial symbols, or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding your use of the marks, provided you are using the Names and Marks in accordance with this Agreement.”

4. Franchisor shall not require Franchisee to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:

PB Asset Group, Inc.

By: \_\_\_\_\_

Franchisee:

\_\_\_\_\_

Print Name: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

## **NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT**

Notwithstanding anything to the contrary set forth in the PB Asset Group, Inc. Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all PB Asset Group, Inc. franchises offered and sold in the State of North Dakota:

This North Dakota Addendum is only applicable if you are a resident of North Dakota or if your business will be located in North Dakota.

1. Section 16 of the Franchise Agreement is modified to delete any requirement that franchisee consent to termination penalties or liquidated damages.

2. Section 17 of the Franchise Agreement is amended by adding the following language at the end:

“Covenants not to compete, such as those mentioned in this Section 17, are subject to Section 9-08-06 of the North Dakota Codified Code.”

3. Sections 18.4, 18.5 and 18.6 of the Franchise Agreement are deleted in their entirety.

4. Section 20 of the Franchise Agreement is amended to provide that the Franchise Agreement will be governed by the laws of the State of North Dakota.

5. Section 2 of the Franchise Agreement is amended by deleting clause 2.8 thereof.

6. No provision of the Franchise Agreement shall be interpreted to accelerate any statute of limitations contained in any provision of the North Dakota Codified Code.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:

PB Asset Group, Inc.

By: \_\_\_\_\_

Franchisee:

\_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT**

Notwithstanding anything to the contrary set forth in the PB Asset Group, Inc. Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all PB Asset Group, Inc. franchises offered and sold in the State of Rhode Island:

This Rhode Island Addendum is only applicable if you are a resident of Rhode Island or if your business will be located in Rhode Island.

1. Section 18 of the Franchise Agreement is supplemented by the addition of the following:

§“19-28.1-14 of the Rhode Island Franchise Investment Act provides that ‘A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Act.’”

Act (§§ 19-28.1-1 through 19- 28.1-34) are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:

Franchisee:

PB Asset Group, Inc.

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT,  
FRANCHISE AGREEMENT, MULTI-UNIT DEVELOPMENT AGREEMENT, AND  
RELATED AGREEMENTS**

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

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

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

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

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

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

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

*[Signatures on following page]*

The undersigned does hereby acknowledge receipt of this addendum.

Franchisor:

PB Asset Group, Inc.

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Franchisee:

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT 3**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**TABLE OF CONTENTS TO OPERATIONS MANUAL**

| <b>Chapter</b>  | <b>Page Number</b> |
|---|--------------------|
| Table of Contents   | 2                  |
| Chapter 1: Introduction   | 11                 |
| Chapter 2: Welcome to Poki Bowl   | 16                 |
| Chapter 3: Support Resources  | 20                 |
| Chapter 4: Pre-Opening Timetable & Obligations                            | 22                 |
| Chapter 5: Franchisee Training Requirements                               | 47                 |
| Chapter 6: Staffing your Poki Bowl Franchise                              | 52                 |
| Chapter 7: Office Policies  | 56                 |
| Chapter 8: Office Operation and Maintenance                               | 62                 |
| Chapter 9: Restaurant Equipment, Computer System, Inventory, and Supplies | 69                 |
| Chapter 10: Administration  |                    |
| Chapter 11: Reports, Audits & Inspections                                 | 87                 |
| Chapter 12: Sanitation, Safety, and Maintenance                           | 91                 |
| Chapter 13: Marketing   | 104                |
| Chapter 14: Insurance Requirements & Risk Management                      | 118                |
| Chapter 15: Corporate Structure and Financing                             | 123                |
| Chapter 16: Trademarks and Trade Secrets                                  | 131                |
| Chapter 17: Resale, Transfer, Renewal and Closing                         | 133                |
| Chapter 18: Expansion and Relocation Requirements                         | 134                |
| Chapter 19: Recipes   | 135                |

**EXHIBIT 4**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**FINANCIAL STATEMENTS**

**PB ASSET GROUP, INC.**

FINANCIAL REPORT

AS OF DECEMBER 31, 2022

**PB ASSET GROUP, INC.**

**TABLE OF CONTENTS**

|  | <u>Page</u> |
|--|-------------|
| Independent Auditor's Report                     | 3           |
| Balance Sheets                                   | 5           |
| Statements of Operations                         | 6           |
| Statements of Changes in Stockholder's (Deficit) | 7           |
| Statements of Cash Flows                         | 8           |
| Notes to Financial Statements                    | 9           |



### Independent Auditor's Report

To the Stockholder  
PB Asset Group, Inc.  
San Jose, California

#### Report on the Audit of the Financial Statements

##### *Opinion*

We have audited the accompanying balance sheets of PB Asset Group, Inc. as of December 31, 2022, and 2021 and the related statements of operations, stockholder's (deficit) and cash flows for the years ended December 31, 2022, 2021, and the period from February 21, 2020 (Inception) through December 31, 2020, and the notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PB Asset Group, Inc. as of December 31, 2022, and 2020 and the results of their operations and their cash flows for the years ended December 31, 2022, 2021 and the period from February 21, 2020 (Inception) through December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

##### *Basis for Opinion*

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

##### *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 PB Asset Group, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

##### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

2580 East Harmony Road, Ste. 301-10 • Ft. Collins, CO 80528  
Office: (303) 999-6485



is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

*Reese CPA LLC*

Ft. Collins, Colorado  
July 31, 2023

**PB ASSET GROUP, INC.**  
**BALANCE SHEETS**

|  | <b>AS OF DECEMBER 31,</b> |                   |
|--|---------------------------|-------------------|
|  | <b>2022</b>               | <b>2021</b>       |
| <b>ASSETS</b>  |                           |                   |
| <b>CURRENT ASSETS</b>  |                           |                   |
| Cash and equivalents   | \$ 136,750                | \$ 234,842        |
| Accounts receivable  | 48,858                    | 56,570            |
| Current portion of contract acquisition costs  | 7,170                     | 8,860             |
| <b>TOTAL CURRENT ASSETS</b>  | <b>192,778</b>            | <b>300,272</b>    |
| <b>NON-CURRENT ASSETS</b>  |                           |                   |
| Property and equipment, net  | 34,243                    | 42,569            |
| Contract acquisition costs, less current   | 51,561                    | 72,251            |
| <b>TOTAL ASSETS</b>  | <b>\$ 278,582</b>         | <b>\$ 415,092</b> |
| <b>LIABILITIES AND STOCKHOLDER'S (DEFICIT)</b>                                       |                           |                   |
| <b>CURRENT LIABILITIES</b>   |                           |                   |
| Accounts payables  | 18,724                    | 19,363            |
| Current portion of non-refundable deferred franchise revenue                         | 52,400                    | 54,000            |
| <b>TOTAL CURRENT LIABILITIES</b>   | <b>71,124</b>             | <b>73,363</b>     |
| <b>NON-CURRENT LIABILITIES</b>   |                           |                   |
| Non-refundable deferred franchise revenue, less current                              | 394,331                   | 455,327           |
| <b>TOTAL LIABILITIES</b>   | <b>465,455</b>            | <b>528,690</b>    |
| <b>STOCKHOLDER'S (DEFICIT)</b>   |                           |                   |
| Common stock; \$0.10 par value; 100,000 shares<br>authorized, issued and outstanding | 10,000                    | 10,000            |
| Additional paid-in capital   | 70,000                    | 70,000            |
| Retained (deficit)   | (266,873)                 | (193,598)         |
| <b>TOTAL STOCKHOLDER'S (DEFICIT)</b>   | <b>(186,873)</b>          | <b>(113,598)</b>  |
| <b>TOTAL LIABILITIES AND STOCKHOLDER'S (DEFICIT)</b>                                 | <b>\$ 278,582</b>         | <b>\$ 415,092</b> |

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

**PB ASSET GROUP, INC.**  
**STATEMENTS OF OPERATIONS**  
**YEARS ENDED DECEMBER 31, 2022, 2021 AND FOR THE PERIOD**  
**FROM FEBRUARY 21, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020**

|                                 | <b>2022</b>              | <b>2021</b>             | <b>2020</b>             |
|---------------------------------|--------------------------|-------------------------|-------------------------|
| <b>REVENUES</b>                 |                          |                         |                         |
| Royalties                       | \$ 267,897               | \$ 130,902              | \$ 20,626               |
| Franchise fees                  | 132,596                  | 50,763                  | 3,910                   |
| Other                           | 101,103                  | 53,715                  | 20,070                  |
| <b>TOTAL REVENUES</b>           | <b><u>501,596</u></b>    | <b><u>235,380</u></b>   | <b><u>44,606</u></b>    |
| <b>OPERATING EXPENSES</b>       |                          |                         |                         |
| General and administrative      | 113,289                  | 69,554                  | 6,407                   |
| Franchise-related costs         | 46,831                   | 48,971                  | 8,563                   |
| Professional fees               | 11,425                   | 21,195                  | 6,535                   |
| Advertising and promotion       | -                        | 1,250                   | 2,370                   |
| Depreciation                    | 8,326                    | 7,944                   | 795                     |
| <b>TOTAL OPERATING EXPENSES</b> | <b><u>179,871</u></b>    | <b><u>148,914</u></b>   | <b><u>24,670</u></b>    |
| <b>OPERATING INCOME</b>         | <b>321,725</b>           | <b>86,466</b>           | <b>19,936</b>           |
| <b>OTHER INCOME</b>             | -                        | -                       | -                       |
| <b>NET INCOME</b>               | <b><u>\$ 321,725</u></b> | <b><u>\$ 86,466</u></b> | <b><u>\$ 19,936</u></b> |

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

**PB ASSET GROUP, INC.**  
**STATEMENTS OF CHANGES IN STOCKHOLDER'S (DEFICIT)**  
**YEARS ENDED DECEMBER 31, 2022, 2021 AND FOR THE PERIOD**  
**FROM FEBRUARY 21, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020**

|   | <b>Common Stock<br/>Shares</b> | <b>Common Stock<br/>Amount</b> | <b>Additional<br/>Paid-In<br/>Capital</b> | <b>Retained<br/>(Deficit)</b> | <b>Total<br/>Stockholder's<br/>(Deficit)</b> |
|---|--------------------------------|--------------------------------|---|-------------------------------|--|
| <b>BALANCE, FEBRUARY 21, 2020 (INCEPTION)</b> | -                              | \$ -                           | \$ -                                      | \$ -                          | \$ -   |
| Issuance of common stock                      | 100,000                        | 10,000                         | -   | -                             | 10,000                                       |
| Contributions                                 | -                              | -                              | 70,000                                    | -                             | 70,000                                       |
| Distributions                                 | -                              | -                              | -   | (100,000)                     | (100,000)                                    |
| Net Income                                    | -                              | -                              | -   | 19,936                        | 19,936                                       |
| <b>BALANCE, DECEMBER 31, 2020</b>             | <b>100,000</b>                 | <b>10,000</b>                  | <b>70,000</b>                             | <b>(80,064)</b>               | <b>(64)</b>                                  |
| Distributions                                 | -                              | -                              | -   | (200,000)                     | (200,000)                                    |
| Net Income                                    | -                              | -                              | -   | 86,466                        | 86,466                                       |
| <b>BALANCE, DECEMBER 31, 2021</b>             | <b>100,000</b>                 | <b>10,000</b>                  | <b>70,000</b>                             | <b>(193,598)</b>              | <b>(113,598)</b>                             |
| Distributions                                 | -                              | -                              | -   | (395,000)                     | (395,000)                                    |
| Net Income                                    | -                              | -                              | -   | 321,725                       | 321,725                                      |
| <b>BALANCE, DECEMBER 31, 2022</b>             | <b>100,000</b>                 | <b>\$ 10,000</b>               | <b>\$ 70,000</b>                          | <b>\$ (266,873)</b>           | <b>\$ (186,873)</b>                          |

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

**PB ASSET GROUP, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022, 2021 AND FOR THE PERIOD**  
**FROM FEBRUARY 21, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020**

|   | <b>2022</b>       | <b>2021</b>       | <b>2020</b>       |
|---|-------------------|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                       |                   |                   |                   |
| Net income  | \$ 321,725        | \$ 86,466         | \$ 19,936         |
| Adjustments to reconcile net income to net cash provided by operating activities: |                   |                   |                   |
| Recognition of non-refundable deferred franchise fees                             | (132,596)         | (35,763)          | (3,910)           |
| Recognition of contract acquisition costs   | 22,380            | 6,926             | 563               |
| Depreciation  | 8,326             | 7,944             | 795               |
| Changes in assets and liabilities:  |                   |                   |                   |
| Accounts receivable   | 7,712             | (9,576)           | (46,994)          |
| Contract acquisition costs  | -                 | (54,800)          | (33,800)          |
| Accounts payable  | (639)             | 19,275            | 88                |
| Non-refundable deferred franchise fees  | 70,000            | 339,000           | 210,000           |
| Net cash provided by operating activities   | <u>296,908</u>    | <u>359,472</u>    | <u>146,678</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                       |                   |                   |                   |
| Purchase of property and equipment  | -                 | (26,026)          | (25,282)          |
| Net cash used by investing activities   | <u>-</u>          | <u>(26,026)</u>   | <u>(25,282)</u>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                       |                   |                   |                   |
| Issuance of common stock  | -                 | -                 | 10,000            |
| Additional paid-in capital  | -                 | -                 | 70,000            |
| Cash distributed to stockholder   | (395,000)         | (200,000)         | (100,000)         |
| Net cash used by financing activities   | <u>(395,000)</u>  | <u>(200,000)</u>  | <u>(20,000)</u>   |
| <b>NET INCREASE IN CASH</b>   | <b>(98,092)</b>   | <b>133,446</b>    | <b>101,396</b>    |
| <b>CASH, BEGINNING</b>  | <b>234,842</b>    | <b>101,396</b>    | <b>-</b>          |
| <b>CASH, ENDING</b>   | <b>\$ 136,750</b> | <b>\$ 234,842</b> | <b>\$ 101,396</b> |
| <b>SUPPLEMENTAL DISCLOSURES</b>   |                   |                   |                   |
| Cash paid for interest  | \$ -              | \$ -              | \$ -              |
| Cash paid for taxes   | \$ -              | \$ -              | \$ -              |

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

**PB ASSET GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

PB Asset Group, Inc. ("Company") was incorporated on February 21, 2020, (Inception) in the State of California. The Company grants franchises to qualified persons to open and operate a Poki Bowl Restaurant (each a "Poki Bowl"). The Poki Bowl menu features quality seafood, tossed in proprietary signature spices and sauces served on top of a bed of brown or white rice and/or fresh green salad and toppings.

