

FRANCHISE DISCLOSURE DOCUMENT



Uncle Sharkii Franchising, LLC
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The franchise offered in this Franchise Disclosure Document is for the operation of an Uncle Sharkii restaurant serving a Hawaiian-Asian fusion menu item known as Poke, a raw fish salad found in Hawaiian cuisine, as well as hot and cold beverages, including Boba Milk Tea, and soft serve.

The total investment necessary to begin operation of an Uncle Sharkii franchised business is between \$90,000 and \$299,500. This includes \$30,000 that must be paid to us or our Affiliates. The total investment necessary to begin operation of 3-6 Uncle Sharkii franchised businesses under the Multi-Unit Developer Agreement is between \$110,000 and \$349,500. This includes the franchise fees of \$20,000 to \$50,000 that must be paid to us or our Affiliates.

This disclosure document summarized certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified this 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 Uncle Sharkii Franchising LLC, at 1160 Dairy Ashford Rd., Suite 450, Houston, TX 77079, franchise@unclesharkii.com and (808) 773-5428.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide*

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

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

Issuance Date: March 13, 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:

| <u>QUESTION</u> | <u>WHERE TO FIND INFORMATION</u> |
|-----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| How much can I earn? | Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20. |
| How much will I need to invest? | Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use. |
| Does the franchisor have the financial ability to provide support to my business? | Item 21 includes financial statements. Review these statements carefully. |
| Is the franchise system stable, growing, or shrinking? | Item 20 summarizes the recent history of the number of company-owned and franchised outlets. |
| Will my business be the only Uncle Sharkii business in my area? | Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you. |
| Does the franchisor have a troubled legal history? | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings. |
| What's it like to be Uncle Sharkii franchisee? | Item 20 lists current and former franchisees. You can contact them to ask about their experiences |
| What else should I know? | These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents. |

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks To Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with us by mediation and litigation only in Texas. Out-of-state mediation and litigation may force you to accept a less favorable settlement for disputes it may also cost you more to mediate and litigate with us in Texas than in your own state.
2. **Financial Condition.** The Franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Early Stage Development.** 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.

**FRANCHISE DISCLOSURE DOCUMENT
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Exhibits

- A State Addenda to the FDD
- B Uncle Sharkii Franchise Agreement (with exhibits)
- C Multi-Unit Developer Agreement
- D List of State Administrators/Agents for Service of Process
Receipt

ITEM 1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, “Uncle Sharkii,” “we,” “us,” and “our” means Uncle Sharkii Franchising, LLC, doing business as Uncle Sharkii, the franchisor. “You,” “your,” and “Franchisee” means the person who buys the franchise from Uncle Sharkii and its owners, if the Franchisee is a business entity.

Franchisor, Parents, Predecessors and Affiliates

Uncle Sharkii Franchising LLC is a Texas limited liability company formed on May 14, 2021. Our principal business address is 1160 Dairy Ashford Rd. Suite 450, Houston, TX 77079. We operate under the brand name, “Uncle Sharkii.” We do not conduct business under any other name. We offer and support franchises for the Uncle Sharkii Business, and have done so since August 2019. We have not offered and do not offer franchises in any other line of business and do not own or operate any Uncle Sharkii Businesses.

Our Predecessor is Uncle Sharkii Franchising LLC, a California limited liability company with a principal place of business of 280 Sun Valley Mall #FC108, Concord, CA 94520. This entity offered Uncle Sharkii franchises from 2019 to 2021. This entity was converted into the similarly named Texas limited liability company in May of 2021. All assets from this entity were transferred to the Texas limited liability company as part of that transaction.

Agents for Service of Process

Our agent for service of process for the State of Texas is Fen Reyes, 1160 Dairy Ashford Rd., Suite 450, Houston, TX 77079. Our agents for service of process for other states are identified in Exhibit D of this Franchise Disclosure Document. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above where we have appointed an agent for service of process. There may also be additional agents appointed in some states listed.

Uncle Sharkii Franchises

We offer franchises for Uncle Sharkii Businesses (collectively, the “Franchise”) using our trade names, trademarks, service marks, associated logos and symbols (“Marks”), business system, procedures and trade secrets (collectively, the “System”). You will conduct a business offering a variety of food products and services for sale to the general public for consumption on the business’ premises (the “Restaurant”). The Restaurant is a business serving a Hawaiian Asian fusion menu item known as Poke, a raw fish salad found in Hawaiian cuisine, as well as hot and cold beverages, including Boba Milk Tea, and a dessert offering (the “Approved Products and Services”). You must sign one of our standard Franchise Agreements, which is attached to this Franchise Disclosure Document as Exhibit B (a “Franchise Agreement”). You may operate one (1) Uncle Sharkii Business, for each Franchise Agreement you sign.

If you are interested in becoming an Uncle Sharkii franchisee, you may be asked to complete a confidential application and questionnaire when applying for consideration. This may include your authorization for us to do, at our discretion, various background checks on you, including making criminal and financial inquiries. This information will remain confidential.

Area Development Program

We offer and grant the right (the “Development Rights”) to develop and operate multiple Uncle Sharkii Businesses within a certain defined geographic area (a “Development Area”) in keeping with a “Development Schedule.” We call this opportunity the “Area Development Program.” We use our form of Multi-Unit Developer Agreement and require those signing it to also sign our then current franchise agreement at the time they chose to develop each individual location. Under the Multi-Unit Developer Agreement, we allow you to develop a geographic area that can sustain at least the number of units you agree to develop in the Development Schedule. We also agree not to place another Uncle Sharkii Business in the Development Area while the agreement is effective. The current form of Multi-Unit Developer Agreement is attached as Exhibit “C” to this Disclosure Document.

Market Competition

The market for the goods and services offered by an Uncle Sharkii Business is well-established and the Restaurant business is very competitive. As an Uncle Sharkii Franchisee you will be competing with a variety of food service establishments which may have financial, personnel, and technical resources far greater than us or you, including casual restaurant chains and quick-service chains. In addition, your competitors will include other quick-service restaurants that offer health customizable raw seafood, tofu, and other related food items. Some of these competitors are larger, international companies and may include other franchised restaurants, offering similar types of food products. This is a very well-developed market and you will be operating your Uncle Sharkii Franchise in this highly competitive environment.

Industry Regulations

The restaurant industry is highly regulated at the federal, state, and local levels. These laws and regulations include design and construction requirements and permits, including the Americans with Disabilities Act of 1990 which requires readily accessible accommodations for disabled persons. Such laws and regulations may affect your building construction, site design, entrance ramps, doors, seating, and bathrooms, among other things. In addition, restaurants must comply with a number of health and safety laws and regulations concerning the preparation, storage, and service of food products. This includes various advertising and product and menu labeling requirements, each of which may impose additional compliance costs and may impact the conduct of your Uncle Sharkii Business.

Your Uncle Sharkii Business will be subject to other laws and regulations, including state and local licensing, zoning and land use regulations. You must obtain real estate permits, where applicable, licenses and operational licenses, including, where applicable, licenses relating to the sale of alcohol. Most states also have “dram shop” laws which make bars and restaurants

liable to persons injured by an intoxicated customer. You are also subject to employment laws such as the Fair Labor Standards Act and various state laws governing minimum wages, employee tip reporting, overtime and working conditions. You will also be subject to other laws or regulations that are not specific to the industry, but which apply to businesses generally.

ITEM 2. BUSINESS EXPERIENCE

Below is a listing of the names and titles of our officers and directors and other individuals who will have management responsibility relating to the sale or operation of franchises offered by this Franchise Disclosure Document and descriptions of their business experience for at least the last 5 years.

Fen Reyes – Founder & Chief Executive Officer

Mrs. Reyes has served as our Founder & Chief Executive Officer since Uncle Sharkii's formation in

Experience:

Founder & CEO

- Uncle Sharkii Franchising LLC – August 2019 – originally in Brentwood, CA and now Houston, TX
- Uncle Sharkii Logistics LLC – September 2019 – originally in Brentwood, CA and now Houston, TX
- Uncle Sharkii LLC – February 2019 – originally in Brentwood, CA and now Houston, TX
- Uncle Sharkii Company Owned Series LLC – February 2019 – originally in Brentwood, CA and now Houston, TX
- Sexy Panda LLC – April 2017 – originally in Brentwood, CA and now Houston, TX

Raymond Reyes – Co-Founder & Chief Operating Officer

Experience:

Co-Founder & COO

- Uncle Sharkii Franchising LLC – August 2019 – originally in Brentwood, CA and now Houston, TX
- Uncle Sharkii Logistics LLC – September 2019 – originally in Brentwood, CA and now Houston, TX
- Uncle Sharkii LLC – February 2019 – originally in Brentwood, CA and now Houston, TX
- Uncle Sharkii Company Owned Series LLC – February 2019 – originally in Brentwood, CA and now Houston, TX

- Sexy Panda LLC – April 2017 – originally in Brentwood, CA and now Houston, TX

From 2007 to December 2019, Mr. Reyes has also served as a Federal Law Enforcement Officer for a U.S Government Agency in San Francisco, CA.

Amy Liu – Director of Operations & Executive Trainer

Experience:

- Sexy Panda LLC – April 2017 to Feb 2020 – General Manager – originally in Brentwood, CA
- Uncle Sharkii Franchising LLC – August 2019 – Director of Operations & Executive Trainer originally in Brentwood, CA and now Houston, TX
- Uncle Sharkii Logistics LLC – September 2019 – Director of Operations originally in Brentwood, CA and now Houston, TX
- Uncle Sharkii LLC – February 2019 – Director of Operations originally in Brentwood, CA and now Houston, TX
- Uncle Sharkii Company Owned Series LLC – February 2019 – Director of Operations & Executive Trainer originally in Brentwood, CA and now Houston, TX

Quynh Vu – Director of Marketing

Experience:

- Uncle Sharkii Franchising LLC: Director of Marketing - November 2022 - Present - Houston, Texas
- Mathnasium KV: Center Director - September 2021 - November 2022 - Houston, Texas
- Parvani Vida Bridal: Digital Marketing Manager - January 2020 - October 2021 - Houston, Texas
- Prite Skin: Store Manager - November 2018 - December 2019 - Houston, Texas
- The Face Shop: Assistant Store Manager - August 2013 - October 2018 - Houston, Texas

ITEM 3. LITIGATION

No litigation is required to be disclosed in this item.

ITEM 4. BANKRUPTCY

No bankruptcy is required to be disclosed at this time.

ITEM 5. INITIAL FEES

Initial Franchise Fees

Unit Franchise Agreement Fees

If you are purchasing an Uncle Sharkii Business, You must pay us an initial franchise fee of \$30,000 when you sign the Franchise Agreement. The initial franchise fee is deemed fully earned by us once paid and is non-refundable.

Eligible United States Military Veterans with 1 to 10 years of active-duty service will receive a discount of 5% of the franchise fee. Eligible veterans with 11 to 20 years of active-duty service will receive a discount of 10% of the franchise fee. Eligible veterans with 21 or more years of active-duty service will receive a discount of 15% of the franchise fee. Eligible veterans will receive a discount of 5% of the transfer fee. An eligible veteran is a veteran who has received an honorable discharge. Eligibility may be confirmed via a SF-50 (Notification of Personnel Action).

Area Development Fees

If you are becoming an Uncle Sharkii Business Area Developer, You must pay us additional franchise fees (the “Area Development Fee”) of \$10,000 per unit, which is due when you sign the Multi-Unit Developer Agreement. The Area Development Fee is deemed fully earned by us once paid and is non-refundable.