**Affiliates**

NJNJ, LLC was formed on August 10, 2015, in California as a limited liability company for the purpose of operating a Poki Bowl.

PB Curtner/Coronado, LLC was formed on December 18, 2015, in California as a limited liability company and operates two Poki Bowls.

The above affiliates do not sell franchises in any other line of business and are not otherwise engaged in any other business activity.

The following table summarizes the number of locations open and operating for the years ended December 31, 2022, 2021 and the period from February 21, 2020 (Inception) through December 31, 2020:

|                                   | 2022      | 2021      | 2020     |
|-----------------------------------|-----------|-----------|----------|
| Locations in operation, beginning | 11        | 8         | 4        |
| Locations opened                  | 7         | 4         | 4        |
| Locations terminated or closed    | (2)       | (1)       | -        |
| Locations in operation, ending    | <u>16</u> | <u>11</u> | <u>8</u> |
| Franchised locations              | 13        | 8         | 4        |
| Affiliate owned locations         | 3         | 3         | 4        |

A summary of significant accounting policies follows:

**Use of Estimates**

Preparation of the Company's financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2022, and 2021.

**PB ASSET GROUP, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable**

Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized subsequent to invoicing. Management evaluates individual customer's receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any allowance for doubtful accounts as of December 31, 2022, and 2021 and did not charge-off any accounts receivable for the years ended December 31, 2022, 2021, and the period from February 21, 2020 (Inception) through December 31, 2020.

**Property, Plant & Equipment**

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years).

**Intangible Assets**

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

**Income Taxes**

The stockholder of the Company will elect to be taxed as an S Corporation under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax return of its stockholder and no provisions for federal or state income taxes have been recorded on the accompanying balance sheet.

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company's stockholder.

---

**PB ASSET GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

The Company recognizes revenue under the guidance of ASC 606 “Contracts with Customers”. The Company’s revenue mainly consists of franchise fees, royalties, product sales and rebates.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee. The remainder of performance obligations represent a single performance obligation and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract which is currently 10 years.

When a franchisee purchases a Poki Bowl, the Company grants the franchisee the right to use the proprietary methods, techniques, trade dress, trademarks, and logos (“the license”). This is considered to be symbolic intellectual property. Revenues related to the license are continuing royalties are based on gross revenues and are 5.5%. These revenues will be used to continue the development of the Company’s brand, the franchise system and provide on-going support for the Company’s franchisees. The royalties are billed monthly and are recognized as revenue when earned.

The Company sells various products to the Company’s franchisees. These revenues are recognized when control and possession of the product sold passes to the franchisee and collection of the sales price is reasonably assured.

The Company periodically receives rebates or referral fees from certain vendors. These revenues are recognized as earned with the right to the rebate or fees established and collection of the sale price is reasonably assured.

**Advertising Fund Contribution**

The Company has the right to collect an advertising fund fee of up to 1% of the gross revenues of each franchise location. The Company is not currently collecting this fee.

**Advertising Costs**

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2022, 2021, and the period from February 21, 2020 (Inception) through December 31, 2020, was \$0, \$1,250 and 2,370, respectively.

**Fair Value of Financial Instruments**

For the Company’s financial instruments consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

**PB ASSET GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recently issued accounting pronouncements**

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

**NOTE 2 – CONTRACTS WITH CUSTOMERS**

The Company has recorded a liability for unearned revenue associated with the performance obligation of the Company's franchise agreements. The account balances and activity for the years ended December 31, are as follows:

|  | December 31,             |                          |
|--|--------------------------|--------------------------|
|  | 2022                     | 2021                     |
| <b>Contract Acquisition Costs:</b>             |                          |                          |
| Balance beginning of year                      | \$ 81,111                | \$ 33,237                |
| Deferral of contract acquisition costs         | -                        | 54,800                   |
| Recognition of contract acquisition costs      | <u>(22,380)</u>          | <u>(6,926)</u>           |
| Balance at end of year                         | <u><u>\$ 58,731</u></u>  | <u><u>\$ 81,111</u></u>  |
| <b>Deferred Non-refundable Franchise Fees:</b> |                          |                          |
| Balance beginning of year                      | \$ 509,327               | \$ 206,090               |
| Deferral of non-refundable franchise fees      | 70,000                   | 339,000                  |
| Recognition of non-refundable franchise fees   | <u>(132,596)</u>         | <u>(35,763)</u>          |
| Balance at end of year                         | <u><u>\$ 446,731</u></u> | <u><u>\$ 509,327</u></u> |

**Disaggregation of Revenues**

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, 2022, 2021, and the period February 21, 2020 (Inception) through December 31, 2020, is as follows:

|   | 2022                     | 2021                     | 2020                    |
|---|--------------------------|--------------------------|-------------------------|
| Performance obligations satisfied at a point in time          | \$ 375,500               | \$ 199,617               | \$ 40,696               |
| Performance obligations satisfied through the passage of time | <u>126,096</u>           | <u>35,763</u>            | <u>3,910</u>            |
| Total revenues  | <u><u>\$ 501,596</u></u> | <u><u>\$ 235,380</u></u> | <u><u>\$ 44,606</u></u> |

**PB ASSET GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – CONTRACTS WITH CUSTOMERS (CONTINUED)**

**Estimated Recognition of Non-refundable Deferred Franchise Fees and Deferred Contract Acquisition Costs**

Estimated expenses and revenues to be recognized in future periods related to Non-refundable deferred franchise fees and deferred contract acquisition costs reported at December 31, 2022, is as follows:

| Year ending December 31: | <u>Franchise<br/>Acquisition Costs</u> | <u>Non-refundable<br/>Franchise Fees</u> |
|--------------------------|--|--|
| 2023                     | \$ 7,170                               | \$ 52,400                                |
| 2024                     | 7,170                                  | 52,400                                   |
| 2025                     | 7,170                                  | 52,400                                   |
| 2026                     | 7,170                                  | 52,400                                   |
| 2027                     | 7,170                                  | 52,400                                   |
| Thereafter               | 22,881                                 | 184,731                                  |
|                          | <u>\$ 58,731</u>                       | <u>\$ 446,731</u>                        |

**NOTE 3 – PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consist of the following at December 31:

|                               | 2022             | 2021             |
|-------------------------------|------------------|------------------|
| Furniture and equipment       | \$ 16,150        | \$ 16,150        |
| Warehouse                     | 35,158           | 35,158           |
|                               | <u>51,308</u>    | <u>51,308</u>    |
| Less accumulated depreciation | (17,065)         | (8,739)          |
|                               | <u>\$ 34,243</u> | <u>\$ 42,569</u> |

Depreciation expense was \$8,326, \$7,944, and \$795 for the years ended December 31, 2022, 2021, and the period from February 21, 2020 (Inception) through December 31, 2020.

**NOTE 4 – COMMITMENTS AND CONTINGENCIES**

**Litigation**

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. 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.

**PB ASSET GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - SUBSEQUENT EVENTS**

**Date of Management's Evaluation**

Management has evaluated subsequent events through July 31, 2023, the date on which the financial statements were available to be issued.

**EXHIBIT 5**  
**STATE ADDENDA TO DISCLOSURE DOCUMENT**

## **CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of California only, this Disclosure Document is amended as follows:

**Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner.**

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

### **Risk Factors**

1. The California franchise investment law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the offering circular.

2. OUR WEBSITE, [www.pokibowl.com](http://www.pokibowl.com), 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.dfp.ca.gov](http://www.dfp.ca.gov).

3. Each owner of the franchise is required to execute a personal guaranty. Doing so could jeopardize the marital assets of non-owner spouses domiciled in community property states such as California.

### **Item 3**

Neither franchisor nor any person or franchise broker in Item 2 of this disclosure document 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.

### **Item 6**

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

## **Item 17**

The following paragraphs are added at the end of Item 17 of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

**California Law Regarding Termination, Transfer, and Nonrenewal.** California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer, or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

**Termination Upon Bankruptcy.** 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.).

**Post-Termination Noncompetition Covenants.** 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.

**Arbitration.** The franchise agreement requires binding arbitration. The arbitration will occur at Santa Clara County, California, 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.

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

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

## **Item 19**

The following is added to Item 19:

**The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Poki Bowl business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.**

## **HAWAII ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Hawaii only, this Disclosure Document is amended as follows:

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

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

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

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

Commissioner of Securities  
335 Merchant Street  
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

2. A franchise registration is effective or an offering circular is on file in the following states: \_\_\_\_\_

3. A proposed registration or filing is or will be shortly on file in the following states: \_\_\_\_\_

4. No states have refused, by order or otherwise to register these franchises.

5. No states have revoked or suspended the right to offer these franchises.

6. The proposed registration of these franchises has not been withdrawn in any state.

## **ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Illinois only, this Disclosure Document is amended as follows:

Illinois governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction of venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

## **MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 17:

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

## **MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

**THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7**

**7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

## NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT 1 OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

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

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order

relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

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

4. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

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

## NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows: THE

SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE  
UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC  
SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.
2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
7. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

## **RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

## **VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT**

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statements are added to Item 17(h):

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

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

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

## **WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT**

(See Schedule H for Washington Addendum to Franchise Disclosure Document, Franchise Agreement, Multi-Unit Development Agreement, and Related Agreements)

**EXHIBIT 6**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**LIST OF CURRENT AND FORMER FRANCHISEES**

**List of Current Franchisees as of December 31, 2022:**

| <b>ST</b> | <b>Name</b>             | <b>Address</b>   | <b>Phone</b>   |
|-----------|-------------------------|--|----------------|
| CA        | Hashi House, LLC        | 98 Rancho Del Mar, Aptos, CA 95003                       | (831) 661-5589 |
| CA        | Poki Bowl Morongo, Inc. | 48551 Morongo Trail, Cabazon, CA 92230                   | (951) 922-3665 |
| CA        | PB 1425                 | 1425 1 <sup>st</sup> Street, Suite 103, Gilroy, CA 95020 | (408) 337-5136 |
| CA        | PB Hollister, LLC       | 1210 E. Park Street, Ste. 104, Hollister, CA 95023       | (831) 637-1027 |
| CA        | Ganesha Cloud, LLC      | 30012 Town Center Dr., Unit 110, Menifee, CA 92584       | (951) 672-1111 |
| CA        | Nick Pham and Khanh Le  | 408 Tenant Station, Morgan Hill, CA 95037                | (408) 612-8347 |
| CA        | Gilamy, Inc.            | 2532 Berryessa Rd., San Jose, CA 95132                   | (408) 832-1913 |
| CA        | NDN, Inc.               | 127 W. Washington Ave., Sunnyvale, CA 94086              | (408) 475-7129 |
| FL        | PBK Loos Lublin, LLC    | 8370 Mills Drive, Miami, FL 33183                        | (786) 238-7309 |
| TN        | Haute Poke, LLC         | 1844 W. McEwen Drive, Suite 110, Franklin, TN 37067      | (615) 628-8377 |
| TX        | N Texas PB              | 16710 FM 423, #100, Frisco, TX 75033                     | (469) 481-2192 |
| TX        | Crosslance, LLC         | 8610 Potranco Road, Suite 109, San Antonio, TX 78251     | (210) 272-0117 |
| TX        | Ace Property, LLC       | 2220 SH 114, Suite 430, Trophy Club, TX 76262            | (682) 888-4132 |

**List of Franchisees with Unopened Outlets as of December 31, 2022:**

| <b>ST</b> | <b>Name</b>                        | <b>Address</b>                                   | <b>Phone</b>   |
|-----------|------------------------------------|--|----------------|
| CA        | PB Pacific Grove, LLC              | TBD  | TBD            |
| CA        | Tae and Julia Kim                  | TBD  | TBD            |
| CA        | Bryan Galen                        | TBD  | TBD            |
| CA*       | PB San Diego, LLC                  | 7995 Civita Blvd., Suite 15, San Diego, CA 92108 | (619) 228-9931 |
| NV        | Julie Carter and Dominick Bautista | TBD  | TBD            |
| NC*       | Poki Bowl Angel, LLC               | 2727 Freedom Parkway Drive,                      | (910) 339-2440 |

|     |                     |  |                |
|-----|---------------------|--|----------------|
|     |                     | Fayetteville, NC<br>28314                                |                |
| NC* | Michael Nowak       | 2512 Independence Blvd., Suite 103, Wilmington, NC 28412 | (910) 399-1607 |
| TX  | Robbie Lee Willhelm | TBD  | TBD            |
| UT* | PB Utah, LLC        | 570 W 500 S, Unit C, Bountiful, UT 84010                 | (801) 641-6159 |

\*This location has opened as of the Issuance Date of this Franchise Disclosure Document

**Former Franchisees:**

The name and last known address of every franchisee who had a Poki Bowl Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2022 to December 31, 2022, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

| ST | Name                 | Address   | Phone |
|----|----------------------|---|-------|
| CA | PB Morgan Hill, LLC  | 408 Tenant Station, Morgan Hill, CA 95037             | None  |
| CO | Pedigo Ventures, LLC | 5580 S. Parker Road, Aurora, CO 80015                 | None  |
| NC | Poki Bowl WF, LLC    | 1898-110 South Franklin Street, Wake Forest, NC 27587 | None  |

**EXHIBIT 7**  
**MULTI-UNIT DEVELOPMENT AGREEMENT**

THIS MULTI-UNIT DEVELOPMENT AGREEMENT (the “Agreement”) is made and entered into by and between PB Asset Group, Inc., a California corporation (“Franchisor”, “we”, “us” or “our”) and \_\_\_\_\_, a \_\_\_\_\_ corporation/limited liability company/partnership, having its principal place of business at \_\_\_\_\_ (“Multi-Unit Operator”, “you” or “your”) on the date this Agreement is executed by us below (the “Effective Date”).

**RECITALS**

WHEREAS, We have invested substantial time, effort and money to develop a system for the establishment and operation of a restaurant specializing in build-your-own poki bowls, served with rice and/or salad, fresh seafood, and topping selections under a unique proprietary service system, and we have a trademark filed for the name “Poki Bowl” as well as other intellectual property rights. We grant franchises to qualified candidates for the operation of a Poki Bowl franchise. We license our trademark rights in “Poki Bowl,” as granted to us by our affiliate, and may in the future adopt, use and license additional or substitute trademarks, service marks, logos and commercial symbols in connection with the operation of Franchised Businesses (collectively the “Marks”). Franchised Businesses use our methods, procedures, standards, specifications and the Marks (all of which are collectively referred to as the “System”) which we may improve, further develop or otherwise modify from time to time.;

WHEREAS, You acknowledge that you have had an adequate opportunity to be thoroughly advised of the provisions of this Agreement and our Franchise Disclosure Document and have had sufficient time and opportunity to evaluate and investigate the System and the procedures and financial requirements associated with the System, as well as the competitive market in which it operates; and

WHEREAS, You desire to operate Franchised Businesses that have the right to develop and operate a designated number of Franchised Businesses under the Marks and the System within the geographical area (the “Development Area”) defined below and set forth in Exhibit A pursuant to the development schedule (the “Development Schedule”) defined and set forth below in Exhibit B;

WHEREAS, we wish to grant you the right to open and operate a designated number of Franchised Businesses in the Development Area, pursuant to the Development Schedule and subject to the terms, covenants and conditions set forth in this Agreement.

NOW THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

**1. INCORPORATION OF RECITALS**

1.1. **Incorporation of Recitals**. The recitals set forth above are true and correct and are hereby incorporated by reference into this Agreement.

## 2. GRANT OF MULTI-UNIT DEVELOPMENT RIGHTS

2.1. **Grant of Multi-Unit Development Rights.** We hereby grant to you, and you accept, subject to the terms and conditions of this Multi-Unit Development Agreement, the right to and obligation to develop, establish and operate \_\_\_\_\_ (\_\_\_\_) Franchised Businesses, and to use the System solely in connection therewith at specific locations we approve to be operated pursuant to the terms of separate franchise agreements (referred to individually as a “Franchise Agreement” and collectively as the “Franchise Agreements”) executed between you (or an affiliate of you) and us as provided in Section 3.1 hereof, and pursuant to the Development Schedule established in Exhibit B of this Agreement. Each Franchised Business developed hereunder shall be located within the Development Area described in Exhibit A of this Agreement.

## 3. DEVELOPMENT AREA

3.1. **Territorial Grant.** You undertake to develop, own and operate the number of Franchised Businesses designated in Section 2.1 of this Agreement within the Development Area set forth by map or written description in Exhibit A to this Agreement. Pursuant to the Franchise Agreements which this Agreement contemplates will be entered into between you (or an affiliate of you) and us, your right to operate the Franchised Businesses will be limited to the Accepted Locations (as defined term is defined in the respective Franchise Agreement for such Franchised Business). We reserve the right to adjust or reassign any of the trade areas in the Development Area if we believe that this serves your best interest, or if there is a conflict with another multi-unit operator’s or franchisee’s trade area. We reserve the right to move that trade area to an unoccupied trade area.

3.2. **Our Restriction.** We, our affiliates, subsidiaries and designees (together, the “Affiliates”) will not, except as provided in Section 3.3 (“Rights We Reserve”), operate company-owned businesses of the type contemplated by this Agreement and franchises under the Franchise Agreements, or enter into any other agreements granting others the right to own, develop or operate Poki Bowl businesses within the Development Area, so long as you are not in default under this Agreement and all other related agreements. These restrictions will immediately terminate upon the expiration or sooner termination of this Agreement for any reason.

3.3. **Rights we Reserve.** You agree that we and/or our Affiliates may engage in any business activity whatsoever in or outside the Development Area except as we are restricted by Section 3.2 of this Agreement, and that this Agreement does not confer upon you any right to participate in or benefit from any such other business activity (regardless of whether it is conducted under the Proprietary Marks or not). Our rights to engage in other business activities are specifically reserved and may not be qualified or diminished in any way by implication. We thus may engage in, or authorize others to engage in, any form of business offering and selling any type of product or service except as restricted by Section 3.2 above. By way of example, we and/or our Affiliates may own, operate or authorize others to own or operate any type of business at any location whatsoever, including within your Development Area, so long as such other business does not sell under the Proprietary Marks the type of products or services which your Franchised Businesses offer and sell (except as permitted below). Further, we and/or our Affiliates may own, operate or authorize others to own or operate Franchised Businesses at any location outside of your Development Area (including immediately proximate thereto).

In addition, you understand and agree that we and/or our Affiliates alone have the right to offer and sell within and outside your Development Area, and under the Proprietary Marks, any and all products or services and/or components thereof, (including those used or sold by your Franchised Businesses), and whether or not a part of Poki Bowl System, through any alternate channels of

distribution, that is, any method of distribution other than a Franchised Business situated within your Development Area including, without limitation, the internet/worldwide web; any other form of electronic commerce; “800” or similar toll-free telephone numbers; mail order; catalogs; television sales (including “infomercials”); or, any other channel of distribution whatsoever except for a Poki Bowl business.

You further understand, acknowledge and agree that we and our affiliates alone have the right, both within and outside of the Territory, to own and operate or grant franchises to others to operate businesses under the same or different marks in transportation facilities, including airports and train stations; military bases and government offices and facilities; sports facilities, including stadiums and arenas; amusement parks, zoos and convention centers; car and truck rest stops and travel centers; educational facilities; recreational theme parks; hospitals and health care facilities; fitness businesses; malls; schools and universities; or any similar captive market or any other location to which access to the general public is restricted (a “Non-Traditional Site”).

You also agree that we may purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other business’ facilities, and that following such activity we may operate, franchise or license those other businesses and/or facilities under any names or marks other than, while this Agreement is in effect, the Proprietary Marks, regardless of the location of these businesses and/or facilities, which may be within the Development Area or immediately proximate thereto.

You waive and release any claims, demands or damages arising from or related to any of the above activities and promise never to begin or join in any legal action or proceeding, or register a complaint with any governmental entity, directly or indirectly contending otherwise.

#### **4. TERM; RENEWAL**

4.1. **Term**. Unless sooner terminated in accordance with the terms of this Agreement, the term (“Term”) of this Agreement will commence on the Effective Date and ends on the actual the last Franchised Business is opened pursuant to the Development Schedule.

4.2. **Notice of Expiration**. If applicable law requires us to give notice of expiration to you at a specified time before the expiration of the Term of this Agreement, and we have not done so, then the Term of this Agreement will be extended on a month-to-month basis until we have given you the required notice of expiration and the required period before the expiration of the Agreement becomes effective has expired.

4.3. **Renewal**. This Agreement shall not be subject to renewal. Upon the termination or expiration of this Agreement, we and our affiliates shall have the right to develop and operate, and to grant to others development rights and franchises to develop and operate, Franchised Businesses within the Development Area subject only to the territorial rights granted to you with respect to Franchised Businesses operated by you pursuant to the Franchise Agreements.

#### **5. DEVELOPMENT FEE**

**Development Fee**. In consideration of the Development Rights granted herein, you shall pay to us a development fee (“Development Fee”) in the amount set forth in Attachment B of this Agreement, depending on the total number of Franchised Businesses you have agreed to develop. The Development Fee is payable in a lump sum upon execution of this Agreement and is not refundable under any circumstances, regardless of whether you open any of the Franchised Businesses under this Agreement. Upon signing the first Franchise Agreement in connection with this Agreement, a portion of the Development Fee will be applied towards the Initial Franchise Fee due under such Franchise Agreement. Thereafter, a portion of the remaining Development Fee

will be applied toward fifty percent (50%) of the Initial Franchise Fee due upon the signing of each subsequent Franchise Agreement executed pursuant to the Development Schedule.

5.1.

## 6. DEVELOPMENT SCHEDULE

6.1. **Development Schedule**. For as long as this Agreement is in effect and you are not in default under the terms of this Agreement or any Franchise Agreement, you will have the right and obligation to execute Franchise Agreements for and commence operations of Franchised Businesses pursuant to the Development Schedule set forth in Exhibit B. The Development Schedule sets forth the minimum number of Franchised Businesses that you must commence operating by the specified dates. You may not develop or commence operations of more than the number of Franchised Businesses set forth above without first obtaining our written consent. A Franchised Business will be considered “developed” if: (i) the Franchise Agreement for the Franchised Business has been signed by you (or an affiliate of you) and us; and (ii) the Franchised Business has commenced operations in accordance with the Franchise Agreement governing the Franchised Business.

6.2. **Failure to Fulfill Development Obligations**. Except as provided in Section 16.1 below (“Unavoidable Delay or Failure to Perform (Force Majeure)”), if you fail to adhere to the Development Schedule attached hereto as Exhibit B by either: (i) failing to execute the Franchise Agreement for each Franchised Business; or (ii) failing to commence operations of each Franchised Business on or before the date specified in the Development Schedule, then this will constitute a material breach of this Agreement. Notwithstanding the foregoing, if you fail to comply with the Development Schedule, we will have the right to: (i) reduce, in whole or in part, the size of the Development Area within which you will have rights; (ii) reduce, in whole or in part, the total number of Franchised Businesses that you will have the right to develop; or, (iii) terminate the Multi-Unit Development Agreement.

Termination of this Agreement for this reason will not be a termination (constructive or otherwise) of any Franchise Agreement(s) entered into by you (or an affiliate of you) and us thereunder; provided that you have already commenced the operation of the Franchised Business(es) covered by the Franchise Agreement(s) and you have fully performed and otherwise been in compliance with all of your obligations under the Franchise Agreement(s) in question. You will lose both the right to develop the undeveloped Franchised Businesses in the Development Area and the Development Fee attributable to the undeveloped Franchised Businesses, and we may operate or franchise Franchised Businesses anywhere within the Development Area without, in any way, being in violation of this Agreement. This remedy of ours will be in addition to whatever other remedies we may have at law or in equity.

6.3. **Time is of the Essence**. Subject to the provision of Section 16.1 below (“Unavoidable Delay or Failure to Perform (Force Majeure)”), your timely performance of your obligations under Section 6 of this Agreement is of material importance and is of the essence to this Agreement.

## 7. SELECTION OF SITES; FRANCHISE AGREEMENT

7.1. **Site Approval**. You shall assume all responsibility and expense for locating potential sites for Franchised Businesses and submit to us for our evaluation and approval, in the form specified by us, a description of the site, the terms of the lease or purchase, a market feasibility study for the site and such other information and materials as we may reasonably require, together with a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We shall have thirty (30) days after receipt of such

information and materials from you to approve or disapprove the site, which consent we will not unreasonably withhold or delay. If the site is approved, you will then be presented with the Franchise Agreement for execution.

You acknowledge that the approval of a particular site for a Franchised Business by us shall not be deemed to be an assurance or guaranty that the Franchised Business will operate successfully or at a profit from such site.

7.2. **Execution of Franchise Agreement.** You and we will execute a Franchise Agreement for each Franchised Business provided for in the Development Schedule. The Franchise Agreement for the first Development Right exercised hereunder has been executed contemporaneously with this Agreement. The Franchise Agreement for each additional Development Right exercised hereunder shall be our then-current Franchise Agreement, modified as follows: (a) your Initial Franchise Fee (as defined in the Franchise Agreement) will be modified as specified in Section 5.1 above; and (b) the Royalty Fee (as defined in the Franchise Agreement) and General Advertising and Marketing Fee (as defined in the Franchise Agreement), imposed on you by the Franchise Agreement will not be greater than those set forth in the first Franchise Agreement that you will sign (a copy of which is attached to this Agreement as Exhibit B).

The Franchise Agreement for each additional Franchised Business will be executed according to the following procedure:

7.2.1. Within a period of time we deem appropriate, we will deliver to you (if required under applicable law) a copy of our then-current Franchise Disclosure Document, including our then-current Franchise Agreement, modified as provided above (collectively, the "Franchise Disclosure Document").

7.2.2. Promptly upon receipt of the Franchise Disclosure Document, you must acknowledge receipt by executing the receipt form ("Receipt") prescribed in the Franchise Disclosure Document and promptly returning the Receipt to us.

7.2.3. No sooner than fourteen (14) business days, but no later than thirty (30) calendar days after you receive our Franchise Disclosure Document, you must, by written notice, notify us as to whether or not you elect to execute our then-current form of Franchise Agreement (modified as provided above) for the Franchised Business.

7.2.4. Promptly upon our receipt of your notice that you elect to execute our then-current form of Franchise Agreement (modified as provided above), we will deliver to you an execution copy of the Franchise Agreement. Promptly upon receipt of this execution copy, you must execute it and return it to us.

7.2.5. If you fail to perform any of the acts or fail to deliver any of the notices required pursuant to the provisions of subsections (i), (ii), (iii) or (iv) above in a timely fashion, this will be a material and incurable breach of this Agreement which, unless we waive the breach, will entitle us to terminate this Agreement immediately on notice to you, with no opportunity to cure.

Under no circumstances, however, may you open a Franchised Business for business unless and until there is a fully executed Franchise Agreement in place for such Franchised Business and the applicable franchise fee has been paid in full.

## 8. OUR DUTIES

8.1. **Duties of Franchisor.** So long as you are not in default of this Agreement or the Franchise Agreements, we will grant you the right and obligation to acquire and operate Franchised Businesses in the Development Area and pursuant to the Development Schedule, upon the terms and subject to the provisions of this Agreement and the terms of each Franchise Agreement entered into between you and us and of all documents related to this Agreement and the Franchise

Agreement, and to use solely and in connection with these Franchise Agreements. The System as it may be changed, improved, modified or further developed from time to time, in the Development Area as defined in this Agreement and upon the terms and subject to the provisions of this Agreement and the terms of all documents related to this Agreement and the Franchise Agreements. We will review site survey information on sites you select for conformity to our standards and criteria for potential sites and, if the site meets our criteria, approve the site for development of a Franchised Business. Pursuant to the Franchise Agreements and under their terms, we will offer and perform the training, instruction, assistance and other activities for which the Franchise Agreements provide.

## **9. YOUR DUTIES**

9.1. **Payments to Us.** In addition to all other payments under this Agreement, you agree to pay us (or our affiliates) immediately upon demand:

9.1.1. All sales taxes, trademark license taxes and any other taxes, imposed on, required to be collected, or paid by us or our affiliates (excluding any corporate income taxes imposed on us or our affiliates) because we or our affiliates have furnished services or products to you or collected any fee from you.

9.1.2. All amounts we advanced, or which we have paid, or for which we have become obligated to pay, on your behalf for any reason.

9.1.3. All amounts due to us (or our affiliates) for any other reason.

All payments due to us from you under this Agreement must be paid by check transmitted to our headquarters address, except that we reserve the right to require deposit of payments elsewhere and/or payment by wire transfer or other form of electronic funds transfer.