Opening Inventory

Before the Business opens, you must purchase our proprietary sauces directly from us. The cost of your purchase will range between \$1,320 and \$2,160

ITEM 6. OTHER FEES

| Type of Fee⁽¹⁾ | Amount | Due Date | Remarks |
|----------------------------------|------------------------|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| Royalty Fee ⁽²⁾ | 5.5% of Gross Revenues | Monthly via ACH on the 15th for the preceding month. | Based on Gross Revenues (as defined herein) during the previous week. |
| Brand Fund Contribution | 1% of Gross Revenues | Paid with the first royalty payment of each month via ACH. | Based on Gross Revenues during the previous month. See Item 11 for a detailed discussion about the Brand Fund. |
| Additional Training | \$300 per day | At your request | You may request additional days of training. If you asks us to travel to your location you will also be charged our travel and lodging expenses. |

| | | | |
|--------------------------------------------------|----------------------------------------------------------------------------------|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Owners' Manual Replacement Fee | \$250 | As incurred. | Payable to us if you lose or destroy the Owners' Manual. |
| Transfer Fee | \$2,500 | Before transfer completed. | No charge if Franchise Agreement transferred to an entity you control. |
| Renewal Fee | \$10,000 | At time of renewal. | You will be charged the then current franchise fee. |
| Testing of Products or Approval of new Suppliers | Not to exceed \$1,000 | When billed. | This covers the costs of testing new products or inspecting new suppliers you propose to us. |
| Audit | Cost of inspection | 15 days after billing. | Due if you do not give us reports, supporting records or other required information, or if you understate required Continuing Support and Royalty payments or Fund contributions by more than 2%. |
| Interest | Lesser of 1.5% per month or highest commercial contract interest rate law allows | 15 days after billing. | Due on all overdue amounts. |
| Maintenance and Refurbishing of Business | You must reimburse our expenses | 15 days after billing. | If, after we notify you, you do not undertake efforts to correct deficiencies in Business appearance, then we can undertake the repairs and you must reimburse us. |
| Insufficient Funds | \$50 | As incurred. | Due if you have insufficient funds in your EDTA to cover a payment, or if you pay by check, a check is returned for insufficient funds. |

| | | | |
|---------------------|----------------------------------------------------|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| Cost of Enforcement | All costs including reasonable attorneys' fees | Upon demand. | You must reimburse us for all costs in enforcing obligations if we prevail, under both the Franchise Agreement and Multi-Unit Developer Agreement. |
| Management Fee | \$500 per person per day (plus costs and expenses) | As incurred. | Due when we (or a third party) manage your Business after your managing owner's death or disability, or after your default or abandonment. |
| Indemnification | Will vary | As incurred. | You must reimburse us if we are held liable for claims from your Business' operation. |

| | | | |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------------------------------------------------------------|
| System Non-Compliance | <ul style="list-style-type: none"> - Store uncleanliness (\$250) - Failing to provide documentation (\$250) - Unauthorized use of trademark (\$1,000) - Unauthorized product/supplier (\$1,000) - Poor product quality (\$250) - Failure to meet deadlines for new equipment, processes, etc. (\$250) - Hygiene/Dress code violation (\$250) - Health or safety violation (\$250) - Miscellaneous noncompliance (\$250) | As incurred. | We charge these fees as a means of maintaining our system standards. |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------------------------------------------------------------|

Notes:

1. All fees paid to us pursuant to this Franchise Disclosure Document are uniform and non-refundable. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We can require an alternative payment method and frequency for any fees or amounts owed to us under the Franchise Agreement.
2. As used in the Franchise Agreement, “Gross Revenues” means the total selling price of all services and products sold at or from your Uncle Sharkii Business (not adjusted for credit card fees), including the full value of any gift certificate redeemed at your Uncle Sharkii Business or coupon sold for use at your Uncle Sharkii Business (fees retained by or paid to third-party sellers of such gift certificates or coupons are not excluded from calculation), and all income and revenue of every other kind and nature related to the Uncle Sharkii Business operation,

whether for cash or credit, but excluding taxes collected from customers and paid to taxing authority, and reduced by the amount of any documented refunds, credits, allowances, and chargebacks the Business in good faith gives to customers.

ITEM 7. YOUR ESTIMATED INITIAL INVESTMENT

Franchise Agreement

| Expenditure | Estimated Range | | Method of Payment | When Due | To Whom Payment is Made |
|--------------------------------------------------------------|-----------------|-----------|-------------------|----------------------------------|------------------------------------------|
| | Low | High | | | |
| Franchise Fee ⁽¹⁾⁽²⁾ | \$30,000 | \$30,000 | Lump Sum | When signing Franchise Agreement | Us |
| Training Travel Expenses ⁽⁹⁾ | \$1,000 | \$3,000 | As arranged | Before Opening | Third-Parties |
| Real Estate and Rent Deposits ⁽³⁾ | \$3,000 | \$15,000 | As arranged | Before Opening | Third-Parties |
| Restaurant Build Out ⁽³⁾⁽⁴⁾ | \$10,000 | \$120,000 | As arranged | Before Opening | Third-Parties/ Government Authorities |
| Furniture, Fixtures, and Décor | \$1,000 | \$10,000 | As arranged | Before Opening; as incurred | Third-Parties |
| Equipment, TV, Cameras, and other Supplies | \$19,000 | \$30,000 | As arranged | Before Opening | Third-Parties |
| Computer, Software, and Point of Sale Systems ⁽⁶⁾ | \$2,000 | \$5,000 | As arranged | Before Opening | Third-Parties |
| Signs ⁽⁵⁾ | \$4,000 | \$15,000 | As arranged | Before Opening | Third-Parties |
| Insurance ⁽⁸⁾ | \$500 | \$1,500 | As arranged | Before Opening | Third-Parties |
| Professional Fees ⁽¹⁰⁾ | \$1,000 | \$5,000 | As arranged | Before Opening | Third-Parties |
| Architecture and Engineering ⁽¹¹⁾ | \$1,000 | \$15,000 | As arranged | Before Opening | Third-Parties |
| Opening Inventory ⁽⁷⁾ | \$6,000 | \$15,000 | As arranged | Before Opening | Third-Parties |
| Licenses and Permits ⁽¹²⁾ | \$1,000 | \$5,000 | As arranged | Before Opening | Third-Parties |
| Grand Opening ⁽⁶⁾ | \$500 | \$5,000 | As arranged | Before Opening | Media and Third-Parties |

| | | | | | |
|---------------------------------------------------------------------------------------------|------------------|------------------|-------------|-------------|-----------------------------|
| Additional Funds – Three (3) Months ⁽¹³⁾ | \$10,000 | \$25,000 | As arranged | As incurred | Third-Parties/ Employees |
| TOTAL ESTIMATED INITIAL INVESTMENT | \$90,000 | \$299,500 | | | |
| Additional Franchise Fees due at signing under the Development Program for 3-6 locations | \$20,000 | \$50,000 | | | |
| TOTAL ESTIMATED INITIAL INVESTMENT UNDER THE AREA DEVELOPMENT PROGRAM⁽¹⁰⁾ | \$110,000 | \$349,500 | | | |

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Uncle Sharkii Business for three (3) months. We do not offer direct or indirect financing for these items. The availability and terms of financing from third-parties depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and the lending policies of financial institutions from which you may request a loan.

1. All fees paid to us pursuant to this Franchise Disclosure Document are uniform and non-refundable.
2. We discuss the Initial Fees in detail in Item 5 of this Franchise Disclosure Document. Your estimated total investment for each additional Uncle Sharkii Business will be reduced by the reduction in Initial Fees and possibly other costs such as professional fees and travel expenses.
3. This estimate is based on a second or third generation restaurant or light-use restaurant commercial space and lease of approximately 300-1,500 square feet of interior retail space. Such space may or may not have HVAC, lighting fixtures, electrical outlets and telephone wiring installed for your Business. Gross Rent is estimated to be between \$2,000 and \$20,000 per month for an Uncle Sharkii Poke Bar QSR including common area maintenance (“CAM”) charges, or (“NNN”) Triple Net charges, if any. In some instances, a landlord will charge an additional percentage rent over a certain breakpoint. Rental amounts vary and depend on factors such as market, size, condition, requirements for build-out, and location of the leased premises.

Landlords typically require an initial payment equal to the first month’s rent plus a guaranteed deposit equal to one (1) month’s rent. This estimate does not include security deposits or

prepaid rent which the landlord may require in addition to the initial deposit(s). If you choose to purchase instead of lease the premises for your location, then the purchase price, down payment, interest, and other financing terms will determine your monthly mortgage payments. The costs of purchasing a Restaurant vary so widely that we cannot reasonably estimate the cost.

4. This estimate is based on the build-out and construction of a typical Uncle Sharkii Poke Bar. Your costs may vary depending on a number of factors including the contractor you use, the market you are in, and any tenant improvement allowance you may receive.
5. You must purchase the relevant signage for your leasehold space according to our Brand Sign Guide. ~~Master Sign Guide~~. The estimate varies based on the size of the exterior façade as well as the interior dimensions. Additional costs may be added to meet local or city ordinances. Landlords also may dictate the appearance, size, and location of signage thru their own internal document known as a Master Sign Guide.
6. You must purchase certain computer equipment as we require in the Manual or otherwise in writing from Approved Suppliers. This estimate does not include transportation or set-up charges.
7. You must purchase certain initial inventory as we require in the Manual or otherwise in writing, from Approved Suppliers.
8. You must obtain and maintain, at your own expense, the insurance coverage we require and satisfy other insurance-related obligations. The amounts listed in this table reflect our estimate of basic insurance for your first month of operation and are based upon the experience of our Affiliated Entity. Additional information regarding insurance needs, including coverage limits, can be found in Item 8 to this Franchise Disclosure Document.
9. This estimate is for the cost of two (2) people to attend initial training in the Concord, CA area. You are responsible for the travel and living expenses, wages, and other expenses incurred by your trainees during initial training. The actual cost will depend on your point of origin, method of travel, class of accommodation, and dining choices.
10. We recommend that you consult with an attorney, accountant, and/or other advisor prior to purchasing a franchise. You must obtain state and local licenses and business licenses. You may have to post bonds in order to obtain certain governmental permits.
11. You will be responsible for employing an architect or engineer or elevation professional to prepare drawings and specifications.
12. The estimate includes the cost of acquiring business licenses and permits. Your costs will vary depending upon your Restaurant's location.
13. The figures set forth herein are estimates of a complete investment in opening an Uncle Sharkii Business and operating it for three (3) months after you open for business.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Uncle Sharkii Business according to our System and specifications. Except as described below, however, we do not require you to purchase or lease goods, services, supplies, fixtures, equipment, inventory, or real estate for your Uncle Sharkii Business from us or any affiliate, or an Approved Supplier.

Direct Purchases

You are required to purchase our proprietary sauces and any branded merchandise directly from us.

Approved Suppliers

We have the right to require you to purchase any items or services necessary to operate your Franchised Business from a supplier that we approve or designate (each, an “Approved Supplier”), which may include us or our affiliate(s). We will provide you with a list of our Approved Suppliers in writing as part of the Manuals or otherwise in writing, and we may update or modify this list as we deem appropriate.