### **9.2. Compliance with Franchise Agreements and Laws, Rules and Regulations.**

You agree to abide by and faithfully adhere to the terms of each Franchise Agreement signed pursuant to this Agreement. You further agree to develop and operate the Franchised Businesses in strict compliance with all applicable laws, rules and regulations of all governmental authorities; to comply with all applicable wage, hour and other laws and regulations of the federal, state and local governments; to prepare and file all necessary tax returns; to pay all taxes imposed upon you related to the Franchised Businesses; and, to obtain and keep in good standing all necessary licenses, permits and other required forms of governmental approval required of you.

9.3. **Indemnification.** You hereby agree that you will, at your sole cost, at all times defend us, our affiliates, and the corporate affiliates, subsidiaries, successors, assigns and designees of each, and the respective directors, officers, employees, agents, attorneys, shareholders, designees, contractors and representatives of each (we and all others referenced above, the "Indemnitees"), and indemnify and hold harmless us and the other Indemnitees to the fullest extent permitted by law, from all claims, loss, liability and costs (including court costs, attorneys' fees and experts' fees) incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether reduced to judgment) or any settlement which actually or allegedly, directly or indirectly arises out of, is based upon, is a result of or is related to any of the following:

9.3.1. Claims of any type or nature advanced by or against you or any of your officers, directors, shareholders, partners, proprietors, management, agents, employees, affiliates representatives and contractors (or any third party acting on your behalf or at your direction) by a third party (or, as applicable, against a third party) or between or among themselves;

9.3.2. Your alleged or actual infringement or violation of any patent, trademark, service mark, copyright or other intellectual property or proprietary right owned or controlled by third parties;

9.3.3. Your alleged or actual violation or breach of any contract, federal, state, local, foreign or other law, rule or regulation;

9.3.4. Libel, slander or any other form of defamation by you;

9.3.5. Your alleged or actual violation or breach of any warranty, representation, agreement or obligation set forth in this Agreement;

9.3.6. Your ownership and operation of your Franchised Businesses;

9.3.7. Your failure to pay (or withhold) when due any levies, taxes or assessments that you may be required by applicable law to pay (or withhold);

9.3.8. Any acts, errors, neglects or omissions by you and/or your officers, directors, shareholders, management, employees, agents, servants, contractors, partners, proprietors, affiliates or representatives (or any third party acting on your behalf or at your direction); or

9.3.9. Any damage to the property of you, us, any of our affiliates, or their, our or your officers, directors, management, agents, employees and contractors

You agree to give us written notice of any such action, suit, proceeding, claim, demand, inquiry or investigation that could be the basis for a claim for indemnification by any Indemnitee within three (3) days of your actual or constructive knowledge of it. At your expense and risk, we may elect to assume (but under no circumstance will we be obligated to undertake) the defense and/or settlement of the action, suit, proceeding, claim, demand, inquiry or investigation. However, we will seek your advice and counsel and keep you informed with regard to the defense or contemplated settlements. Our undertaking of defense and/or settlement will in no way diminish your obligation to indemnify us and the other Indemnitees and to hold us and them harmless.

We will have the right, at any time we consider appropriate, to offer, order, consent or agree to settlements or take any other remedial or corrective actions we consider expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in our sole judgment, there are reasonable grounds to do so. Under no circumstances will we or the other Indemnitees be required to seek recovery from third parties or otherwise mitigate our or their losses to maintain a claim against you. You agree that any failure to pursue recovery from third parties or mitigate loss will in no way reduce the amounts recoverable by us or the other Indemnitees from you. The indemnification obligations of this Section 9.3 will survive the expiration or sooner termination of this Agreement.

**9.4. Business Entity Multi-Unit Operator Requirements.** In the event that you are a corporation or desire to conduct business in a corporate capacity, said corporate entity or assignment to a corporate entity (which may include a corporation, limited liability company or partnership) must receive our prior written approval and you agree to comply with the provisions hereinafter specified below. As a business entity, you must comply with the following requirements (which will also apply to any business entity assignee of yours):

9.4.1. You or those individuals disclosed on Exhibit C attached hereto shall be the legal and beneficial owner of not less than fifty-one percent (51%) of the outstanding equity of said entity and shall act as such entity's principal officer.

9.4.2. Furnish us with your articles of incorporation, bylaws, partnership, agreement, limited partnership agreement, limited liability company agreement and other governing documents; list of officers, directors, shareholders, partners (limited and general), proprietors or members (including type, number and percentage of interests held); the Confidentiality and Non-

Competition Agreements required under Section 10.2; and any other documents we may reasonably request, and any amendments to them.

9.4.3. Confine your activities to the operation of your Franchised Businesses developed hereunder, and your governing documents must provide that your activities are confined exclusively to the operation of your Franchised Businesses developed hereunder.

9.4.4. Maintain stop transfer instructions against the transfer on the records of any of your equity securities, and not issue or have outstanding any securities on the face of which the following printed legend does legibly and conspicuously appear:

"The transfer of this security is subject to the terms and conditions of a Multi-Unit Development Agreement with PB Asset Group, Inc., dated \_\_\_\_\_. Reference is made to the provisions of this Multi-Unit Development Agreement and to the governing documents of this issuer. This certificate is not transferable and is not subject to sale, assignment, pledge, mortgage, encumbrance, or transfer, by operation of law or otherwise, without the prior written consent of PB Asset Group, Inc.."

9.4.5. Maintain a current list of all owners of record and all beneficial owners of any class of your capital stock, general or limited partnership interests, membership interests or similar interests, and furnish this list to us on request.

9.4.6. Ensure that your organizational documents expressly restrict the transfer (as defined in Section 11.2) of any direct or indirect ownership interest in you, including your equity interests, and provide that such documents may not be modified without our prior written consent.

The assignment to a corporate entity will not relieve you of personal liability to us for performance of any of the obligations under this Agreement. Any subsequent transfer of voting rights of the equity of the entity or assignee entity, and any transfer or issuance of equity of the entity or assignee entity shall be subject to our prior written approval. We agree that we will not unreasonably restrict the issuance or transfer of equity, provided that you comply with the provisions of Article 11 below, and provided that in no event shall any equity of such corporate entity or assignee corporate entity be sold, transferred or assigned to a business competitor of ours.

9.5. **Best Efforts; Cooperation with Us.** You agree to act in good faith and use your best efforts to comply with your obligations under this Agreement, and to cooperate with us in accomplishing the purposes of this Agreement.

9.6. **Your Participation in Operations; Multi-Unit Operations Directors.** You agree to devote your full time and efforts to the performance of your duties under this Agreement, and a failure to do so will constitute a material breach of this Agreement, which, unless cured as provided in Section 14.3 of this Agreement, will result in this Agreement being terminated in accordance therewith. Notwithstanding the foregoing, you acknowledge and agree that we may require you to, at all times employ, at your own expense, a designated operations director to oversee the day to day operations of all of your Franchised Businesses and to serve as our main point of daily contact with authorization to communicate directly with us and to make management decisions in connection with same (the "Multi-Unit Operations Director"). Should we require that you hire a Multi-Unit Operations Director, you acknowledge and agree that your proposed Multi-Unit Operations Director must satisfy our educational and business criteria, be approved by us in advance and complete our Initial Training Program. You further agree that you must arrange to have your Multi-Unit Operations Director execute our then-current form of Confidentiality and Non-Competition Agreement.

Upon the death, disability or termination of employment of the Multi-Unit Operations Director, for any cause or reason, you shall immediately notify us, and designate and obtain our prior written approval of an interim or acting Multi-Unit Operations Director and, no later than ninety (90) days following the death, disability or termination of the predecessor Multi-Unit Operations Director, you must designate a successor Multi-Unit Operations Director. Each successor Multi-Unit Operations Director must be certified to manage multi-unit operations and attend and successfully complete our next scheduled Initial Training Program (as described in the first Franchise Agreement we sign for your first Franchised Business, attached hereto as Exhibit D). The failure to employ and train a successor Multi-Unit Operations Director shall constitute a material breach of this Agreement.

9.7. **Terrorism.** You represent and warrant to us that, as of the date of this Agreement and at all times during the Term hereof, and to your actual or constructive knowledge, neither you, any affiliate of yours, any individual or entity having a direct or indirect ownership interest in you or any such affiliate (including any shareholder, general partner, limited partner, member or any type of owner), any officer, director or management employee of any of the foregoing, nor any funding source you utilize is or will be identified on the list of the U.S. Treasury's Office of Foreign Assets Control (OFAC); is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government or by any individual that is subject to an embargo imposed by the United States government; is acting on behalf of any country or individual that is subject to such an embargo; or, is involved in business arrangements or other transactions with any country or individual that is subject to an embargo. You agree that you will immediately notify us in writing immediately upon the occurrence of any event which would render the foregoing representations and warranties incorrect. Notwithstanding anything to the contrary in this Agreement, you may not allow, effect or sustain any transfer, assignment or other disposition of this Agreement to a Specially Designated National or Blocked Person (as defined below) or to an entity in which a Specially Designated National or Blocked Person has an interest. For the purposes of this Agreement, "Specially Designated National or Blocked Person" means: (i) a person or entity designated by OFAC (or any successor officer agency of the U.S. government) from time to time as a "specially designated national or blocked person" or similar status; (ii) a person or entity described in Section 1 of U.S. Executive Order 13224, issued on September 23, 2001; or, (iii) a person or entity otherwise identified by any government or legal authority as a person with whom you (or any of your owners or affiliates) or we (or any of our owners or affiliates) are prohibited from transacting business.

You further agree that you will not hire, retain, employ or otherwise engage the services of any individual or entity in contravention of the Patriot Act; any law, rule or regulation pertaining to immigration or terrorism; or, any other legally prohibited individual or entity.

## **10. CONFIDENTIAL INFORMATION; COVENANTS NOT TO COMPETE**

10.1. **Restrictions on Use of Confidential Information.** You agree that you will not, during the Term of this Agreement or thereafter, divulge to or use for the benefit of yourself or any other person(s), partnership, proprietorship, association, corporation or entity, any Confidential Information, knowledge or know-how concerning your or our systems of operation, programs, services, products, customers or practices and/or pertaining to the Poki Bowl System which may be communicated to you. Any and all information, knowledge, know-how, techniques and information which we, our affiliates, or their respective officers, designate as confidential will be deemed confidential for the purposes of this Agreement, except information which you can demonstrate came to your attention before our disclosure or which, at or after the time of our

disclosure to you, has become a part of the public domain through publication or communication by others. “Confidential Information” means technical and non-technical information used in or related to Poki Bowl and not commonly known by or available to the public, including, without limitation, Trade Secrets, offering methods and products, customer services techniques and other techniques and methodologies not generally known to the industry or public, and any other information identified or labeled as confidential when delivered by Franchisor. Confidential Information shall not include, however, any information that: (a) is now or subsequently becomes generally available to the public through no fault of you; (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) is independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information. “Trade Secrets” means information in any form (including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in Poki Bowl that is not commonly known by or available to the public and that information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

#### **10.2. Covenants Not to Compete.**

10.2.1. During the Term and any Renewal Term of this Agreement, you are prohibited from directly or indirectly engaging in any Competitive Business as a proprietor, partner, investor, shareholder, director, member, officer, manager, employee, principal, agent, adviser, or consultant. In addition, you agree not to divert any business that should be handled by your franchised business to any other person or entity.

10.2.2. For a continuous uninterrupted period commencing two (2) years immediately following the expiration, termination of or transfer of all your interest in this Agreement for any reason, except as otherwise approved in our sole and absolute discretion, you shall not, directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person, persons, partnership, or corporation:

10.2.2.1. divert, or attempt to divert, any business or customer of the Franchised Business(es) hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System;

10.2.2.2. employ, or seek to employ, any person who is at that time or was within the preceding ninety (90) days employed by us, or by any other franchisee or multi-unit operator of ours, or otherwise directly or indirectly induce such person to leave that person’s employment, except as may be permitted under any existing multi-unit development agreement or franchise agreement between us and you; or

10.2.2.3. own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to any Competitive Business, which business is, or is intended to be, located within: (a) your Development Area; (b) twenty (20) miles of the perimeter of your Development Area; (c) the county in which any Poki Bowl operated by you

(or any affiliate of you) is located; or (d) a twenty (20) miles radius of the location of any Poki Bowl business, then-existing or under development, in the System (whether company-owned, franchised or otherwise established and operated).

10.2.2.4. For the purposes of this Article 11, the term “Competitive Business” shall refer to any other business that offers a fast-casual or full-service restaurant focused on serving poké and other similar items prepared under any service system or any other mass market dining experience or other services the same as or similar to those provided by Poki Bowl or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Franchisor, any Affiliate or its other franchisees; provided, however, that the term “Competitive Business” shall not apply to (a) any business operated by you under a franchise agreement with Franchisor, or (b) any business operated by a publicly-held entity in which you own less than a five percent (5%) legal or beneficial interest.

10.2.3. It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as consultation for Competitive Businesses, service as an independent contractor for Competitive Businesses, or the provision of any assistance or transmission of information of any kind which would be of any material assistance to a competitor. Nothing in this Section will prevent you from owning for investment purposes no more than an aggregate of five percent (5%) of the capital stock of any Competitive Business you do not control and whose stock is listed on the New York Stock Exchange or the National Association of Securities Dealers Automated Quotation System. It is the intention of these provisions that any person or entity with any legal or beneficial interest in or traceable to or through you be bound by the provisions of this covenant.

10.2.4. You agree to obtain the execution of our Confidentiality and Non-Competition Agreement attached hereto as Exhibit E from the following persons and to cause them to refrain from the competitive activities described above: (i) before employment or any promotion: (1) your General Manager and Assistant General Managers; (2) any personnel you employ who have received or will receive training from us; (3) all your other managerial employees; and (4) any other persons to whom you grant access to Confidential Information; and (b) if you are a Business Entity, all your officers, directors, equity holders, members and those of any Business Entity directly or indirectly controlling you, at the same time as the execution of this Agreement (or at such later time as they assume such status). You must furnish us with copies of all signed Confidentiality and Non-Competition Agreements no later than ten (10) days following their execution. You agree to prosecute to the fullest extent permitted by law breaches of any Confidentiality and Non-Competition Agreement executed pursuant to this Section 10.2 and you acknowledge our right, to be exercised in our sole business judgment, to ourselves enforce the terms of each executed Confidentiality and Non-Competition Agreement.

10.2.5. If all or any portion of the covenants not to compete set forth in this Article 10 are held unreasonable, void, vague or illegal by any court or agency with competent jurisdiction over the parties and subject matter, the court or agency will be empowered to revise and/or construe the covenants to fall within permissible legal limits, and should not by necessity invalidate the entire covenants. You agree to be bound by any lesser covenant subsumed within the terms of this Article 10 as if the resulting covenants were separately stated in and made a part of this Agreement.

10.3. **Enforcement of Confidentiality Covenant and Covenants Not to Compete.** You acknowledge that violation of the covenants in Section 10.1 and 10.2 of this Agreement would

result in immediate and irreparable injury to us for which no adequate remedy at law will be available. You therefore consent to the entry of an injunction prohibiting any conduct by you in violation of the terms of these covenants, without the necessity of our posting any bond or security. You agree that it may conclusively be presumed that any violation of the terms of the covenants not to compete was accomplished by and through your unlawful use of our Confidential Information, know-how, methods and procedures. You also agree that any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants not to compete in this Agreement. You agree to pay all costs and expenses, including reasonable attorneys' and experts' fees that we incur, in connection with the enforcement of the covenants not to compete set forth in this Agreement.

## **11. TRANSFER OF INTEREST**

11.1. **Transfer By Us.** We may transfer or assign this Agreement or any or all of the rights, interests, benefits or obligations arising under it without restriction. Upon any transfer or assignment of this Agreement by us, we will be released from all obligations and liabilities arising or accruing in connection with this Agreement after the date of such transfer or assignment

11.2. **Transfer By You – General.** This Agreement, and your rights and obligations under it, are and will remain personal to you. As used in this Agreement, the term "Transfer" will mean any sale, lease, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by your disability or death or by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of your assets used to operate your Poki Bowl, or of any interest in you, or if you are a corporation, partnership, limited liability company or other entity, a transfer, pledge, assignment, or other disposition of direct or indirect control or ownership of twenty-five percent (25%) or more of any interest in your entity. In addition, if there are two (2) individuals signing this Agreement as Franchisee, and one (1) of those individuals is no longer involved in the ownership of your Franchised Business, the withdrawal of that person will be considered a "Transfer." A "Transfer" will also be deemed to occur when there are more than two (2) people listed as the Franchisee and there is a change in the ownership of your Franchised Business such that less than a majority of the original signers continue to have a majority interest in the equity of the business. Unless otherwise provided in this Agreement, we will not unreasonably withhold, delay or condition our consent to a Transfer, subject to all of the following conditions being satisfied:

11.2.1. you are in full compliance with this Agreement, you have no uncured defaults, and all your debts and financial obligations to us and our affiliates are current;

11.2.2. you provide us with all information we may require concerning the proposed transaction (including a copy of the purchase agreement and all related documents), and the proposed transferee;

11.2.3. we are satisfied that the proposed transferee (and if the proposed transferee is an entity, all holders of any interest in such entity) meets all of the requirements for our new Multi-Unit Operators, including, but not limited to, good reputation and character, business experience, and financial strength, credit rating and liquidity, and that the sale price is not excessive;

11.2.4. you sign a written agreement in a form satisfactory to us in which you and your investors covenant to observe all applicable post-term obligations and covenants contained in this Agreement and release us and our affiliates from any claims you may have against us, or any further obligations we may have to you;

11.2.5. the proposed transferee enters into a new Multi-Unit Development Agreement with us, on the terms we then generally offer to new Multi-Unit Operators (including fees payable and size of territory); provided, however, the term of that Multi-Unit Development Agreement, unless otherwise agreed, will be the remaining term of your Multi-Unit Development Agreement;

11.2.6. prior to the date of the proposed Transfer, the proposed transferee's Designated Principal successfully completes such training and instruction as we deem necessary;

11.2.7. you and all holders of an interest in you sign a general release, in the form prescribed by us, releasing, to the fullest extent permitted by law, all claims that you or any of your investors may have against us and our affiliates, including our and their respective shareholders, officers, directors and employees, in both their individual and corporate capacities; and

11.2.8. prior to the Transfer, you pay us a transfer fee of fifty percent (50%) of our then current initial franchise fee (the "Transfer Fee") to cover our reasonable costs in effecting the Transfer.

Our consent to a Transfer of any interest in you, this Agreement or in the development rights pursuant to this Section shall not constitute a waiver of any claims we may have against the transferring party, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferee.

11.3. **Transfer By You – To a Business Entity You Form.** We will not unreasonably withhold or delay our consent to your assignment to a business entity that you form solely for the convenience of entity ownership if all the following conditions are met: (i) the business entity is newly formed and each requirement in Sections 9.4 and 17.19 has been satisfied; (ii) each individual involved in the new entity has the same proportionate ownership interest in the new entity as he or she had in the Business before the assignment; (iii) you and the new entity sign an agreement with us under which you and the new entity are jointly and severally liable for all the obligations under this Agreement and bound by all the terms, conditions and covenants of this Agreement; (iv) each present and future equity holder in the new entity signs our Confidentiality and Non-Competition Agreement in the form of Exhibit E to this Agreement.

11.4. **Transfer By You – Transfer Upon Death or Disability.** Upon your death or long-term disability (if you are an individual) or the death or disability of your last surviving owner (if you are a business entity), that person's rights will pass to his or her estate, heirs, legatees, guardians or representatives, as appropriate (collectively, the "Estate"). The executor, administrator or personal representative of the Estate shall transfer your or your last surviving owner's interest to a third party, subject to our approval and terms and conditions set forth in Section 11.2 above, within three (3) months of the date such executor, administrator or personal representative is appointed to represent the Estate.

Until an executor, administrator or personal representative is appointed to represent the Estate, the Estate will continue the operation of the Franchised Businesses, and the existing Multi-Unit Operations Director will continue to oversee the operations of the Franchised Businesses developed pursuant this Agreement until the executor, administrator or personal representative of the Estate has consummated the Transfer. If a Multi-Unit Operations Director has not been appointed and approved by us in accordance with Section 9.6, then the Estate must provide a competent and qualified individual acceptable to us to serve as the Multi-Unit Operations Director and assume oversight of the operations of the Franchised Businesses within one (1) month of the date of death or disability. If the Multi-Unit Operations Director has been approved by us, he or she will immediately assume, on a full-time basis, the oversight of the operations of the Franchised Businesses developed pursuant to this Agreement. If we reject the Estate's proposed Multi-Unit Operations Director, then the Estate will provide us with another proposed candidate for our

consideration within fifteen (15) days of the date of our rejection. Once an acceptable Multi-Unit Operations Director has been approved by us, he or she will oversee the operations of the Franchised Businesses until the executor, administrator or personal representative of the Estate has consummated the Transfer of your or your last surviving owner's interest. If the Estate does not designate a Multi-Unit Operations Director or the Estate's Multi-Unit Operations Director does not assume full-time oversight of the operations of the Franchised Businesses within one (1) month from the date your or your last surviving owner's death or disability, this will be a material breach of this Agreement which, unless cured by the Estate as provided in Section 14.3, will result in this Agreement being terminated immediately.

Notwithstanding the foregoing, we may (but are under no obligation) to manage the operations of your Franchised Businesses developed hereunder, in order to prevent any interruption of the operations of your Franchised Businesses, which could cause harm to said businesses. Should we elect to exercise our right to manage your Franchised Businesses and/or your existing Franchised Businesses developed hereunder, then all monies from the operation of the Franchised Businesses shall be kept in separate accounts, and we will deduct our expenses for travel, lodging, meals and all other expenses and fees from each Franchised Businesses respective Gross Sales and also pay ourselves a management fee equal to ten percent (10%) of each Franchised Businesses monthly Gross Sales ("Management Fee"). This Management Fee will be in addition to any amounts due to us under each Franchised Businesses respective Franchise Agreement. We will then remit any remaining funds to the Estate. If we undertake the obligation to manage your Franchised Businesses developed pursuant to this Agreement, we will not be responsible for any operational losses of your Franchised Businesses, nor will we be obligated to continue operating your Franchised Businesses developed pursuant to this Agreement. You agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

11.5. **Our Right of First Refusal.** If you receive from an unaffiliated third party and desire to accept a bona fide written offer to purchase your development rights, your Franchised Businesses, any interest in the Franchised Businesses developed hereunder, you (if you are a business entity) (including any capital stock, membership, partnership or proprietary interest of you or anyone who controls you) or any other interest hereunder, voluntarily or by operation of law (as provided above), such transfer shall be subject to our right of first refusal, except in the instance of your Transfer pursuant to Section 11.3, (the "Right of First Refusal"), which Right of First Refusal we may freely assign to any individual or entity. Should we elect to exercise our Right of First Refusal, we will exercise such right in the following manner:

11.5.1. You must deliver to us a true and complete copy of the proposed transferee's offer (the "Offer") including all its material terms and furnish to us any additional information concerning the proposed transaction and the proposed transferee that we reasonably request. In order that we may have information sufficient to enable us to determine whether to exercise this option, we may require you to deliver to us certified financial statements as of the end of your most recent fiscal year and such other information about your business and operations as we may request.

11.5.2. Within thirty (30) days after our receipt of the Offer (or, if we request additional information, within thirty (30) days after receipt of the additional information), we may either consent or withhold our consent to the Transfer, in accordance with this Article, or at our option accept the Transfer to ourselves or to our designee, on the terms and conditions specified in the Offer. If we or our designee accept the Transfer, we will be entitled to all of the customary

representations and warranties given by the seller of development rights. Any dispute regarding the value of all or any part of the development rights proposed to be transferred and/or the consideration proposed to be paid or payable to you or any third party in connection with the proposed transfer shall be determined by a reputable independent appraiser we select, and you and we equally share the expense of, whose determination will be final and binding on us.

11.5.3. Our credit will be considered at least equal to the credit of any proposed transferee. We may substitute cash for the fair market value of any other form of payment proposed in the offer.

11.5.4. If we give notice of exercise of our Right of First Refusal, we will be given at least sixty (60) days after our notice to prepare for closing.

11.5.5. If we elect not to exercise our Right of First Refusal and we consent to the proposed Transfer, then you will, subject to the provisions of this Article, be free to assign this Agreement, your development rights, the Franchised Businesses developed hereunder, any interest in the Franchised Businesses developed hereunder or you to your proposed transferee on the terms and conditions specified in the Offer if you satisfy the conditions of Section 11.2 for our approval of a Transfer and if you close the transaction within sixty (60) days (or such further time as may be stipulated by law, rule or regulation). If, however, the terms specified in your notice are changed, the changed terms will be considered a new offer, and we will have an identical Right Of First Refusal with respect to this new offer. Further, if you fail to close the assignment transaction within sixty (60) days (or such further period of time as may be stipulated by applicable law, rule or regulation), then our Right Of First Refusal hereunder shall be restored and we may elect to exercise same within thirty (30) days thereafter.

Our election not to exercise our Right Of First Refusal with regard to any offer will not affect our Right Of First Refusal with regard to any later or modified offer. If we do not exercise our Right Of First Refusal, this will not constitute approval of the proposed transferee or the transaction itself. You and any proposed transfer must comply with all the criteria and procedures Transfer of this Agreement, your development rights, your Franchised Businesses developed hereunder, any interest in the Franchised Businesses developed hereunder or you as specified in this Article 11.

11.6. **No Encumbrance**. You will have no right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement or the Franchise Agreements in any manner without our prior written permission, which we may withhold for any reason.

## **12. PROPRIETARY MARKS**

12.1. **Not a License of the Proprietary Marks**. You acknowledge and agree that nothing contained in this Agreement will be deemed to constitute a license to you to use or display any of the Proprietary Marks in any manner. You will acquire a limited, non-exclusive license to use the Proprietary Marks only pursuant to, and to the extent that these rights are granted by, Franchise Agreements executed by you and us pursuant to this Agreement

12.2. **Non-Use of Trade Name**. If you are a business entity, you may not use our Proprietary Marks or any confusingly similar words or symbols, in your entity name.

12.3. **Injunction**. You explicitly affirm and recognize the unique value and secondary meaning attached to the System and the Proprietary Marks. Accordingly, you agree that any non-compliance by you with the terms of this Agreement, or any unauthorized or improper use of System or the Proprietary Marks by you, will cause irreparable damage to us and other multi-unit operators and franchisees. You therefore agree that if you engage in this non-compliance, or unauthorized and/or improper use of System or the Proprietary Marks, during or after the period of this Agreement, we will be entitled to both temporary and permanent injunctive relief against

you from any court of competent jurisdiction, in addition to all other remedies which we may have at law. You consent to the entry of these temporary and permanent injunctions without the requirement that we post a bond of any type or nature, or any other form of security, and without the requirement to prove the adequacy of money damages as a remedy, and without waiving any other rights or remedies at law or in equity. You will be responsible for payment of all costs and expenses, including reasonable attorneys' and expert fees, which we and/or our affiliates may incur in connection with our efforts to secure such injunctive relief

### **13. RELATIONSHIP OF THE PARTIES**

13.1. **Contractor; No Third-Party Beneficiaries.** It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them. You are and will be our independent contractor under this Agreement. Nothing in this Agreement may be construed to create a partnership, joint venture, agency, employment or fiduciary relationship of any kind. Neither you nor any of your employees whose compensation you pay may in any way, directly or indirectly, expressly or by implication, be construed to be our employee for any purpose. You will be solely responsible for your employees and all employment related decisions, including, without limitation, decisions concerning wages and benefits, hiring and discharging, training and supervision and work schedules of employees. You are not empowered to, and may not, make any express or implied agreements, warranties, guarantees or representations or incur any debt or other obligations in our name or for our account (or for those of any of our affiliates). Except as expressly provided in this Agreement, we will have no control or access to your funds or their expenditure or in any other way exercise control over your Businesses.

You agree to conspicuously identify yourself, your Franchised Businesses, and any other facilities of your Franchised Businesses in all dealings with third parties as an independent contractor and to place notice of independent ownership on all forms, business cards, stationery, advertising, signs and other materials in the manner that we specify and require from time to time, in our Manual or otherwise.

All of our obligations under this Agreement are to you alone and no other party is entitled to rely on, enforce or obtain relief for breach of any of our obligations hereunder, either directly or by subrogation.

13.2. **Your Required Means of Identification.** You agree that you will do business and be identified as a Multi-Unit Operator, but not an agent of, PB Asset Group, Inc.