Except as provided in this paragraph, neither we nor any of our officers own an interest in any of our Approved Suppliers. However, we reserve the right to require you to purchase additional items from us or our affiliates in the future.

If you wish to purchase a product or service that we require you to purchase from an Approved Supplier from an alternate source, then you must obtain our prior written approval as outlined more fully in this Item. We may provide our standards and specifications for our Approved Products and Services directly to our Approved Suppliers, and may provide these standards and specifications to an alternative supplier you propose if: (i) we approve the supplier in writing as outlined more fully in this Item; and (ii) the alternative supplier agrees to sign our prescribed form of non-disclosure agreement with respect to any confidential information we disclose.

Required Purchases

The products or services we require you to purchase or lease from an Approved Supplier, or purchase or lease in accordance with our standards and specifications, are referred to collectively as your “Required Purchases.” We estimate that your Required Purchases, purchases from Approved Suppliers and purchases that must meet our specifications in total will be about 50% of your total purchases to establish the Restaurant and about 50% of your purchases to continue the operation of the Restaurant. Please be advised that these percentages do not include the lease payments that you make in connection with your premises.

Our Revenue

In our last fiscal year, ending on December 31, 2022, we received \$7,651.09 in revenue from all required purchases and leases of our proprietary sauces. This was 4.81% of our total revenue of \$158,908, as reported in our most recent audited financial statements.

Our affiliates did not derive any revenue from all required purchases and leases.

Your Benefits

You do not receive any material benefits based on your purchase of particular products or services or use of our designated or approved suppliers.

Non-Approved Product/Service and Alternate Supplier Approval

We may, but are not obligated to, grant your request to: (i) offer any products or services in connection with your Franchised Business that are not Approved Products and Services; or (ii) purchase any item or service we require you to purchase from an Approved Supplier from an alternative supplier.

If you wish to undertake either of these actions, you must request and obtain our approval in writing before: (i) using or offering the non-approved product or service in connection with your Franchised Business; or (ii) purchasing from a non-approved supplier. You must pay our then-current supplier or non-approved product evaluation fee when submitting your request, as well as cover our costs incurred in evaluating your request. We may ask you to submit samples or information so that we can make an informed decision whether the goods, equipment, supplies or supplier meet our specifications and quality standards. In evaluating a supplier that you propose to us, we consider not only the quality of the particular product at issue, but also the supplier's production and delivery capability, overall business reputation and financial condition. We may provide any alternate supplier you propose with a copy of our then-current specifications for any product(s) you wish the supplier to supply, provided the supplier enters into a confidentiality and non-disclosure agreement in the form we specify. We may also inspect a proposed supplier's facilities and test its products and/or services, and request that you reimburse our actual costs associated with the testing/inspection.

We will notify you in writing within 30 days after we receive all necessary information and/or complete our inspection or testing to advise you if we approve or disapprove the proposed item and/or supplier. The criteria we use in approving or rejecting new suppliers is proprietary, but we may (although are not required to) make it available to you upon request. Each supplier that we approve must comply with our usual and customary requirements regarding insurance, indemnification and non-disclosure. If we approve any supplier, we will not guarantee your performance of any supply contract with that supplier under any circumstances. We may re-inspect and/or revoke our approval of a supplier or item at any time and for any reason to protect the best interests and goodwill of our System and Marks. The revocation of a previously-approved product or alternative supplier is effective immediately when you receive written notice from us of revocation and, following receipt of our notice, you may not place any new orders for the revoked product, or with the revoked supplier.

Purchasing Cooperatives and Right to Receive Compensation

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and Approved Suppliers on behalf of the System. 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. If we do establish those types of alliances or programs, we may: (i) limit the number of approved suppliers with whom you may deal; (ii) designate sources that you must use for some or all products, equipment, and services; and (iii) 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.

We and/or our affiliate(s) may receive payments or other compensation from Approved Suppliers or any other suppliers on account of these suppliers' dealings with us, you, or other Franchised Businesses in the System, such as rebates, commissions or other forms of compensation. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate. 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/or our franchisees.

We reserve the right to create additional purchasing cooperatives in the future. We may negotiate volume purchase agreements with some vendors or Approved Suppliers for the purchase of goods and equipment needed to operate the Restaurant.

Specifications and Standards

Equipment and Supplies

You must purchase or lease certain equipment and supplies meeting our specifications. Also, you must purchase or lease initial equipment and supplies in amounts that we recommend, to use our experience in the business and to provide proper initial planning, training, operation and record keeping. The initial equipment and supplies that must meet our specifications are identified in our manuals. Any signs, logos, emblems, or pictorial materials using our trademarks must meet our specifications.

Site Selection Criteria

You must find a site for your business that meets our site selection criteria as stated in Item 11 within 120 days after signing your Franchise Agreement. We will not unreasonably withhold approval of any site that meets our standards. You agree that our approval or disapproval of a proposed site does not impose any liability on us.

Lease of the Site and Signs

We must approve of any lease or sublease for the site for your business, and your lease or sublease must include the Rider attached to the Franchise Agreement included herewith. At least one (1) exterior sign of stated design and size, and at least one (1) interior sign of stated design and size. As well as any other signage spec(s) in the Brand Signage Guide which will be updated from time to time as needed. Signage will also be dictated in part by the landlord's Master Sign Guide as well as any permits needed by local sign ordinances or jurisdictions.

Design Specifications

We may provide you with specifications for design, decoration, layout, equipment, furniture, fixtures and signs for your Uncle Sharkii Business, but all items may be purchased from any source unless otherwise noted in this Item 8.

Maintenance and Repairs

You must uniformly maintain your Uncle Sharkii Business to the degree of sanitation, repair, appearance, condition and security as stated in our manuals, as they may be updated from time-to-time. You must make additions, alterations, repairs and replacements to your Uncle Sharkii Business as reasonably required for that purpose, including periodic repainting changes in appearance, upgrades and repairs to equipment, and replacement of obsolete signs as we reasonably direct. We cannot estimate these costs for you since the square footage and actual uses of each facility will vary. Maintenance is generally less expensive than replacement. You must meet and maintain the safety standards and ratings applicable to the operation of your Uncle Sharkii Business as we reasonably require.

Renovation and Upgrading

You must abide by our requirements on alterations, remodeling, upgrading or other improvements to your Uncle Sharkii Business. The requirements will not exceed those applicable to new franchised, affiliate-owned units, and company-owned units; and will not generally occur more frequently than every four (4) years. If your site becomes dilapidated or becomes an eye-soar that becomes visibly damaging to the brand and trademark, you may at our sole discretion be required to update or repair and or replace certain damaged items of your store. In cases where there is visible damages caused by weather, vandalism, crime, or situations outside of your doing, you will still be required to bring these items back up to operating standard which reflects the image in the best light for Uncle Sharkii Poke Bar. You will be responsible for the cost of changes or additions. You may be considered in default of this Agreement if you don't make the proper changes, updates, or renovations as per requested by HQ. However, all notices will be made by HQ via an official Action Plan Notice and or other Memorandum Format.

Modifications of Specifications

Our standards and specifications are found in our manuals. We may modify our specifications on reasonable written notice to you. We will consider your written request for a modification of a specification, if you explain the reason for the requested modification and provide us with sufficient technical data to enable us to evaluate your request. We will provide you with notification of approval or disapproval within 30 days after receipt of your request. We will approve a request if we determine that a modified specification is appropriate or that any equipment or supply meets our specifications then in effect. We may perform tests to determine any requested modification meets our specifications. We may charge you a fee to cover our reasonable costs and expenses in evaluating any request, or conducting tests in order to grant our approval.

Insurance

You must obtain and maintain insurance, at your expense, as we require, in addition to any other insurance required by applicable law, your landlord, or otherwise from our approved supplier.

Computer System

You must purchase the computer system that we specify, including computer hardware, software, point of sale system, inventory control systems, and high-speed network connections (collectively, the “Computer System”). The component parts of the Computer System must be purchased from Approved Suppliers. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must sign any software license agreements that we or the licensor of the software require and any related software maintenance agreements. Currently, we require to you to utilize Clover POS at an initial cost of \$1,800 to \$2,000, plus a monthly fee (for add-on Clover POS Applications and or additional Clover POS software, kiosks, gift cards, and online ordering subscriptions) of approximately \$50-\$100 per month. No additional computer system is required. The Computer System is described in more detail in Item 11 of this Disclosure Document.

ITEM 9. FRANCHISEE’S OBLIGATIONS

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

| Obligation | Section in Franchise Agreement and/or Multi-Unit Developer Agreement | Item in Franchise Disclosure Document |
|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| a. Site selection and acquisition/lease | Sections 4.2, 7.2, of the Franchise Agreement (“FA”) Section 3 of the Multi-Unit Developer Agreement (“MUDA”) | Items 5, 7 & 11 |
| b. Pre-opening purchases/leases | Sections 4.2 and 7.2 | Items 7 |
| c. Site development and other pre-opening requirements | Section 7.2 | Items 7 & 11 |
| d. Initial and ongoing training | Section 5.2 | Items 11 |
| e. Opening | Sections 7.2, 7.3 and 7.6.1 | Items 6 & 7 |
| f. Fees | Section 6 | Items 5, 6 & 7 |
| g. Compliance with standards and policies/ Operations Manual | Sections 5.4, 5.6, 7.1 and 7.3 | Items 11 |
| h. Trademarks and proprietary information | Section 8.1 | Items 13 & 14 |

| | | | |
|----|------------------------------------------------------|-----------------------------|------------------|
| i. | Restrictions on products/services offered | Sections 5.6 and 7.3.3 | Items 8 & 16 |
| j. | Warranty and customer service requirements | Not Applicable | |
| k. | Territorial development & sales quotas | Not Applicable | |
| l. | Ongoing products/service purchases | Sections 7.3.3 and 7.5.4.2 | Items 8 & 16 |
| m. | Maintenance, appearance, and remodeling requirements | Section 7.3.6 | Items 11 |
| n. | Insurance | Section 7.7 | Items 7 |
| o. | Advertising | Sections 5.5, 7.1.3 and 7.6 | Items 6 & 11 |
| p. | Indemnification | Section 8.5 | Items 6, 13 & 14 |
| q. | Owner's participation/management/staffing | Sections 7.4 and 7.5 | Items 11 & 15 |
| r. | Records and reports | Section 7.6 | Items 6 |
| s. | Inspections and audits | Sections 6.5 and 7.3.4 | Items 6 & 11 |
| t. | Transfer | Sections 6.8 and 9 | Items 17 |
| u. | Renewal | Section 4.6.2 | Items 17 |
| v. | Post-termination obligations | Section 10.3 | Items 17 |
| w. | Non-competition covenants | Sections 8.6 and 10.3 | Items 17 |
| x. | Dispute resolution | Section 11 | Items 17 |

ITEM 10. FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, or any of your obligations.

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

Except as listed below, Uncle Sharkii Franchising, LLC is not required to provide you with any assistance.

Pre-Opening Obligations

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

- (1) Approve your location (See Sections 2.2 and 5.2 of the Franchise Agreement);

- (2) Loan you one (1) copy of the Confidential Operations Manual. The Confidential Operations Manual contains approximately 137 pages. (See Section 3.4 of the Franchise Agreement);
- (3) Provide site selection guidelines and criteria and provide site selection assistance to determine an acceptable location for your Uncle Sharkii Business (See Section 5.2 of the Franchise Agreement);
- (4) Within 30 days of your signing the approved lease or location purchase, we will provide you with access to prototype design plans, specifications, décor and layout for a Restaurant, including requirements for design, color, scheme, image, interior layout and operation assets that include fixtures equipment interior signs and furnishings. We may also designate additional suppliers of goods and services (See Section 5.3 of the Franchise Agreement);
- (5) Assist you in implementing an opening marketing initiative for your Uncle Sharkii Business (See Section 3 of the Franchise Agreement);
- (6) We, or our designee, will provide instruction and assistance prior to the opening of your Uncle Sharkii Business and immediately following the opening by telephone or in-person, as we determine in our sole discretion (See Sections 3.2 and 3.5 of the Franchise Agreement);
- (7) Provide a training program (“Training Program”) as described below;
- (8) Provide a Marketing Training Package
- (9) Providing an unclesharkii.com domain email address;
- (10) Providing a Franchisee Portal found on our website, unclesharkii.com;
- (11) Providing a Grand Opening Training Package;
- (12) Providing \$1,000 Grand Opening assistance by matching your marketing dollars as part of your Grand Opening marketing up to \$1,000. This promotion only applies to the first unit in a Multi-Unit Agreement.

Post-Opening Obligations

During the operation of your business, we may:

- (1) Provide periodic telephone and electronic mail assistance on daily operations, marketing, advertising, personnel, and other operating issues that you encounter, and provide review and analyses of your operations (See Section 3.3 of the Franchise Agreement);

- (2) Update the manuals to incorporate improvements and new developments in the System. These revisions may be made at any time (See Section 3.4 of the Franchise Agreement);
- (3) Make available to you initial training of replacement managers at a location that we determine. We may charge you a fee for this training. (See Section 3.2.1 of the Franchise Agreement);
- (4) Advise as to source of supply for equipment, services, supplies, products, and materials, and make reasonable efforts to negotiate, enter and maintain contracts for equipment, supplies, and services for your purchase (See Sections 3.6 and 5.3.3 of the Franchise Agreement);
- (5) Assist you with sales promotions and administer a system-wide Brand Fund (See Section 5.5.3 of the Franchise Agreement) (See Brand Fund below);
- (6) At our option, provide access to our manuals, franchisee resources and company news (See Sections 3.2.3 and 3.4 of the Franchise Agreement);
- (7) At our option, maintain a website and provide you with a standard web page on the website (See Section 5.5.4 of the Franchise Agreement); and
- (8) Provide you access to print and television advertisements, if and when they exist, for use by you (See Section 3.5 of the Franchise Agreement).

Advertising and Promotion

Brand Fund

You are required to contribute to our system-wide advertising and promotions fund (“Brand Fund”) by contributing 1% of Gross Revenues each month. All franchises will contribute on an equal basis to the Brand Fund. Corporate and Affiliate-owned locations will not be required to contribute to the Brand Fund. The Brand Fund will be intended to promote the services of the System. We will administer the Brand Fund and all programs that the Brand Fund finances. In 2022 we used the Brand Fund for web-based advertising. There were no remaining funds. We will not use the Brand Fund to solicit prospective franchisees, but we may use the Brand Fund to develop a website and social media platforms. We may use an outside advertising agency to create and place advertising and handle public relations. The Brand Fund will advertise locally, regionally, and nationally, as we decide in our sole discretion, to promote the System.

We will account for the Brand Fund separately from our other funds each year. The Brand Fund will not be audited, but we will prepare an annual unaudited financial statement of the Brand Fund that will be available on your request about 120 days (about 4 months) after the end of the fiscal year. Other than reimbursement for reasonable costs and overhead incurred in activities for the administration or direction of the Brand Fund, which may include prorated salary and benefits of any personnel who manage and administer the Brand Fund, meeting costs and similar expenses,

neither we nor any affiliate will receive any payment for providing services or products to the Brand Fund. We may, but are not required to, collect for deposit into the Brand Fund any advertising, marketing or similar allowances paid to us for that purpose by suppliers who deal with your Uncle Sharkii Business. In any fiscal year, we may spend on behalf of the Brand Fund, an amount greater or less than the aggregate contribution of all Uncle Sharkii Businesses to the System Brand Fund in that year, and the Brand Fund may borrow money from us or others to cover deficits or invest any surplus for future use.

Franchisee Advisory Council

We do not currently have a Franchisee Advisory Council.

Local Advertising

You are not currently required to participate in a local or regional advertising cooperative, but we may require you do so in the future. You are, however, required to spend at least \$200 per month on local advertising each month, as outlined in Item 7 of this Franchise Disclosure Document.

You must submit to us, for our approval, all media, and materials to be used for local advertising, unless the media and/or materials have been approved before or unless we provided the materials to you. All materials containing our proprietary marks must include the designation service mark SM, trademark TM, registered trademark [®], copyright [©], or any other designation we specify. If you do not receive written or oral approval of any materials submitted within 30 days (about 4 and a half weeks) from the date we receive the materials, the materials are disapproved. We may require you to withdraw and/or discontinue the use of any promotional materials or advertising, even if previously approved. We must make this requirement in writing, and you have 5 days after receipt of our notice to withdraw and/or discontinue use of the materials or advertising. Your submission of advertising for our approval does not affect your right to determine the prices at which you sell your services.

You may have as many telephone numbers and telephone directory listing for the franchised business as you choose; however, you acknowledge and agree that we will own all rights and interest in each telephone number (regardless of whether such telephone number pre-existed any Franchise Agreement) and telephone directory listing, email address, domain name, social media platform, and comparable electronic identify that is associated in any manner with your Franchise and/or with any Mark (“Listing”). You acknowledge and agree that all goodwill arising from or in connection with the use of each Listing will inure to our benefit. Promptly after expiration, termination, repurchase or transfer of the Franchise, you will notify each telephone or Internet Service Provider (“ISP”) with whom you have any Listing and direct them to transfer the Listing to us, or any persons we designate, at your expense; and you agree to execute all documents necessary to complete these transfers.

You must include in any significant display advertisements, and in marketing materials for your Uncle Sharkii Business, a notice that your Uncle Sharkii Business is individually owned and operated. Subject to any legal restrictions, you also are required to display or make available in your Uncle Sharkii Business’s reception area, marketing materials that we may provide to you

about the purchase of Uncle Sharkii franchises, but you have no responsibility or authority to act for us in franchise sales.

You may not establish your own website or social media platforms without approval.

System Website

At our option, we may establish one or more websites to advertise, market and promote the System and the franchise opportunity. We currently maintain the following website(s) www.unclesharkii.com & <https://www.unclesharkiipokebarfranchise.com/> However, we are not obligated to continue to maintain that website and are not barred from (or required to) creating additional or replacement websites. In any website now in existence or hereinafter created, we may provide you with a listing for your location, or a web page to promote your business, if you provide us with the information that we request to develop your web page. Our system standard will apply to any website advertising. We currently provide an individual password protected page for franchisees to login, view, download, and use any brand assets within such portal.

Computer System and Internet Access

You must purchase and use the complete computer software services and electronic cash register/point-of-sale system (*i.e.*, the “POS System”) we require, which we have the right to change at any time. Currently, our designated POS System is Clover POS; however, this POS System is subject to change at any time. The cost to purchase the Clover POS is between \$1,800 and \$2,000. Currently, the approximate cost to you for the POS System and any other required equipment is \$120 to \$500 This cost is subject to increases by the vendors. Any maintenance, repair, or updates due to the computer system are Your responsibility. (See Section 7.3.8 of the Franchise Agreement).

You must have broadband Internet access, which will permit you to use web-based technology, gather information, exchange ideas and transfer data. You may use any independent Internet Service Provider of your choosing that provides broad-band access. You must maintain a functioning email address so that we can communicate with you electronically.

We may upgrade our minimum computer system requirements at any time to keep pace with technology. There are no contractual limitations on the frequency or cost of this obligation, but we expect you will need to upgrade at least every five (5) years. If we modify or impose a requirement, we will notify you in our manuals or other written communications and give you a reasonable time to comply at your expense. We estimate that the cost of upgrading and replacing a computer system is approximately \$500 annually.

We may assist you in obtaining the computer system and related services, but we are not obligated to do so. We may, in the future, designate an approved supplier for computer components.

We disclaim all implied warranties to the extent permitted by law. Neither we nor any affiliate is obligated to provide ongoing maintenance, repairs, upgrades, or updates to any component of your computer system. You should determine for yourself whether any third-party supplier from whom

you purchase any component of your computer system is obligated to provide ongoing maintenance, repairs, upgrades, or updates to any component of your computer system and determine the additional cost for the services.

Manuals

After you sign your Franchise Agreement, and prior to initial training, we will give you electronic access to or lend you a paper or read-only disk copy of a single copy of our manuals. The manuals contain proprietary information, and you must keep this information confidential as described in Item 14.

Our Operations Manual includes the following topics:

| Manual Section | Number of Pages |
|------------------------------|-----------------|
| Introduction | 16 |
| Pre-Opening Timetable | 30 |
| Orientation Training | 3 |
| Staffing | 4 |
| Operations | 30 |
| Reports | 4 |
| Marketing | 15 |
| Insurance | 10 |
| Total Number of Pages | 112 |

Initial Training Program

You will receive the following training before you open your Uncle Sharkii Business:

| Subject | Hours Classroom Training | Hours On-The-Job Training | Location |
|-----------------------------------------------|--------------------------------|---------------------------------|------------------------------------|
| Introduction to Uncle Sharkii | 1 | 1 | Remote/Concord CA/Honolulu HI |
| Understanding Uncle Sharkii & Its Services | 1 | 53 | Remote/Concord CA/Honolulu HI |
| Permits and Coding Compliance | 1 | 1 | Remote/Concord CA /Honolulu HI |
| Billing and Collections Procedures | 1 | 1 | Remote/Concord, CA/Honolulu HI |
| Regulatory Compliance | 1 | 1 | Remote/ Concord CA /Honolulu HI |

| | | | |
|---------------------------|-----------|-----------|------------------------------------|
| Bookkeeping | 1 | 1 | Remote/ Concord CA /Honolulu HI |
| Do's and Don'ts | 1 | 1 | Remote/ Concord CA /Honolulu HI |
| Marketing and Advertising | 1 | 1 | Remote/ Concord CA /Honolulu HI |
| HOURS | 8 | 60 | |
| TOTAL HOURS | 68 | | |

The hours devoted to each subject are estimates only and may vary substantially based on how quickly trainees grasp the material, their prior experience with the subject, and scheduling. Our training program lasts five (5) days at our headquarters/remotely and is followed by three (3) additional days free of charge at the franchisee's store location upon opening (as a bonus) from Uncle Sharkii

Before the opening of Your Uncle Sharkii restaurant, Uncle Sharkii will conduct an initial training program concerning the operation of the Uncle Sharkii restaurant under the Uncle Sharkii System for Your Operating Principal and manager, if any, if you are a legal entity, or You and your manager, if any, if you are an individual, a total of two (2) people. Additional people may attend initial training for a fee of up to \$300 each additional person, per day. You or Your Operating Principal (if you are a corporate entity) and/or manager, if any, shall attend and successfully complete the initial training program to the satisfaction of Uncle Sharkii before You may open the Uncle Sharkii restaurant. Some topics and or sessions of training may be completed remotely at our discretion.

As recommended, scheduling training should be about 3-4 weeks out from opening your restaurant to ensure that the training is still fresh. We typically schedule training once a month.