### **14. DEFAULT AND TERMINATION**

14.1. **Termination By Us – Automatic Termination Without Notice.** You will be in default of this Agreement, and all rights granted in this Agreement will immediately and automatically terminate and revert to us without notice to you, if: you or your Franchised Business is adjudicated as bankrupt or insolvent; all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor; a petition in bankruptcy is filed by or against you, the Franchised Businesses developed hereunder and is not immediately contested and/or dismissed within sixty (60) days from filing; a bill in equity or other proceeding for the appointment of a receiver or other custodian of you, any of the Franchised Businesses developed hereunder or assets of such businesses is filed and consented to by you; a receiver or other custodian (permanent or temporary) of all or part of your assets or property is appointed by any court of competent jurisdiction; proceedings for a composition with creditors under any state or federal law are instituted by or against you, any of the Franchised Businesses developed hereunder; you are dissolved; execution is levied against you, any of the Franchised Businesses or your property; or,

the real or personal property of or any of the Franchised Businesses is sold after levy thereon by any governmental body or agency, sheriff, marshal or constable.

14.2. **Termination By Us Upon Notice – No Opportunity To Cure.** You will have materially breached this Agreement and we will have the right to terminate this Agreement and all rights granted under this Agreement, without giving you any opportunity to cure the breach, effective immediately upon your receipt of notice (which, whether sent by certified mail, registered mail, overnight courier or personal physical delivery, will be deemed to have been received by you upon delivery or first attempted delivery of the notice to you) upon the occurrence of any of the following events:

14.2.1. You fail to meet the Development Schedule.

14.2.2. You omit or misrepresent any material fact in the information that you furnished to us in connection with our decision to enter into this Agreement, approve any site for your Franchised Businesses or enter into a Franchise Agreement for any Franchised Business.

14.2.3. We and you agree in writing to terminate this Agreement.

14.2.4. You (or any principal of a corporate, partnership, proprietorship or other entity multi-unit operator) are convicted of a felony, fraud, crime involving moral turpitude, or any other crime or offense which we reasonably believe is related to your duties under this Agreement and/or your operation of any of the Franchised Businesses, or is likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated with the Proprietary Marks or our interest in the System or Proprietary Marks.

14.2.5. You (or any principal of a corporate, partnership, proprietorship or other entity franchisee) purport to transfer any rights or obligations under this Agreement, any interest in you or any of the Franchised Businesses to any third party in violation of the terms of this Agreement.

14.2.6. You do not comply with the covenant not to compete during the term of this Agreement; violate the restrictions pertaining to the use of Confidential Information contained in this Agreement; or, do not obtain the execution of the additional covenants required in Article 10 of this Agreement.

14.2.7. You fail to obtain our prior written approval, including, but not limited to, site approval, as expressly required by this Agreement.

14.2.8. You use or duplicate any aspect of our System, services, programs or products in an unauthorized fashion.

14.2.9. If you, or any shareholder or principal, if you are corporate entity, or any of your affiliates cease to operate all of the Franchised Businesses opened pursuant to the terms of this Agreement.

14.2.10. If you open any Franchised Business for business before a Franchise Agreement for such Franchised Business has been fully executed and the initial franchise fee due to us has been paid.

14.2.11. You engage in any business or market any service or product under a name or mark which, in our opinion, is confusingly similar to our Proprietary Marks.

14.2.12. You engage in conduct which reflects materially and unfavorably upon the operation and reputation of the Franchised Businesses, us or the System.

14.3. **Termination By Us – Fifteen Days to Cure.** Except as specifically provided elsewhere in this Agreement, you will have fifteen (15) calendar days following our delivery of written notice to you to cure any default under this Agreement and provide us with evidence that you have done so. If you have not cured any default within that time, this Agreement will terminate immediately upon expiration of the fifteen (15) day period, unless we otherwise agree in writing.

You will be in default of this Agreement for any failure to comply with any of your obligations under this Agreement

14.4. **Description of Default.** The description of any default in any notice that we transmit to you will in no way preclude us from specifying additional or supplemental defaults under this Agreement or any related agreements in any action, proceeding, hearing or lawsuit relating to this Agreement or the termination of this Agreement.

14.5. **Cross Default.** Any default or breach by you (or any of your affiliates) of any other agreement between us or our Affiliates and you (or any of your affiliates) will be considered a default under this Agreement, and any default or breach of this Agreement by you will be considered a default or breach under any and all other agreements between us (or any of our Affiliates) and you (or any of your affiliates). If the nature of the default under any other agreement would have permitted us to terminate this Agreement if the default had occurred under this Agreement, then we (or our Affiliate) will have the right to terminate all the other agreements between us (or any of our Affiliates) and you (or any of your affiliates) in the same manner provided for in this Agreement for of this Agreement. Your “affiliates” include any persons or entities controlling, controlled by, or under common control with you.

14.6. **Notice Required By Law.** If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement or the parties to this Agreement limits our rights of termination under this Agreement or requires longer notice or cure periods than those set forth above, then this Agreement will be considered modified to conform to the minimum notice, cure periods or restrictions upon termination required by the laws and regulations. We will not, however, be precluded from contesting the validity, enforceability or application of the laws or regulations in any action, proceeding, hearing or dispute relating to this Agreement or the termination of this Agreement.

## **15. OTHER OBLIGATIONS AND RIGHTS ON TERMINATION OR EXPIRATION**

15.1. **Other Obligations and Rights on Termination or Expiration.** The termination of this Agreement upon breach of your development obligations, as set forth in Exhibit B, will not terminate any of the Franchise Agreements executed by you before the effective date of termination of this Agreement and for which you have already commenced the Franchised Business(es) covered by the Franchise Agreement(s), but after the effective date of the termination, you will have no right to develop or operate any additional Franchised Business without first obtaining our express written consent, which we may withhold without cause.

Upon expiration or earlier termination of this Agreement for whatever reason, you agree to:

15.1.1. Immediately pay all sums due and owing to us or our affiliates, plus interest, and all sums due and owing to any landlord, employees, taxing authorities, advertising agencies and all other third parties.

15.1.2. If we terminate because of your default, pay us all losses and expenses we incur as a result of the default or termination, including all damages, costs, and expenses, and reasonable attorneys' and experts' fees directly or indirectly related thereto, such as (without limitation) lost profits, lost opportunities, damage inuring to our Proprietary Marks and reputation, travel and personnel costs and the cost of securing a new multi-unit operator for the Development Area. This obligation will give rise to and remain, until paid in full, a lien in our favor against any and all of assets, property, furnishings, equipment, signs, fixtures and inventory owned by you and any of the Franchised Businesses at the time of termination and against any of your money which we are holding or which is otherwise in our possession.

15.1.3. Immediately execute all agreements necessary to effectuate the termination in a prompt and timely manner.

15.1.4. Strictly comply with the post-termination/post-expiration covenants not to compete set forth in Article 10 of this Agreement.

15.1.5. Continue to abide by those restrictions pertaining to the use of our Confidential Information, trade secrets and know-how set forth in Article 10 of this Agreement.

15.2. **No Prejudice.** The expiration or termination of this Agreement will be without prejudice to our rights against you and will not relieve you of any of your obligations to us at the time of expiration or termination, or terminate your obligations which by their nature survive the expiration or termination of this Agreement.

## **16. UNAVOIDABLE DELAY OR FAILURE TO PERFORM**

16.1. **Unavoidable Delay or Failure to Perform (Force Majeure).** Any delay in our or your performance of any duties under this Agreement, or any non-performance of such duties, that is not your or our fault (as applicable) or within your or our reasonable control – including, but not limited to, (a) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material, or energy, or the voluntary forgoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations, or instructions of any national, state, provincial, municipal or other government or any department or agency thereof; (b) compliance with any law, ruling, order, regulation, requirement, or instruction of any national, state, provincial, municipal or other government or any department or agency thereof; (c) acts of God; (d) acts of war or insurrection; (e) strikes, lockouts, boycotts, fire and other casualties; (f) pandemics or epidemics; or (g) any other similar event or cause will not constitute a breach or cause a default under this Agreement, provided, however, that we or you (as applicable) will take all steps reasonably possible to mitigate damages caused by such failure or delay.

Upon the occurrence of any event of the type referred to herein, the party affected thereby shall give prompt notice thereof to the other parties, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected thereby and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused.

Notwithstanding the foregoing, if any such failure or delay continues for more than one hundred eighty (180) days, we will have the right at any time thereafter during the continuance of such failure or delay to terminate this Agreement upon thirty (30) days' advance written notice to you.

## **17. MISCELLANEOUS**

17.1. **Waiver and Delay.** No waiver or delay in either party's enforcement of any breach of any term, covenant or condition of this Agreement will be construed as a waiver by that party of any preceding or succeeding breach, or any other term, covenant or condition of this Agreement. Without limiting any of the foregoing, the acceptance of any payment specified to be paid by you under this Agreement will not be, nor be construed to be, a waiver of any breach of any term, covenant or condition of this Agreement.

17.2. **Notice of Our Alleged Breach.** You agree to give us immediate written notice of any alleged breach or violation of this Agreement after you have constructive or actual knowledge of, believe, determine or are of the opinion that there has been an alleged breach of this Agreement by us, including any acts of misfeasance or nonfeasance. If you do not give written notice to us of

any alleged breach of this Agreement within one year from the date that you have knowledge of, believe, determine or are of the opinion that there has been an alleged breach by us, then our alleged breach will be considered to be condoned, approved and waived by you and will not be considered to be a breach of this Agreement by us, and you will be permanently barred from commencing any action against us for the alleged breach or violation.

17.3. **Our Right To Cure Defaults.** In addition to all other remedies granted pursuant to this Agreement, if you default in the performance of any of your obligations, or breach any term or condition of this Agreement or any related agreement, then we may, at our election, immediately or at any time thereafter, without waiving any claim for breach under this Agreement and without notice to you, cure the default on your behalf. Our cost of curing the default and all related expenses will be due and payable by you on demand.

17.4. **Our Withholding of Consent – Your Exclusive Remedy.** If you make any claim or assertion that we have unreasonably withheld or delayed any consent or approval to a proposed act by you under the terms of this Agreement, you agree that your sole remedy for the claim will be an action or proceeding to enforce the Agreement provisions, for specific performance or for declaratory judgment.

17.5. **Integration of Agreement; No Oral Agreements or Representations.** Neither you nor we wish to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, you and we agree that this Agreement, all Exhibits to this Agreement and all related agreements signed at the same time as this Agreement: (a) constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersede any and all prior negotiations, understandings, representations and agreements, and (b) supersede and cancel any prior and/or contemporaneous oral or written communications (whether described as representations, inducements, promises, agreements or any other term) between you or anyone acting on your behalf and us or anyone acting on our behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such terms) with respect to the relationship between the parties with respect to the subject matter hereof and that no reliance is being or will be placed on any such written or oral communications; provided, however, that nothing in this or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document that we provided to you.

No change, modification, amendment or waiver of any of the provisions of this Agreement will be effective and binding upon either party unless it is in writing, specifically identified as an amendment to this Agreement or waiver of any of the provisions of this Agreement, and signed by the party against whom enforcement of such writing is sought.

17.6. **Notices.** Any notice required or permitted to be given under this Agreement must be in writing; must be delivered to the other party either personally, by certified mail (return receipt requested, postage prepaid), or by documented overnight delivery with a reputable carrier; and, will be effective on the date that delivery is documented to have been first attempted. Any notice to us will be addressed to us at:

Notices to Franchisor: PB Asset Group, Inc.  
4750 Almaden Expy, Suite 100  
San Jose, CA 95118

Any notice to you will be addressed to your address as set forth on the first page of this Agreement. Either party to this Agreement may, in writing, on ten (10) days' notice, inform the other of a new or changed address or addressee(s) to which notices under this Agreement should be sent. We may provide any notice under this Agreement (including, without limitation, any notice of termination) sufficiently in advance of any event to permit compliance with any notice requirements under state or other laws.

**17.7. Execution, Construction and Interpretation; Further Acts.**

17.7.1. This Agreement may be executed in multiple counterparts, each of which will be considered an original and all of which together will constitute one and the same instrument. Facsimile execution signatures will be considered as binding and conclusive as if original, provided, however, that any party so executing must use all commercially reasonable efforts to furnish to the other party(ies) the originally executed document(s) at the earliest opportunity.

17.7.2. The titles and subtitles of the various articles and sections of this Agreement are inserted for convenience and will not affect the meaning or construction of any of the terms, provisions, covenants and conditions of this Agreement. The language of this Agreement will in all cases be construed simply according to its fair and plain meaning and not strictly for or against us or you.

17.7.3. It is agreed that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision will have the meaning which renders it valid.

17.7.4. The parties agree to execute all other documents and perform all further acts necessary or desirable to carry out the purposes of this Agreement.

17.7.5. Each reference in this Agreement to a corporation or partnership will also refer to a limited liability company, general or limited partnership, and any other entity or similar organization. Each reference to the organizational documents, shareholders, directors, officers and stock of a corporation in this Agreement will also refer to the functional equivalents of the organizational documents, shareholders, directors, officers and voting and/or equity rights, as applicable, in the case of a limited liability company, general partnership, limited partnership or any other entity or similar organization (this specifically includes members and managers, general and limited partners, membership interests and general and limited partnership interests).

17.8. **Business Judgment.** You and we recognize, and any mediator or judge is affirmatively advised, that certain provisions of this Agreement describe our right to take (or refrain from taking) certain actions in the exercise of our business judgment based on our assessment of the overall best interests of the System. Where such discretion has been exercised, and is supported by our business judgment, neither a mediator nor a judge may substitute his or her judgment for the judgment we have so exercised. "Business judgment" is a defined term for the purposes of this Agreement and is not intended to incorporate principles related to the application of any business judgment rule in a corporate law context.

17.9. **Exercise of Rights.** You understand and agree that whenever we have reserved a right in this Agreement, we have the uncontrolled and unfettered right to do what we have reserved.

17.10. **Severability.** Nothing contained in this Agreement may be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provision of this Agreement and any present or future statute, law, ordinance or regulation required to be made applicable to this Agreement, the latter will prevail, but the affected provision of this Agreement will be curtailed and limited only to the extent necessary to bring it within the requirement of the law. If any article, section, sentence or clause of this Agreement is held to be

indefinite, invalid or otherwise unenforceable, the entire Agreement will not fail for this reason, and the balance of the Agreement will continue in full force and effect. If any court of competent jurisdiction deems any provision of this Agreement (other than for the payment of money) so unreasonable as to be unenforceable as a matter of law, the court may declare a reasonable modification of this Agreement and this Agreement will be valid and enforceable, and the parties agree to be bound by and perform this Agreement as so modified.