Fen Reyes will oversee initial training and her background can be found in Item 2 of this document. Trainees must read and review the Operations Manual before attending training. Supplemental training will be provided in a review of the material along with hands-on, observational, and visual instruction on our daily procedures and best practices for operating the Restaurant and event center.

If you are an individual, you and your original manager, if any, must attend and complete our initial training program to our satisfaction. If you are a legal entity, your Operating Principal and your original manager, if any, must attend and successfully complete initial training. We recommend that you plan to attend training before you sign a lease for your business.

We do not currently conduct, but may in the future, regional and/or national conferences. If and when we do, you (or your Operating Principal) must attend a regional or national conference, which shall not occur more than one time per year. At our option, we may charge you a conference fee or a proportionate share of our out-of-pocket costs for each annual conference.

You (or your Operating Principal) and/or any previously-trained manager must attend any refresher or follow-up training that we designate. We will not charge you a fee for this training, however, you may incur out-of-pocket costs in attending same.

Training for replacement managers or employees is required and provided on the same terms as the training provided to you. Training for replacement managers will occur at a time we schedule on a space-available basis, and may not be available immediately after the replacement manager (or employee) is hired. You will be responsible for all expenses incurred by you and your employees in connection with attending all training programs, including the cost of transportation, lodging, meals and wages.

Training for transferees of your franchised business is required and provided on the same terms as the initial training provided to you. Training for transferees will occur at a time we schedule on a space-available basis, but must be completed before the transfer takes place.

You must pay our travel, lodging, and meal expenses during training. You must also pay travel, lodging, and meal expenses for trainees and any compensation or benefits due trainees during initial training, or during any regional or national conferences, or any additional or refresher training.

Site Selection - Uncle Sharkii Business

We will assist you in evaluating proposed sites based on information that you provide to us and on other information that we deem relevant. The factors that we consider relevant are square footage, storefront location, and traffic patterns. We may, but we are not required to, visit proposed sites with you. We will approve or disapprove a proposed site within 30 days (about 4 and a half weeks) after you propose it in writing with appropriate documentation as stated in our manuals. If we disapprove of a site, you must locate another site. If you do not, we may terminate the Franchise Agreement.

We must approve your site before you open your Uncle Sharkii Business franchise. You must locate a suitable space for business within 120 days (about 4 months) after signing your Franchise Agreement, subject to our opening schedule availability. If you are delayed from locating a suitable space within 120 days, you must provide us with a written request to delay locating a suitable space. Your request must state: (1) that a delay is anticipated; (2) the reasons that caused the delay; (3) the efforts that you are making to proceed with locating a suitable space; and (4) an anticipated date of locating a suitable space. In considering the request, we will not unreasonably withhold our consent to delay up to a maximum of 120 days if you have been diligently pursuing locating a suitable space. If, for any reason (including your failure to locate a site acceptable to us), you do not open your business within one year (or any longer period to which we have consented), we may terminate your franchise without refunding any of the initial franchise fee.

Opening Business

For an Uncle Sharkii Business, you are required to obtain a site (via a signed letter of intent or lease agreement) within four (4) months of the Effective Date. The maximum time to open, after the Effective Date, is one year. The typical length of time between the signing of a Franchise Agreement and the opening of a business is four (4) to six (6) months. Factors that may affect this

time include your ability to obtain business licenses and permits, when you complete training, select a site, negotiate a lease, and complete any construction or renovation of your facility.

ITEM 12. TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We will permit the relocation of your location if you are unable to continue operations in the original location. You are permitted to solicit in any market that you determine is relevant to your location. We will establish a marketing cooperative if there are multiple franchisee owners in any one metropolitan area. You may serve any customer regardless of where they are from.

As a single-unit Uncle Sharkii Business franchisee, you do not receive the automatic right to acquire additional franchises.

Area Development Rights


If you participate in the Development Program, we will designate an exclusive “Development Area” for the development of the number of locations stated in the Multi-Unit Developer Agreement. But, once you complete the stated development under the Multi-Unit Developer Agreement your exclusivity under the Multi-Unit Developer Agreement ceases to exist and your rights and protections are governed only by your Franchise Agreements.

ITEM 13. TRADEMARKS

We grant you the right to operate a business using our System, which is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin (the “Marks”), as are designated by us in writing for use in connection with the System.

The following are the principal trademarks that we license to you that are registered on the principal register of the United State Patent and Trademark Office and for which all required affidavits have been filed:

| Trademark | Registration Number | Registration Date | Renewal Date |
|---------------------------------------|----------------------------|--------------------------|---------------------|
| UNCLE SHARKII POKE BAR | 5898903 | October 29, 2019 | October 20, 2025 |
| UNCLE SHARKII WHERE POKII COMES ALIVE | 5682028 | February 19, 2019 | February 19, 2025 |

| | | | |
|-----------------------------------------------------------------------------------|---------|------------------|------------------|
|  | 6619062 | January 18, 2022 | January 18, 2028 |
|-----------------------------------------------------------------------------------|---------|------------------|------------------|

The following are the principal trademarks that we license to you for which we are seeking registration on the principal register of the United State Patent and Trademark Office:

| Trademark | Serial Number | Filing Date |
|------------------------|---------------|-------------------|
| Poke Bowls Made Simple | 97090534 | October, 25, 2021 |
| Signature Hawaiian | 97090556 | October, 25, 2021 |
| Poke for the Masses | 97090588 | October, 25, 2021 |
| Food Family Simplicity | 97090600 | October, 25, 2021 |
| Hawaii In A Bowl | 97792659 | February13, 2023 |

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

You must follow our rules when you use the Marks. You cannot, under any circumstances, use any Mark with modifying words, designs or symbols, except for those which we license to you or have expressly approved inwriting. You cannot modify a Mark in any way without our express written consent. You may not use any Mark in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

You may not, under any circumstances, use any of the Marks, including “Uncle Sharkii,” in any manner, in the name of your corporation, limited liability company, partnership, or other legal entity.

Determinations

There is no currently effective determination of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, or any pending interference, opposition or cancellation proceeding, or any pending material litigation involving the above-described Marks which are relevant to your use of these Marks.

We do not know of any pending material state or federal court litigation regarding our use or ownership rights in the trademarks.

Protection of Rights

You must notify us immediately when you learn about an infringement of or challenge to your use of our trademarks. We will take the action we think is appropriate in these situations, and we have exclusive control over any settlement or proceeding concerning any Mark. You must take actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks. While we are not required to defend you against a claim arising from your use of our Marks, we will indemnify and hold you harmless from all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark in accordance with the Franchise Agreement and the Operations Manual, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel and for expenses in removing signage or discontinuing your use of any Mark. We will not reimburse you for disputes where we challenge your use of a Mark.

You must promptly notify us in writing of any claim, demand, or suit against you or your principals in connection with your use of the Marks. We have the right to select legal counsel and to control the proceedings. In certain cases, as described in Section 8.5 of the Franchise Agreement, we will indemnify and hold you harmless.

Modification of Trademarks

You must modify or discontinue the use of a trademark if we modify or discontinue it at your own cost. Because your telephone listings and email addresses will be associated with our trademarks, we will own all rights to the telephone listings, and all goodwill generated from the use of the telephone listings will inure to our benefit.

We may acquire or develop additional trademarks, and may use those trademarks ourselves, make those trademarks available for use by you and other Uncle Sharkii franchisees or make those trademarks available for use by other persons or entities. You may not directly or indirectly contest our rights to our trademarks. We may require you to use and display a notice on a form we approve that you are a franchisee under the System using the trademarks under a Franchise Agreement.

You may not directly or indirectly contest our rights to our trademarks, trade secrets or business techniques that are part of our business.

Superior Prior Rights or Infringing Uses

We do not know of any superior rights of infringing uses that could materially affect your use of our principal trademarks.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents

No patents are material to the franchise.

Copyrights

All of our original works of authorship fixed in a tangible medium of expression, including but not limited to our Brand Standards Manual, are automatically protected under the U.S. Copyright Act. We have not sought copyright registration for any of these materials. You may use our copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for the purpose of operating your business. There are no material determinations of the United States Copyright Office or any court regarding any of our copyrighted materials. We are not obligated to protect the copyright or to defend you against claims arising from your use of the copyrighted items.

Trade Secrets

We have developed certain trade secrets and other confidential information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating our franchised business.

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

If you are an individual, you or a trained manager must personally manage the franchised business at all times. You and your manager, if any, must attend and successfully complete initial training.

If you are a legal entity, you must designate a managing shareholder, partner, or member (“Operating Principal”). If you are a legal entity, your Operating Principal or a trained manager must personally manage the franchised business at all times. Your Operating Principal and your manager, if any, must attend and successfully complete initial training.

Any replacement manager must attend and successfully complete initial training. Neither an original manager nor a replacement manager needs to have an equity interest in the franchised business. Each Operating Principal, manager, supervisory employee, independent contractor, or

other person attending initial training must sign an agreement in which he or she agrees to the confidentiality of System, agrees not to use any information about the system for his or her own benefit, and agrees not to compete in certain respects with your business and other franchisees' businesses. Each of these persons must sign the confidentiality agreement (see Exhibit E to the Franchise Agreement), before you grant him or her access to our manuals or any other confidential information.

If you are a legal entity, each shareholder, principal officer, partner, or member must personally guarantee your obligations under the Franchise Agreement and also agree to be personally bound by, and personally liable for breach of, the Franchise Agreement (see Exhibit C to the Franchise Agreement).

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale and sell only services and products that we have approved or authorized. You may not offer for sale or sell services or products that would detract from or be inconsistent with the System. You may use services or products not purchased from us, but those services or products must be of comparable quality and must be approved by us in writing before use to ensure maintenance of proper quality standards. You may not use or permit the use of your premises for any other purpose or activity at any time without first obtaining our written consent.

You must offer for sale all approved services and products; must not deviate from our specifications for the approved services and products without our written consent; and must discontinue offering any items that we disapprove of in writing.

We may change the types of services and products that we approve or authorize if the services and products are compatible with the System. There are no other limits on our right to make these changes.

You are not restricted to the customers to whom you may sell approved services or products or the prices the services are rendered, or products are sold. However, all sales must occur at or from your Restaurant. You may not solicit business outside your site through a toll-free number, direct mail, Internet website or other advertising method without our prior written approval.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Franchise Disclosure Document.

THE FRANCHISE RELATIONSHIP

| Provision | Section in Franchise or Multi-Unit Developer Agreement | Summary |
|--------------------------------------------|----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. Length of the franchise term | Franchise Agreement (“FA”): Section 4.6.1 Multi-Unit Developer Agreement (“MUDA”): Not Applicable | Ten (10) years from the Effective Date of the Franchise Agreement. |
| b. Renewal or extension of the term | FA: Section 4.6.2 MUDA: Not Applicable | If you are in good standing and have met the conditions set forth in row (c), below, you have the right to renew the Franchise Agreement for three (3) successive ten (10) year terms (or the length of your then-current lease term, whichever is shorter), with payment of any franchise renewal fee that is in effect at the time of renewal. The current renewal fee is 10% of the then-current Franchisee Fee. |
| c. Requirements for you to renew or extend | FA: Section 4.6.2 MUDA: Not Applicable | Good standing; timely advance notice; pay any then-current renewal fee; sign new Franchise Agreement that may contain materially different terms and conditions than the Franchise Agreement in this Disclosure Document; be current in payments; sign release; and modernize Restaurant to meet then-current standards. |
| d. Termination by you | Not Applicable | |
| e. Termination by us without cause | Not Applicable | |

| | | |
|---------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| f. Termination by us with cause | FA: Section 8.2 MUDA: Sections 3 and 4 | We can terminate only if you default. |
| g. “Cause” defined – curable defaults | FA: Section 8.2.2 MUDA: Sections 3 and 4 | You have 30 days to cure noticed curable defaults other than for non-payment of fees. You have five (5) days to cure non-payment of fees. |
| h. “Cause” defined – non-curable defaults | FA: Section 8.2.1 MUDA: Not Applicable | Non-curable defaults include misuse of trademarks; breach of non-competition; unauthorized assignment or transfer of any rights of the Franchise Agreement; material misrepresentation; lack of prior consent when required; abandonment; repeated defaults even if cured; threat to public health or safety; bankruptcy; plead guilty or no contest to or conviction of a felony. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 1101, <i>et seq.</i>). |
| i. Your obligations on expiration, termination or non-renewal | FA: Section 8.3 MUDA: Sections 3, 4, and 5 | Obligations include final accounting, complete de-identification, our option to purchase assets, our option to assume your real estate lease (if any), and payment of amounts due. See row (r) below. |
| j. Our transfer of Franchise Agreement | FA: Section 7.1 MUDA: Not Applicable | No restriction on our right to assign. |

| | | |
|---------------------------------------------------------------|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| k. "Transfer" by you – definition | FA: Section 7.2 MUDA: Not Applicable | Includes transfer of contract or assets, or any change of ownership. |
| l. Our approval of your transfer | FA: Section 7.3 MUDA: Not Applicable | We have the right to approve all transfers. |
| m. Conditions for our approval of transfer | FA: Section 7.3 MUDA: Not Applicable | New franchisee qualifies, payment of all of your outstanding debts to us, cure of any defaults, then-current agreement signed by new franchisee or assumption of existing agreement, transfer fee paid; training completed; and release signed by you and your Related Parties. |
| n. Our right of first refusal to acquire your business | FA: Section 7.4 MUDA: Not Applicable | We or our designee can match any offer for your business. |
| o. Our option to purchase your business | FA: Section 7.4 MUDA: Not Applicable | We or our designee may, but are not required to, purchase your inventory and equipment at the lesser of the fair market value or depreciated value, if franchise is terminated for any reason. |
| p. Your death or disability | FA: Section 7.5 MUDA: Not Applicable | Heirs or beneficiaries must demonstrate within 90 days ability to operate franchise. Otherwise, franchise must be assigned by estate to approved buyer within six (6) months. |
| q. Non-competition covenants during the term of the franchise | FA: Exhibit D MUDA: Not Applicable | No competing business during the Term. |

| | | | |
|----|-----------------------------------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| r. | Non-competition covenants after the franchise expires, is terminated, or is not renewed | FA: Exhibit D MUDA: Not Applicable | No competing business for two (2) years: (i) at the Approved Location, (ii) within 25 miles of the Approved location, or (iii) within 25 miles of another Uncle Sharkii restaurant (including after assignment). |
| s. | Modification of the Franchise Agreement | FA: Section 9.4 MUDA: Not Applicable | No modification, generally, unless on consent of both parties, but Operations Manual subject to change. |
| t. | Integration/merger clause | FA: Section 9.6 MUDA: Not Applicable | Only the terms of the Franchise Agreement are binding (subject to this Disclosure Document and applicable state law). Any other promises may not be enforceable. |
| u. | Dispute resolution by arbitration or mediation | FA: Sections 9.7 and 9.8 MUDA: Not Applicable | Except for certain claims, claims must first be mediated prior to arbitration or litigation. All disputes must be litigated in Texas. The mediation will occur with each respective party paying their own costs. |
| v. | Choice of forum | FA: Section 9.2.2 MUDA: Not Applicable | Mediation in Houston, TX, or, if litigated, the Superior Court of Texas serving the Houston, TX area. (subject to state law) |
| w. | Choice of law | FA: Section 9.2.1 MUDA: Not Applicable | Texas law applies. (subject to state law) |

ITEM 18 **PUBLIC FIGURES**

We do not use any public figures to promote any Uncle Sharkii Business.

ITEM 19 **FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Raymond Reyes, 1160 Dairy Ashford Rd., Suite 450, Houston, TX 77079, (808) 773-5428 the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. RESTAURANTS AND FRANCHISEE INFORMATION

Table 1
Systemwide Restaurant Summary for Years 2020 to 2022

| Restaurant Type | Year | Restaurant at Start of Year | Restaurant at End of Year | Net Change |
|--------------------------|------|-----------------------------|---------------------------|------------|
| Franchised | 2020 | 0 | 0 | 0 |
| | 2021 | 0 | 2 | +2 |
| | 2022 | 2 | 6 | +4 |
| Company-Owned | 2020 | 1 | 2 | +1 |
| | 2021 | 2 | 1 | -1 |
| | 2022 | 1 | 2 | +1 |
| Total Restaurants | 2020 | 1 | 2 | +1 |
| | 2021 | 2 | 3 | +1 |
| | 2022 | 3 | 8 | +5 |

Table 2
**Transfers of Restaurants From Franchisees to New Owners
(Other than Franchisor or an Affiliate) for Years 2020 to 2022**

| State | Year | Number of Transfers |
|--------------|------|---------------------|
| None | 2020 | 0 |
| | 2021 | 0 |
| | 2022 | 0 |
| Total | 2020 | 0 |
| | 2021 | 0 |
| | 2022 | 0 |

Table 3
Status of Franchised Restaurants for Years 2020 to 2022

| State | Year | Restaurants at Start of Year | Restaurants Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations | Restaurants at End of Year |
|--------------|------|------------------------------|--------------------|--------------|--------------|--------------------------|-------------------|----------------------------|
| California | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 2 | 0 | 0 | 0 | 1 | 1 |
| | 2022 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| Utah | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| Texas | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| Total | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 3 | 0 | 0 | 0 | 1 | 2 |
| | 2022 | 2 | 4 | 0 | 0 | 0 | 0 | 6 |

Table 4
Status of Company-Owned Restaurants For Years 2020 to 2022

| State | Year | Restaurants at Start of Year | Restaurants Opened | Restaurants Re-Acquired from Franchisees | Restaurants Closed | Restaurants Sold to Franchisees | Restaurants at End of Year |
|--------------|------|------------------------------|--------------------|------------------------------------------|--------------------|---------------------------------|----------------------------|
| California | 2020 | 1 | 1 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 0 | 0 | 0 | 1 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 1 |
| Hawaii | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 1 | 0 | 0 | 0 | 1 |
| Total | 2020 | 1 | 1 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 0 | 0 | 0 | 1 | 1 |
| | 2022 | 1 | 1 | 0 | 0 | 0 | 2 |

Table 5
Projected Openings as of December 31, 2022

| State | Franchise Agreements Signed But Restaurant Not Opened | Projected New Franchised Restaurants | Projected New Company-Owned Restaurants |
|--------------|-------------------------------------------------------|--------------------------------------|-----------------------------------------|
| Arizona | 2 | 1 | 0 |
| California | 13 | 1 | 1 |
| Texas | 3 | 1 | 0 |
| Utah | 3 | 1 | 0 |
| Hawaii | 6 | 1 | 0 |
| Nevada | 2 | 1 | 0 |
| New York | 0 | 1 | 0 |
| Total | 29 | 7 | 1 |

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

List of Current Franchisees

The following is a list of the current franchisees in our system:

Fairfield, California (5 franchise agreements signed, 2 open)

Sunflower Dreamer LLC

Location: (Solano Town Center) 1350 Travis Blvd Suite 5662, Fairfield, CA 94533

Location: (Shops at Tanforan) 1150 El Camino Real Suite 223, San Bruno, CA 94066

Franchisee Name: Amy Liu

amy@unclesharkii.com

Los Angeles, California (3 Franchise Agreements signed, none open)

mrpacfoodscompany LLC

Franchisee Name: Margaret Rojas & Jonathan Rosas

Salt Lake City, Utah (5 Franchise Agreements signed, 2 open)

True Impact LLC

Location: 28 S State St. FC105, Salt Lake City, UT 84047

Location: 10450 S. State Street #FC05, Sandy, UT 84070

Franchisee Name: Bruno Picelli & Jessica Picelli

trueimpact@unclesharkii.com

Houston, Texas (5 Franchise Agreements signed, 2 open)

MCM Fresh Bite Co1 LLC

Location: 711 Louisiana St Suite 212, Houston, TX 77002

Location: 16535 Southwest Fwy, Sugar Land, TX 77479

Franchisee Name: Sipa Meacham & Julian Moore

mcmfreshbiteco@unclesharkii.com

Kapolei, Hawaii (6 Franchise Agreements signed, none open)

Margie's Holdings LLC

Margie Jose

margie@alohahomesagents.com

San Francisco, CA (3 Franchise Agreements signed, none open)

Big Dreams LLC

Franchisee Name: Linda Saelee

Bigdreams@unclesharkii.com

Torrance, California (3 Franchise Agreements signed, 2 open)

Shark Attack LLC

Location: 3525 W Carson St #VC103, Torrance, CA 90503

Location: 4245 Camino De La Plaza, San Diego, CA 92173

Franchisee Name: Cesar Avila

Sharkattack@unclesharkii.com

Downey, California (3 Franchise Agreements signed, none open)

Salcedo & Gil Associates LLC

Franchisee Name: Juan & Miriam Salcedo

ceo_sal@hotmail.com

Oahu, Hawaii (3 Franchise Agreements signed, none open)

Fin-Fish LLC

Location: Kahala Mall

91-3575 Kauloakoko Street #1407, Ewa Beach, HI 96707

Franchisee Name: Sonny Carvalho & Carla Dutro

carla@finfishllc.com

Phoenix, Arizona (3 Franchise Agreements signed, none open)

Poke Bar Mania LLC

Location: 3012 W. Jackson London Blvd, Space No. B-2, Livermore, CA 94588

Franchisee Name: Arlene Carvajal & Janette Carvajal

Pokebarmania@unclesharkii.com

Los Angeles, California (3 Franchise Agreements signed, none open)

Penalosa Ventures LLC

Franchisee Name: Glenn Penalosa

agep21@hotmail.com

The following is a list of the current Multi-Unit Development Agreements in our system:

Houston, Texas (30 total units, 2 open)

MCM Fresh Bite Co1 LLC

Location: 711 Louisiana St Suite 212, Houston, TX 77002

Franchisee Name: Sipa Meacham & Julian Moore

mcmfreshbiteco1@gmail.com

List of Terminated Franchisees

The following is a list of the franchisees who have had an unit terminated, cancelled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who have not communicated with Franchisor within 10 weeks of the application date:

Newark, California

Sunflower Dreamer LLC

2086 Newpark Mall #K004, Newark, California 94560

Amy Liu

amy@unclesharkii.com

List of Units for Sale

The following is a list of the franchised units now under Franchisor control that Franchisor is selling:

None.

Confidentiality Clauses

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

ITEM 21. FINANCIAL STATEMENTS

We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission. The following are our audited financial statements dated December 31, 2022, December 31, 2021, and June 30, 2021. Our fiscal year ends December 31 annually.

UNCLE SHARKII FRANCHISING, LLC.