17.11. **Attorneys' Fees and Costs of Enforcement.** The prevailing party will be entitled to recover from the other party reasonable attorneys' fees, experts' fees, court costs and all other expenses of litigation in any action instituted against the other party to secure or protect the prevailing party's rights under this Agreement, to enforce the terms of this Agreement, or in any action commenced or joined in by the other party against the prevailing party.

17.12. **Attorneys' Fees – Third Party Actions.** If we become a party to any action or proceeding commenced or instituted against us by a third party arising out of or relating to any claimed or actual act, error or omission of yours and/or any of your officers, directors, shareholders, management, employees, contractors and/or representatives, your Franchised Business by virtue of statutory, "vicarious", "principal/agent" or other liabilities asserted against or imposed on us as a result of our status as Franchisor; or if we become a party to any litigation or any insolvency proceeding involving you pursuant to any bankruptcy or insolvency code (including any adversary proceedings in conjunction with bankruptcy or insolvency proceedings), then you will be liable to, and must promptly reimburse us for, the reasonable attorneys' fees, experts' fees, court costs, travel and lodging costs and all other expenses we incur in such action or proceeding regardless of whether such action or proceeding proceeds to judgment. In addition, we will be entitled to add all costs of collection, interest, attorneys' fees and experts' fees to our proof of claim in any insolvency or bankruptcy proceeding you file.

17.13. **Governing Law.** This Agreement; all relations between the parties; and, any and all disputes between the parties, whether sounding in contract, tort, or otherwise, is to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of California without recourse to California (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the Franchised Business(es) is located outside of California and the provision would be enforceable under the laws of the state in which the Franchised Business(es) is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Section 17.13 is intended to invoke the application of any franchise registration and disclosure, franchise relationship, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of California, or any other state, which given its jurisdictional scope (and absent this choice of law provision) would not otherwise apply, and Multi-Unit Operator agrees to never contend otherwise.

17.14. **Venue.** Any litigation arising out of or related to this Agreement; any breach of this Agreement; the relations between the parties; and, any and all disputes between the parties, whether sounding in contract, tort, or otherwise, will be instituted exclusively in a court of competent jurisdiction in Santa Clara County, California. You agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a state of federal court of competent jurisdiction situated in state, county and judicial district in Santa Clara County, California. You (and your affiliates, and the owners, members, officers, directors or managers of each of the foregoing) hereby irrevocably submit themselves to the jurisdiction of any such court and waive all questions of personal jurisdiction for the purpose of carrying out this provision. You,

on behalf of yourself and your affiliates, and the owners, members, officers, directors or managers of each of the foregoing, hereby waive and covenant never to assert or claim that the venue designated for litigation by this Agreement is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including any claim under the judicial doctrine of “forum non conveniens”). The parties agree that this Section 17.14 shall not be construed as preventing either party from removing an action or proceeding from state to federal court. Notwithstanding the foregoing, however, with respect to any action for monies owed, injunctive or other extraordinary or equitable relief, or involving possession or disposition of, or other relief relating to, your Franchised Business, we may bring such an action in any state or federal district court which has jurisdiction.

17.15. **Prior Notice of Claims.** As a condition precedent to commencing an action for a claim under this Agreement, you must notify us within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

17.16. **Waiver of Jury Trial.** The parties to this Agreement (as denominated in the preamble hereto) explicitly waive their respective rights to a jury trial in any litigation between them and hereby stipulate that any such trial shall occur without a jury.

17.17. **Internal Dispute Resolution.** You must first bring any claim under this Agreement to our President and/or CEO after providing notice as set forth in Section 17.15 above. You must exhaust this internal dispute resolution procedure before you may bring your claim under this Agreement before a third party.

17.18. **Mediation and Litigation.** Before you may bring any claim against us regarding this Agreement, you agree to try for a period of 60 days to mediate such claim before a mutually agreed to mediator in the city or county where our headquarters are located. If we cannot mutually agree on a mediator, you and we agree to use the mediation services of the American Arbitration Association (“AAA”) and split any AAA and mediator fees equally. If mediation is unsuccessful and you pursue a legal claim against us, you agree to file lawsuit in a court of competent jurisdiction situated in state, county and judicial district in Santa Clara County, California.

17.19. **Punitive Damages.** In no event will we be liable to you for punitive, exemplary, incidental, indirect, special, consequential or other similar damages in any action or proceeding arising out of or relating to this Agreement; any breach, termination, cancellation or non-renewal of this Agreement; or, in any other action or proceeding whatsoever between the parties to this Agreement and/or any of their affiliates. You hereby waive and covenant never to advance any such claim for punitive damages. You (and your affiliates, and the owners, members, officers, directors or managers) agree that in the event of a dispute, you and they shall be limited to the recover from us any actual damages sustained by you or them.

17.20. **No Consolidated or Class Actions.** You (and your affiliates, owners, members, officers, directors or managers) may only pursue any claim you have against us or our Affiliates in an individual legal action or proceeding. Neither you nor any of your affiliates, owners, members, officers, directors or managers shall join or combine its/their legal action or proceeding in any manner with any action or claim of any other multi-unit operator, franchisee or other claimant, nor will you or your affiliates, owners, members, officers, directors or managers maintain any action or proceeding against us or our Affiliates, owners, members, officers, directors or managers in a class action, whether as a representative or as a member of a class or purported class, nor will you or your affiliates, owners, members, officers, directors or managers seek to consolidate, or consent to the consolidation of, all or part of any action or proceeding by any of

them against us or our affiliates, owners, members, officers, directors or managers with any other litigation against us or our affiliates, owners, members, officers, directors or managers.

17.21. **Limitations of Actions.** Any and all legal actions or proceedings brought by you against us or our Affiliates, owners, members, officers, directors or managers arising out of or related to this Agreement, the Franchised Business(es) or any related agreement; any breach of this Agreement or any related agreement; the relations between such parties; and, any and all disputes between such parties, whether sounding in law or equity, must be commenced within two (2) years from the occurrence of the acts, errors and/or omissions giving rise to such legal action or proceeding. If not, then you irrevocably covenant and agree that such action or proceeding shall be barred.

17.22. **Guarantee.** If you are a business entity, the following persons must sign our standard form Guarantee, attached hereto as Exhibit F, at the same time as the execution of this Agreement or at such later time as they assume such status: (i) if you are a corporation or limited liability company, all shareholders or members (as applicable) owning 5% or more of your issued and outstanding stock or membership interests, as applicable; (ii) if you are a partnership, all general partners owning a 5% or greater interest in you; and, (iii) if you are a limited partnership, the general partner and all shareholders owning a 5% or greater interest in the general partner.

If you are in breach or default under this Agreement, we may proceed directly against each such individual and/or entity (each, a guarantor) without first proceeding against you and without proceeding against or naming in the suit any other guarantors. Your obligations and those of each guarantor will be joint and several. Notice to or demand upon guarantor will be considered notice to or demand upon you and all guarantors, and no notice or demand need be made to or upon all guarantor. The cessation of or release from liability of you or any guarantor will not relieve any other guarantor from liability under this Agreement, except to the extent that the breach or default has been remedied or money owed has been paid.

17.23. **Survival.** Any provision of this Agreement which imposes an obligation following the termination or expiration of this Agreement will survive the termination or expiration and will continue to be binding upon the parties to this Agreement. This Agreement will be binding upon and inure to the benefit of the parties, their heirs, successors and assigns.

17.24. **No Third-Party Beneficiaries.** This Agreement is entered into solely between you and us. Other than our Affiliates or as expressly set forth in this Agreement, there is no intended third-party beneficiary of this Agreement and you agree that none is to be presumed or deemed to exist.

17.25. **Execution in Multiple Counterparts.** This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument. Electronic and facsimile signatures will be considered as binding and conclusive as if original.

17.26. **Joint and Several Obligations.** All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable. If Multi-Unit Operator consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to us under this Agreement are joint and several.

17.27. **Rights and Remedies Cumulative.** All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision

or condition of this Agreement or any other agreement between you or any of your affiliates and us. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of our rights pursuant to Article 17 of this Agreement shall not discharge or release you from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

17.28. **Multi-State Addendum**. The parties hereby incorporate herein the state addenda, in the form attached to this Agreement.

17.29. **Your Additional Acknowledgments**. You acknowledge, warrant and represent to us that:

17.29.1. You have received from us a copy of our Franchise Disclosure Document at least fourteen calendar days before the execution of this Agreement or at least fourteen calendar days before the payment by you to us of any consideration in connection with the sale or proposed sale of the area franchise granted by this Agreement.

17.29.2. You affirm that all information set forth in all applications, financial statements and submissions to us are true, complete and accurate in all respects, and you expressly acknowledge that we are relying on the truthfulness, completeness and accuracy of this information.

## **18. SUBMISSION OF AGREEMENT**

18.1. **Submission of Agreement**. The submission of this Agreement to you does not constitute an offer. This Agreement will become effective only upon the execution of this Agreement by both us and you. Our date of execution will be considered the date of execution of this Agreement.

THIS AGREEMENT WILL NOT BE BINDING ON US UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF OURS.

YOU HAVE READ ALL OF THE FOREGOING AGREEMENT AND ACCEPT AND AGREE TO EACH AND ALL OF THE PROVISIONS, COVENANTS AND CONDITIONS OF THE FOREGOING AGREEMENT.

IN WITNESS WHEREOF, we and you have signed this Agreement as of the Effective Date set forth above.

FRANCHISOR:

PB Asset Group, Inc.

MULTI-UNIT OPERATOR:

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT A**  
**DEVELOPMENT AREA**

The following describes the Development Area within which Multi-Unit Operator may locate “Poki Bowl” Franchised Businesses under this Agreement:

APPROVED:

## MULTI-UNIT OPERATOR

## PB ASSET GROUP, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT B**  
**DATA SHEET**

This Agreement authorizes and obliges Multi-Unit Operator to establish and operate \_\_\_\_\_ (\_\_\_\_) "Poki Bowl" Locations within the trade areas pursuant to a Franchise Agreement for each Franchised Business.

Development Fee: The Development Fee is as follows:

| Development Fee                               | Select |
|---|--------|
| Fee for two Franchised Businesses: [_____]    |        |
| Fee for three Franchised Businesses : [_____] |        |
| Fee for four Franchised Businesses : [_____]  |        |
| Fee for five Franchised Businesses : [_____]  |        |

The following is Multi-Unit Operator's Development Schedule:

Minimum Cumulative Number  
of Franchised Businesses to be located  
and Operating  
Within the Development Area By this Date

Total:

APPROVED:

MULTI-UNIT OPERATOR

## PB ASSET GROUP, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT C**  
**OWNERSHIP OF MULTI-UNIT OPERATOR**

The following is a list of all shareholders, partners, owners or other investors in Multi-Unit Operator, including all investors who own or hold a direct or indirect interest in Multi-Unit Operator, and a description of the nature of their interest:

| Name | Percentage of Ownership/ Nature of Interest |
|------|---|
|      |   |
|      |   |
|      |   |
|      |   |

**EXHIBIT D**  
**FIRST FRANCHISE AGREEMENT TO BE EXECUTED BY MULTI-UNIT**  
**OPERATOR**

[SEE FRANCHISE AGREEMENT AND ITS EXHIBITS  
IN EXHIBIT A TO THE DISCLOSURE DOCUMENT]

**EXHIBIT E**  
**CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**

NAME: \_\_\_\_\_

MULTI-UNIT OPERATOR: \_\_\_\_\_

HOME ADDRESS: \_\_\_\_\_

HOME TELEPHONE: \_\_\_\_\_

CLASSIFICATION: \_\_\_\_\_  
(Owner, Shareholder, Officer, Director, Attorney, Employee, Etc.)

\_\_\_\_\_ ("Multi-Unit Operator") is a Multi-Unit Operator of PB Asset Group, Inc. ("Franchisor") pursuant to a Multi-Unit Development Agreement entered into by Multi-Unit Operator and Franchisor dated \_\_\_\_\_ (the "Multi-Unit Development Agreement"). I agree that, unless otherwise specified, all terms in this Agreement have those meanings ascribed to them in the Multi-Unit Development Agreement.

I agree that during the term of my employment by, ownership participation in, association with or service to Multi-Unit Operator, or at any time thereafter, I will not communicate, divulge or use for the benefit of any other person, persons, partnership, proprietorship, association, corporation or entity any confidential information, knowledge or know-how concerning the systems of operation, services, products, clients or practices of Multi-Unit Operator and/or Franchisor which may be communicated to me ("Confidential Information"), and I will not divert any business to competitors of Multi-Unit Operator and/or Franchisor.

Any and all information, knowledge, know-how, techniques and information which the entities mentioned above or their officers designate as confidential will be Confidential Information for the purposes of this Agreement, except information which I can demonstrate came to my attention before disclosure or which had become or becomes a part of the public domain through publication or communication by others (unless the publication or communication is in violation of a similar confidentiality agreement), but in no event through any act of mine.

I specifically understand that, without limitation, the following constitute Confidential Information of Franchisor: all products, services, equipment, technologies and procedures relating to all systems of operation, services, programs, products, procedures, policies, standards, techniques, specifications and criteria which now comprise or in the future may comprise a part of the Franchisor's system for establishing and operating Poki Bowl businesses (the "System"); Franchisor's Confidential Operating Manual (as same may be amended from time to time, the "Manual"); supplements and/or amendments to the Manual; records pertaining to customers or billings; methods of advertising and promotion; customers; instructional materials; staff composition and organization systems; quality assurance programs; supervision systems; recommended services; recordkeeping systems and materials; bookkeeping systems and materials; business forms; product and service order forms; general operations materials; revenue reports; standards of interior and exterior design and decor; activity schedules; job descriptions; advertising, promotional and public relations materials/campaigns/guidelines/philosophy; specifications, systems, standards, techniques, philosophies and materials, guidelines, policies and

procedures concerning the System; additions to, deletions from, and modifications and variations of the components constituting the System or the systems and methods of operations which are now, or may in the future, be employed by Franchisor, including all standards and specifications relating thereto and the means and manner of offering and selling same; and, all other components, specifications, standards, requirements and duties imposed by Franchisor or its Affiliates.

I will at no time copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing it, in whole or in part, store them in a computer retrieval or data base, nor otherwise make them available to any unauthorized person. Upon the expiration or other termination for any reason of my employment, association, service or ownership participation, I agree to return to Franchisor or Multi-Unit Operator, as the case may be, all Confidential Information or material containing it (in whole or in part) in my possession utilized during my employment, association, service or ownership participation.