Financial Statements

December 31, 2022

(With Independent Auditors'
Report Thereon)

SMITH, BUZZI & ASSOCIATES, LLC.
CERTIFIED PUBLIC ACCOUNTANTS
9425 SUNSET DRIVE, SUITE 180
MIAMI, FLORIDA 33173
TEL. (305) 598-6701
FAX (305) 598-6716

JULIO M. BUZZI, C.P.A.
JOSE E. SMITH, C.P.A.

MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Members of
Uncle Sharkii Franchising, LLC.

Report on the Financial Statements

We have audited the accompanying financial statements of Uncle Sharkii Franchising, LLC., which comprise the balance sheet as of December 31, 2022 and the related statements of operations and members' equity and cash flows for the period then ended and the related notes to the financial statements. The financial statements of Uncle Sharkii Franchising, LLC. as of December 31, 2021 were audited by other auditors whose report dated April 5, 2022 expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Uncle Sharkii Franchising, LLC., as of December 31, 2022 and the results of its operations and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

Smith, Burgin & Associates, LLC.

Miami, Florida
March 7, 2023

UNCLE SHARKII FRANCHISING, LLC.

Balance Sheet

December 31, 2022

Assets

| | |
|-----------------------------|-------------------|
| Current Assets | |
| Cash and Cash Equivalents | \$ 69,609 |
| Accounts Receivable | 25,000 |
| Inventory | 1,142 |
| Prepaid Expenses | <u>826</u> |
| Total Current Assets | <u>96,577</u> |
| Property and Equipment, net | 129,725 |
| Other Assets | <u>347</u> |
| Total Assets | \$ <u>226,649</u> |

Liabilities and Members' Equity

| | |
|-------------------------------------------|-------------------|
| Current Liabilities | |
| Accounts Payable and Accrued Expenses | \$ 12,811 |
| Deferred Franchise Fees - Current Portion | <u>6,245</u> |
| Total Current Liabilities | <u>19,056</u> |
| Long-Term Liabilities | |
| Due to Affiliate | 50,107 |
| Deferred Franchise Fees | 24,626 |
| Notes Payable | <u>107,942</u> |
| Total Long-Term Liabilities | <u>182,675</u> |
| Total liabilities | <u>201,731</u> |
| Members' Equity | <u>24,918</u> |
| Total Liabilities and Members' Equity | \$ <u>226,649</u> |

See accompanying notes to financial statements.

UNCLE SHARKII FRANCHISING, LLC.

Statement of Operations and Members' Equity

For the Year Ended December 31, 2022

| | |
|------------------------------------|------------------|
| Revenues | |
| Franchise Fees, Net | \$ 79,509 |
| Royalties | 58,459 |
| Other Revenue | <u>20,940</u> |
| Total Revenues | <u>158,908</u> |
| Cost of Goods Sold | |
| Cost of Proprietary Goods Sold | 10,162 |
| Brokerage Commissions and Fees | <u>-</u> |
| Total Cost of Goods Sold | <u>10,162</u> |
| Gross Profit | <u>148,746</u> |
| Expenses | |
| Advertising and Marketing | 20,561 |
| Salaries and Related Costs | 35,191 |
| Auto Expense | 2,804 |
| Bank and Merchant Fees | 905 |
| Computer, Technology and Software | 13,881 |
| Insurance | 2,140 |
| Legal and Professional Services | 22,604 |
| Meals | 17,312 |
| Office Expenses | 4,427 |
| Rent Expense | 10,101 |
| Supplies | 5,090 |
| Taxes and Licenses | 1,090 |
| Amortization Expense | 3,403 |
| Interest Expense | 1,590 |
| Depreciation Expense | 6,828 |
| Travel | <u>54,557</u> |
| Total Expenses | <u>202,484</u> |
| Net Income (Loss) | (53,738) |
| Contributions (Distributions) | (279) |
| Members' Equity, Beginning of Year | <u>78,935</u> |
| Members' Equity, End of Year | <u>\$ 24,918</u> |

See accompanying notes to financial statements.

UNCLE SHARKII FRANCHISING, LLC.

Statement of Cash Flows

For the Year Ended December 31, 2022

| | |
|-----------------------------------------------------------------------------------|-------------------------|
| Cash flows from operating activities: | |
| Net loss | \$ (53,738) |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Depreciation and amortization | 10,231 |
| (Increase) decrease in assets: | |
| Accounts receivable | 960 |
| Prepaid expenses and other assets | 2,285 |
| Increase (decrease) in liabilities: | |
| Accounts payable | 22,430 |
| Due to affiliates | <u>48,000</u> |
| Net cash provided by operating activities | <u>30,168</u> |
| Cash flows from investing activities: | |
| Fixed asset acquisitions, net | <u>(136,553)</u> |
| Net cash used by investing activities | <u>(136,553)</u> |
| Cash flows from financing activities: | |
| Note payable borrowings | <u>107,942</u> |
| Net cash provided by financing activities | <u>107,942</u> |
| Net increase in cash and cash equivalents | 1,557 |
| Cash and cash equivalents, beginning of year | <u>68,052</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 69,609</u></u> |
| Supplementary disclosure of cash flow information: | |
| Cash paid during the year for: | |
| Interest | <u>\$ 1,590</u> |
| Income taxes | <u>\$ -</u> |

See accompanying notes to financial statements.

UNCLE SHARKII FRANCHISING, LLC.

Notes to Financial Statements

For the Year Ended December 31, 2022

1. **Summary of Significant Accounting Policies**

Uncle Sharkii Franchising, LLC. ("Company") was formed in the State of California in August 2019 and is currently domiciled in Texas. The principal purpose of the Company is to offer and sell franchises that provide restaurants with a fast-casual poke bowl concept, offering healthy, vibrant poke bowls, boba teas and dole soft serve.

a) **Method of Accounting**

Assets and liabilities and revenue and expenses are recognized on the accrual basis of accounting.

b) **Property and Equipment**

Property and equipment are stated at cost. Depreciation is computed using the straight line method of depreciation over the estimated useful life of the assets, which are 5 years.

For federal income tax purposes, depreciation is computed using the appropriate accelerated methods allowed for tax purposes.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

c) **Franchise Revenues**

Income is principally comprised of revenues earned by the Company as part of the franchise sales to customers. Additional revenues earned by the Company are expected from the sales of marketing materials and other services to the franchisees and royalties.

The Company recognizes its franchise revenues in accordance with Statement of Financial Accounting Standards ASC 606, which allows that franchise fees from area franchise sales be recognized, net of an allowance for uncollectible amounts, if the initial "franchise fee" is distinct from the franchise license. Franchise fees related to licenses are deferred over the life of the agreement. Other components of the fee are deferred and recognized as other obligations of the agreement or conditions relating to the sale have been substantially performed or satisfied by the franchisor. Generally, these services include training, support in approving franchisee's site selection. Franchise fees are recognized as revenue when all material services and conditions have been substantially completed or satisfied and no other material conditions or obligations related to the determination of substantial performance exist. These services, as defined above, are substantially complete prior to opening of a franchise. Revenue is recognized when the franchise opens.

NCLE SHARKII FRANCHISING, LLC.

Notes to Financial Statements

For the Year Ended December 31, 2022

1. **Summary of Significant Accounting Policies - (Cont.)**

c) **Franchise Revenues**

The Company recognizes revenue when all of the following four criteria are met:

- persuasive evidence of a sales arrangement exists
- all material obligations have been provided
- the sales price is fixed or determinable and
- collectability is probable

The individual franchise agreements typically have a set year initial term, but provide the franchisee with an opportunity to enter into renewal terms subject to certain conditions.

Deferred revenue represents cash received from franchisees for franchise fees and area development fees for which revenue recognition criteria has not been met.

As of December 31, 2022, the Company has recorded total deferred franchise fees of \$30,871 relating to trademark and license to use the franchisor's name of business amortized over the term of the agreement. These amounts are included in deferred revenue.

d) **Accounts Receivable**

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and other revenues. These receivables are carried at original invoice amount less and estimate made for doubtful receivables, based on a review of outstanding amounts. Management regularly evaluates individual customer receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. As of December 31, 2022, the Company had accounts receivable of \$25,000 and all accounts were deemed collectible.

e) **Inventory**

Inventory is valued at cost when purchased, less any vendor discounts. The majority of inventory consists of perishable items. The Company expenses purchases during the year and management performs a periodic inventory estimate at year end. The Company allocates the inventory asset through the purchases expense account by reducing the expense for the amounts still on hand. The inventory was valued at 41,142 at the year ended December 31, 2022.

UNCLE SHARKII FRANCHISING, LLC.

Notes to Financial Statements

For the Year Ended December 31, 2022

1. **Summary of Significant Accounting Policies - (Cont.)**

f) **Income Taxes**

The Company filed an election with the Internal Revenue service to be treated as a Limited Liability Corporation ("LLC") for all its taxable years. An LLC is not subject to corporate income tax. The Company's taxable income or loss and tax credits pass through to the members.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2022, the 2021, 2020 and 2019 tax returns are subject to examination. The Company retained the employer identification number issued when the Company originally began as a California limited liability company.

g) **Advertising Costs**

The Company expenses advertising costs when the first advertising takes place. The advertising expense for the year ending December 31, 2022 was \$20,561.

h) **Cash Flows**

For purposes of the statement of cash flows, cash equivalents consist of cash on hand and in banks.

i) **Pervasiveness of Estimates**

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

j) **Long-Lived Assets**

The Company reviews the carrying value of its long lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. No adjustment has been provided for in the financial statements.

UNCLE SHARKII FRANCHISING, LLC.

Notes to Financial Statements

For the Year Ended December 31, 2022

1. Summary of Significant Accounting Policies - (Cont.)

k) Concentration of Credit Risk

The Company maintains cash in checking accounts with federally insured banks.

l) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, long term notes receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities.

2. Property and Equipment

Property and equipment at December 31, 2022, consists of the following:

| | |
|--------------------------------|-------------------|
| Truck | \$ 136,553 |
| Office furniture and equipment | <u>-</u> |
| | 136,553 |
| Less accumulated depreciation | <u>(6,828)</u> |
| | <u>\$ 129,725</u> |

Depreciation expense for the year ended on December 31, 2022 amounted to \$6,828.

3. Franchise Sales and Agreements

The Company started offering franchises in October of 2019.

The Company enters into franchise agreements with its franchisees. Company's franchise agreements require the Company to provide various items to franchisees including, but not limited to, marketing and operational support.

UNCLE SHARKII FRANCHISING, LLC.

Notes to Financial Statements

For the Year Ended December 31, 2022

3. Franchise Sales and Agreements - (Cont.)

The terms of the Company's franchise agreements will be as follows:

- A. The Company will grant the right to use the Company name, trademark and system in the franchisees franchise development business.
- B. The franchisee is obligated to pay a non-refundable initial franchise fee.
- C. The franchisee is obligated to pay a monthly royalty fee and other fees as outlined in the agreement.
- D. Other requirements as outlined in the Franchise Disclosure Document.

4. Due to Affiliate

At December 31, 2022, the Company has a loan from an affiliated company in the amount of \$50,107. The amounts represent a deposit received by the Company on behalf of the affiliate. The loan is non-interest bearing and the note has not been discounted. There are no terms of repayment and accordingly, no current portion has been presented.