I further agree that during the term of my employment/service/association/ownership participation, and under the circumstances set forth in the following paragraph, for a period of one year immediately following its expiration or termination for any reason, I will not, directly or indirectly, engage or participate in any other business which engages in any of the activities which the Multi-Unit Development Agreement contemplates will be engaged in by Multi-Unit Operator under the Franchise Agreements; or, which offers or sells any other service, product or component which now or in the future is part of Poki Bowl System, or any confusingly similar product or service. I agree that I am prohibited from engaging in any competitive business as a proprietor, partner, investor, shareholder, director, officer, employee, principal, agent, advisor, or consultant.

For a period of two years immediately following the expiration or termination of my employment/service/association/ownership participation, I am prohibited from engaging in any competitive business, if the other business is located within Multi-Unit Operator's Development Area, within twenty (20) miles of the boundaries of Multi-Unit Operator's Development Area, or within twenty miles of (or within) any other Development Area or Business Territory (whether Company owned, franchised or otherwise established and operated).

It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as consultation for competitive businesses, service as an independent contractor for competitive businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a competitor. Nothing herein will prevent me from owning for investment purposes up to an aggregate of 5% of the capital stock of any competitive business, so long as the competitive business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, or through the National Association of Securities Dealers Automated Quotation System (NASDAQ), and so long as I or Multi-Unit Operator do not control the company in question.

It is the intention of these provisions that any person or entity having any legal or beneficial interest in or traceable to, down or through me to be bound by the provisions of this covenant, including (without limitation) my spouse, brother, brother-in-law, sister, sister-in-law, parent, parent-in-law, child, son-in law or daughter-in-law; any direct or indirect beneficiary; any partner (general or limited) or proprietor of mine; and, any other such related person or entity, regardless of how many

levels or tiers there may be between any such described person or entity and me. I further agree that upon the expiration or termination of my term of employment/service/association, I will immediately refrain from any and all contacts with customers, for any purpose whatsoever.

I acknowledge that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor and Multi-Unit Operator for which no adequate remedy at law will be available. Accordingly, I hereby consent to the entry of an injunction procured by Franchisor or Multi-Unit Operator (or both) prohibiting any conduct by me in violation of the terms of those covenants not to compete and/or restrictions on the use of confidential information set forth in this agreement. I expressly agree that it may conclusively be presumed in any legal action that any violation of the terms of these covenants not to compete was accomplished by and through my unlawful utilization of Franchisor's Confidential Information.

Further, I expressly agree that any claims I may have against Franchisor will not constitute a defense to Franchisor's enforcement of the covenants not to compete set forth in this Agreement. I further agree to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by Franchisor in connection with the enforcement of those covenants not to compete set forth in this Agreement.

If all or any portion of this covenant not to use confidential information and not to compete is held unreasonable, void, vague or illegal by any court or agency having valid jurisdiction in an unappealed final decision to which Multi-Unit Operator and/or Franchisor is a party, the court or agency will be empowered to revise and/or construe the covenant to fall within permissible legal limits, and should not invalidate the entire covenant. I expressly agree to be bound by any lesser covenant subsumed within the terms of this Agreement as if the resulting covenant were separately stated in and made a part of this Agreement.

I agree that this Agreement and all relations and disputes between myself on the one hand, and Multi-Unit Operator or Franchisor on the other hand, whether sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of California without recourse to California (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the franchised Business is located outside of California and the provision would be enforceable under the laws of the state in which the franchised Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of California or any other state, which would not otherwise apply.

I further agree that any litigation arising out of or related to this Agreement; any breach of this Agreement; and, all relations and any and all disputes between myself on the one hand, and Multi-Unit Operator or Franchisor on the other hand, whether sounding in contract, tort, or otherwise, will be instituted exclusively in a court of competent jurisdiction in Santa Clara County, California. I agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a court of competent jurisdiction situated in Santa Clara County, California.

I hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of *forum non conveniens*).

---

(Signature)

---

(Print Name)

---

(Date)

**EXHIBIT F**  
**GUARANTEE OF THE MULTI-UNIT DEVELOPMENT AGREEMENT**

In consideration of the execution by Franchisor of the Multi-Unit Development Agreement (the "Multi-Unit Development Agreement") dated the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, between PB Asset Group, Inc. ("Franchisor") and \_\_\_\_\_ ("Multi-Unit Operator") and for other good and valuable consideration, each of the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby absolutely and unconditionally guarantee the payment of all amounts and the performance of all of the covenants, terms, conditions, agreements and undertakings contained and set forth in said Multi-Unit Development Agreement and in any other agreement(s) by and between Multi-Unit Operator and Franchisor.

If more than one person has executed this Guarantee, the term "the undersigned", as used herein, shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

The undersigned, individually and jointly, hereby agree to be personally bound by each and every covenant, term, condition, agreement and undertaking contained and set forth in said Multi-Unit Development Agreement and any other agreement(s) by and between Multi-Unit Operator and Franchisor, and agree that this Guarantee shall be construed as though the undersigned and each of them executed agreement(s) containing the identical terms and conditions of the Multi-Unit Development Agreement and any other agreement(s) by and between Multi-Unit Operator and Franchisor.

The undersigned hereby agree, furthermore, that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder: (a) any term, covenant or condition of the Multi-Unit Development Agreement may be amended, compromised, released or otherwise altered by Franchisor and Multi-Unit Operator, and the undersigned do guarantee and promise to perform all the obligations of Multi-Unit Operator under the Agreement as so amended, compromised, released or altered; (b) any guarantor of or party to the Multi-Unit Development Agreement may be released, substituted or added; (c) any right or remedy under the Agreement, this Guarantee or any other instrument or agreement between Franchisor and Multi-Unit Operator may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; and, (d) Franchisor or any other person may deal in any manner with Multi-Unit Operator, any of the undersigned, any party to the Multi-Unit Development Agreement or any other person.

Should Multi-Unit Operator be in breach or default under the Multi-Unit Development Agreement or any other agreement(s) by and between Multi-Unit Operator and Franchisor, Franchisor may proceed directly against any or each of the undersigned without first proceeding against Multi-Unit Operator and without proceeding against or naming in such suit any other Multi-Unit Operator, signatory to the Multi-Unit Development Agreement or any others of the undersigned.

Notice to or demand upon Multi-Unit Operator or any of the undersigned shall be deemed notice to or demand upon Multi-Unit Operator and all of the undersigned, and no notice or demand need

be made to or upon any or all of the undersigned. The cessation of or release from liability of Multi-Unit Operator or any of the undersigned shall not relieve any other Guarantors from liability hereunder, under the Multi-Unit Development Agreement, or under any other agreement(s) between Franchisor and Multi-Unit Operator, except to the extent that the breach or default has been remedied or moneys owed have been paid.

Any waiver, extension of time or other indulgence granted by Franchisor or its agents, successors or assigns, with respect to the Multi-Unit Development Agreement or any other agreement(s) by and between Multi-Unit Operator and Franchisor, shall in no way modify or amend this Guarantee, which shall be continuing, absolute, unconditional and irrevocable.

It is understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee shall inure to the benefit of the Franchisor, its successors and assigns. This Guarantee may be assigned by Franchisor voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder.

This Guarantee is to be exclusively construed in accordance with and/or governed by the law of the State of California without recourse to California (or any other) choice of law or conflicts of law principles. If, however, any provision of this Guarantee would not be enforceable under the laws of California, and if the business franchised under the Multi-Unit Development Agreement is located outside of California and the provision would be enforceable under the laws of the state in which the franchised business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Guarantee is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of California or any other state, which would not otherwise apply.

Any litigation arising out of or related to this Guarantee will be instituted exclusively in a court of competent jurisdiction in Santa Clara County, California. The undersigned agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a court of competent jurisdiction situated in Santa Clara County, California. The undersigned hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of *forum non conveniens*).

Should any one or more provisions of this Guarantee be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective.

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee effective as of the date of the Multi-Unit Development Agreement.

---

(Signature)

---

(Print Name)

---

---

(Address)

**EXHIBIT G**  
**STATE SPECIFIC AMENDMENTS**

## CALIFORNIA ADDENDUM TO MULTI-UNIT DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the PB Asset Group, Inc. Multi-Unit Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all PB Asset Group, Inc. franchises offered and sold in the State of California:

This California Addendum is only applicable if you are a resident of California or if your business is located in California.

1. Section 17.18 of the Multi-Unit Development Agreement is hereby amended in its entirety as follows:

**Limitations of Actions.** Any and all legal actions or proceedings brought by you against us or our Affiliates, owners, members, officers, directors or managers arising out of or related to this Agreement, the Franchised Business(es) or any related agreement; any breach of this Agreement or any related agreement; the relations between such parties; and, any and all disputes between such parties, whether sounding in law or equity, must be commenced within four (4) years from the occurrence of the acts, errors and/or omissions giving rise to such legal action or proceeding. If not, then you irrevocably covenant and agree that such action or proceeding shall be barred.

2. The Multi-Unit Development Agreement requires Multi-Unit Operator to execute a general release of claims upon transfer of the Multi-Unit Development Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 - 20043)). To the extent required by such laws, Multi-Unit Operator shall not be required to execute a general release.

3. The Multi-Unit Development Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:

PB Asset Group, Inc.

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

Multi-Unit Operator:

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

## ILLINOIS RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between PB Asset Group, Inc., a California Corporation (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Illinois Act” means the Illinois Franchise Disclosure Act of 1987.
2. **Governing Law and Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.
3. **Limitation of Claims.** No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.
4. **Waivers Void.** Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.
5. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

---

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISOR:

PB ASSET GROUP, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## INDIANA RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between PB Asset Group, Inc., a California Corporation (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

**2. Certain Provisions Deleted.** To the extent required for the Agreement to be in compliance with the Indiana Acts, any provision of the Agreement which would have any of the following effects is hereby deleted:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official

price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISOR:

PB ASSET GROUP, INC.

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## MARYLAND RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between PB Asset Group, Inc., a California Corporation (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

**2. No Waiver of State Law In Sale.** Notwithstanding any provision of the Agreement to the contrary, as a condition of the sale of a franchise, SIS Franchising shall not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve SIS Franchising or any other person from liability under the Maryland Franchise Law.

**3. No Release of Liability.** Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

**4. Statute of Limitations.** Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.

**5. Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

Agreed to by:

FRANCHISEE:

---

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISOR:

PB ASSET GROUP, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## MINNESOTA RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between PB Asset Group, Inc., a California Corporation (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

**2. Amendments.** The Agreement is amended to comply with the following:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISOR:

PB ASSET GROUP, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## NEW YORK RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between PB Asset Group, Inc., a California Corporation (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
2. **Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve Franchisor or any other person from any duty or liability imposed by New York General Business Law, Article 33.
3. **Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by Franchisor with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.
4. **Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.
5. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

---

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISOR:

PB ASSET GROUP, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## NORTH DAKOTA RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between PB Asset Group, Inc., a California Corporation (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Amendments.** The Agreement (and any Guaranty Agreement) is amended to comply with the following:

- (1) **Restrictive Covenants:** Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind subject to NDCC Section 9-08-06.
- (2) **Situs of Arbitration Proceedings:** Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee’s business.
- (3) **Restrictions on Forum:** Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.
- (4) **Liquidated Damages and Termination Penalties:** Franchisee is not required to consent to liquidated damages or termination penalties.
- (5) **Applicable Laws:** The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.
- (6) **Waiver of Trial by Jury:** Franchisee and any Guarantor do not waive a trial by jury.
- (7) **Waiver of Exemplary & Punitive Damages:** Franchisee does not waive of exemplary and punitive damages.
- (8) **General Release:** Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.
- (9) **Limitation of Claims:** Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- (10) **Enforcement of Agreement:** The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISOR:

PB ASSET GROUP, INC.

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## RHODE ISLAND RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between PB Asset Group, Inc., a California Corporation (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
2. **Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.
3. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISOR:

PB ASSET GROUP, INC.  
\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## **WASHINGTON RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT**

(See Schedule H for Washington Addendum to Franchise Disclosure Document, Franchise Agreement, Multi-Unit Development Agreement, and Related Agreements)

### STATE EFFECTIVE DATES

The following States 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       |                |
| Illinois     |                |
| Indiana      |                |
| Maryland     |                |
| Michigan     |                |
| Minnesota    |                |
| New York     |                |
| North Dakota |                |
| Rhode Island |                |
| South Dakota |                |
| Virginia     |                |
| Washington   |                |
| Wisconsin    |                |

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Poki Bowl offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan, Oregon, Washington and Wisconsin require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Poki Bowl does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit 1

The franchisor is PB Asset Group, Inc. located at 4750 Almaden Expy, Suite 100, San Jose, CA 95118, Tel: 669-247-7654.

The following is the name, principal business address, and telephone number of the franchise seller offering the franchise:

Nick Nguyen, 4750 Almaden Expy, Suite 100, San Jose, CA 95118; 669-247-7654.

Issuance date: August 25, 2023

Our Agents for Service of Process are listed in Exhibit 1.

I received a disclosure document dated August 25, 2023 that included the following Exhibits:

1. List of State Administrators/Agents for Service of Process
2. Franchise Agreement
3. Franchise Disclosure Document Table of Contents to Operations Manual
4. Franchise Disclosure Document Financial Statements
5. State Addenda to Disclosure Document
6. Franchise Disclosure Document List of Current and Former Franchisees
7. Multi-Unit Development Agreement

DATE: \_\_\_\_\_

(Do not leave blank)

\_\_\_\_\_  
Signature of Prospective Franchisee

**You may return the signed receipt by signing, dating, and mailing it to Franchisor.**

## RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Poki Bowl offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan, Oregon, Washington and Wisconsin require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Poki Bowl does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit 1.

The franchisor is PB Asset Group, Inc. located at 4750 Almaden Expy, Suite 100, San Jose, CA 95118, Tel: 669-247-7654.

The following is the name, principal business address, and telephone number of the franchise seller offering the franchise:

Nick Nguyen, 4750 Almaden Expy, Suite 100, San Jose, CA 95118; 669-247-7654.

Issuance date: August 25, 2023

Our Agents for Service of Process are listed in Exhibit 1.

I received a disclosure document dated August 25, 2023 that included the following Exhibits:

1. List of State Administrators/Agents for Service of Process
2. Franchise Agreement
3. Franchise Disclosure Document Table of Contents to Operations Manual
4. Franchise Disclosure Document Financial Statements
5. State Addenda to Disclosure Document
6. Franchise Disclosure Document List of Current and Former Franchisees
7. Multi-Unit Development Agreement

DATE: \_\_\_\_\_

(Do not leave blank)

**Please keep this copy for your records.**

\_\_\_\_\_  
Signature of Prospective Franchisee