5. Revenue Recognition/Deferred

The Financial Accounting Standards Board issued codification Topic 606, Revenue from Contracts with Customers (ASC 606). Under ASC 606, the franchisor must determine if the pre-opening activities contain any distinct goods or services, known as performance obligations, and then allocate the initial franchise fees to those performance obligations using the stand-alone selling price of the goods or services. The Company has instituted ASC 606 by allocating the initial franchise fee as follows: franchise fee of \$10,000; training fee of \$15,000, and a site approval fee of \$4,900. The franchise fee will be recognized equally for the term of the ten-year contract beginning in the year it is collected. ASC 606 was implemented without an effect to the financial statements. At December 31, 2022, a total of \$30,871 has been deferred of which \$6,245 is the current portion for 2022. For 2022, the Company deferred a total of \$24,626 and recognized as revenue \$11,325 in prior year deferrals.

UNCLE SHARKII FRANCHISING, LLC.

Notes to Financial Statements

For the Year Ended December 31, 2022

6. Litigation Contingency

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss cannot be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible" disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed. There are no loss contingencies that require disclosure at December 31, 2022.

7. Subsequent Events

Management has evaluated subsequent events through March 7, 2023, the date at which the financial statements were available for issue and does not believe that there are any subsequent events that require adjustment or disclosure in the accompanying financial statements.

UNCLE SHARKII FRANCHISING LLC

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

FOR THE EIGHT MONTHS ENDED
DECEMBER 31, 2021

DASH Business Solutions, LLC
1127 Royal Palm Beach Blvd #408
Royal Palm Beach, FL 33411
561.247.5303
info@dash.cpa

UNCLE SHARKII FRANCHISING LLC

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DASH Business Solutions, LLC

Independent Auditor's Report

To the Members of
Uncle Sharkii Franchising LLC

We have audited the accompanying financial statements of Uncle Sharkii Franchising LLC, which comprise the balance sheet as of December 31, 2021, and the related statement of operations, members' equity, and cash flows for the eight months then ended, and the related notes to the financial statements.

Opinion

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

Basis for Opinion

The audit was conducted in accordance with generally accepted auditing standards (GAAS) of the United States of America while specifically adhering to the auditor's responsibility listed below. The auditor is required to be independent of the entity and meet other ethical responsibilities relevant to the audit. 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 generally accepted accounting principles 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Performing an audit in accordance with GAAS requires the auditor to exercise professional judgment and maintain professional skepticism throughout the audit. The GAAS standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of significant accounting estimates made by management, consideration of the entity's ability to continue as a going concern for a reasonable amount of time, as well as evaluating the overall presentation of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

The auditor is 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 the auditor identified during the audit.

The objectives of the auditor are to i) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and ii) issue an auditor's report that includes the auditor's 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 the risk of detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

DASH Business Solutions, LLC

DASH Business Solutions, LLC
Royal Palm Beach, FL
April 5, 2022

UNCLE SHARKII FRANCHISING LLC

Balance Sheet December 31, 2021

ASSETS

| | |
|---------------------------|------------------|
| Current Assets | |
| Cash and Cash Equivalents | \$ 68,052 |
| Accounts Receivable | 25,960 |
| Inventory | 1,142 |
| Prepaid Expenses | 3,458 |
| Total Current Assets | <u>98,612</u> |
| Other Assets | <u>-</u> |
| TOTAL ASSETS | <u>\$ 98,612</u> |

LIABILITIES & EQUITY

| | |
|-------------------------------------------|------------------|
| Current Liabilities | |
| Deferred Franchise Fees - Current Portion | \$ 4,097 |
| Total Current Liabilities | <u>4,097</u> |
| Long-Term Liabilities | |
| Due to Affiliate | 2,107 |
| Deferred Franchise Fees | 13,473 |
| Total Long Term Liabilities | <u>15,580</u> |
| Total Liabilities | <u>19,677</u> |
| Members' Equity | |
| Retained Earnings | 78,935 |
| Members' Equity | <u>78,935</u> |
| TOTAL LIABILITIES & EQUITY | <u>\$ 98,612</u> |

See accompanying Notes to Financial Statements

UNCLE SHARKII FRANCHISING LLC

Statement of Operations For The Eight Months Ended December 31, 2021

| | |
|-----------------------------------|--------------------|
| Revenues | |
| Franchise Fees | \$ 47,430 |
| Royalties | 16,999 |
| Other Revenue | 11,560 |
| Total Revenue | <u>75,989</u> |
| Cost of Goods Sold | |
| Cost of Proprietary Goods Sold | 3,482 |
| Brokerage Commissions and Fees | 19,000 |
| Total Cost of Goods Sold | <u>22,482</u> |
| Gross Profit | <u>53,507</u> |
| Expenses | |
| Advertising and Marketing | 23,251 |
| Auto Expense | 391 |
| Bank and Merchant Fees | 410 |
| Computer, Technology and Software | 3,326 |
| Contractors | 750 |
| Insurance | 4,581 |
| Legal and Professional Services | 18,771 |
| Meals | 3,564 |
| Office Expenses | 1,009 |
| Rent Expense | 523 |
| Quality Control | 28 |
| Supplies | 1,711 |
| Training | 900 |
| Travel | 19,362 |
| Total Expenses | <u>78,577</u> |
| Net Income (Loss) | <u>\$ (25,070)</u> |

See accompanying Notes to Financial Statements

UNCLE SHARKII FRANCHISING LLC

Statement of Changes in Members' Equity
For The Eight Months Ended December 31, 2021

| | |
|-------------------------|-------------------------|
| Equity at May 14, 2021 | \$ - |
| Member Contributions | 104,005 |
| Net Income (Loss) | <u>(25,070)</u> |
| Equity at June 30, 2021 | <u><u>\$ 78,935</u></u> |

See accompanying Notes to Financial Statements

UNCLE SHARKII FRANCHISING LLC

Statement of Cash Flows For The Eight Months Ended December 31, 2021

| | |
|---------------------------------------------------------------------------------------------|------------------|
| Cash Flows From Operating Activities: | |
| Net Income (Loss) | \$ (25,070) |
| Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities: | |
| Depreciation & Amortization | - |
| Changes in Assets and Liabilities | |
| Decrease (Increase) in Assets | (30,560) |
| Increase (Decrease) in Liabilities | 19,677 |
| Net Cash Provided by Operating Activities | <u>(35,953)</u> |
| Cash Flows From Investing Activities: | |
| Purchase of Assets | - |
| Net Cash Provided by Investing Activities | <u>-</u> |
| Cash Flows From Financing Activities: | |
| Member Contributions (Distributions) | 104,005 |
| Net Cash Provided by Investing Activities | <u>104,005</u> |
| Net Change in Cash | 68,052 |
| Cash - Beginning of Period | <u>-</u> |
| Cash - End of Period | <u>\$ 68,052</u> |

See accompanying Notes to Financial Statements

UNCLE SHARKII FRANCHISING LLC

Notes to the Financial Statements
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

Uncle Sharkii Franchising LLC (the “Company”) was converted on May 14, 2021 to a Texas limited liability company for the purpose of offering franchise opportunities and support for entrepreneurs who want to own a franchise location of Uncle Sharkii Poke Bar, a fast casual restaurant offering a modernized poke bowl with a healthy balance of tradition and customizability. The Company was previously a California limited liability company until it converted. This audit covers only the periods from May 14, 2021 to December 31, 2021.

Basis of Accounting

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

Accounting Standards Codification

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

Use of Estimates

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

Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. Also included with cash equivalents are deposits in-transit from banks for payments related to third-party credit card and debit card transactions. As of December 31, 2021, the Company had cash and cash equivalents of \$68,052.

Concentration of Risk

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

UNCLE SHARKII FRANCHISING LLC

Notes to the Financial Statements
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and other revenues. These receivables are carried at original invoice amount less an estimate made for doubtful receivables, based on a review of outstanding amounts. Management regularly evaluates individual customer receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. As of December 31, 2021, the Company had accounts receivable of \$25,960 and all accounts were deemed collectible.

Inventory

Inventory is valued at cost when purchased, less any vendor discounts. The majority of inventory consists of perishable items. The Company expenses purchases during the year and management performs a periodic inventory estimate at year end. The Company allocates the inventory asset through the purchases expense account by reducing the expense for the amounts still on hand. The inventory was valued at \$1,142 at the year ended December 31, 2021.

Revenue Recognition

The Financial Accounting Standards Board issued codification Topic 606, Revenue from Contracts with Customers (ASC 606). Under ASC 606, the franchisor must determine if the pre-opening activities contain any distinct goods or services, known as performance obligations, and then allocate the initial franchise fees to those performance obligations using the stand-alone selling price of the goods or services. The Company has instituted ASC 606 by allocating the initial franchise fee as follows: franchise fee of \$10,000; training fee of \$15,000, and a site approval fee of \$4,900. The franchise fee will be recognized equally for the term of the ten-year contract beginning in the year it is collected. ASC 606 was implemented without an effect to the financial statements.

The Company's revenues consist of fees from franchisees such as initial franchise fees, royalties, and other fees. The royalty revenue and other fees are recognized when earned and are based on a percentage of gross sales of each individual franchise according to the franchise contract. The other revenue collected includes a \$10,000 grant received from the State of Texas and royalties from franchise locations that entered into contract with the Company prior to the conversion to a Texas entity. The franchise fees are deferred as a liability and recognized as previously disclosed. The franchise fee is not refundable, it is collected upon contract signing, and future allocation of the fees have no risk of impairment. The Company is obligated to provide the franchise with ongoing support, trademark use and other services as outlined in the franchise disclosure document for a period of ten years.

UNCLE SHARKII FRANCHISING LLC

Notes to the Financial Statements December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, long term notes receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities.

Income Taxes

The entity is structured as a limited liability company under the laws of the State of Texas and has elected to be classified as a Subchapter S Corporation for federal and state income tax purposes. Accordingly, the income or loss of the Company will be included in the income tax returns of the shareholders. Therefore, there is no provision for federal and state income taxes.

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

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2021, the 2020, 2019 and 2018 tax returns are subject to examination. The Company retained the employer identification number issued when the Company originally began as a California limited liability company.

Advertising Costs

The Company expenses advertising costs when the first advertising takes place. The advertising expense for the eight months ending December 31, 2021 was \$23,251.

Subsequent Events

Management has reviewed and evaluated subsequent events through April 5, 2022, the date on which the financial statements were available to be issued.

UNCLE SHARKII FRANCHISING LLC

Notes to the Financial Statements December 31, 2021

NOTE 2 - COMMITMENTS AND CONTINGENCIES

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is “probable” and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is “probable” but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is “reasonably possible,” disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are “remote” are neither accounted for nor disclosed. There are no loss contingencies that require disclosure at December 31, 2021.

NOTE 3 - FRANCHISE AGREEMENT

The terms of the Company’s franchise agreement will be as follows:

- A. The Company will grant the right to use the Company name, trademark and system in the franchisees franchise development business.
- B. The franchisee is obligated to pay a non-refundable initial franchise fee.
- C. The franchisee is obligated to pay a monthly royalty fee and other fees as outlined in the agreement.
- D. Other requirements as outlined in the Franchise Disclosure Document.

NOTE 4 - DUE TO AFFILIATE

At December 31, 2021, the Company has a loan from an affiliated company in the amount of \$2,107. The amounts represent a deposit received by the Company on behalf of the affiliate. The loan is non-interest bearing and the note has not been discounted. There are no terms of repayment and accordingly, no current portion has been presented.

UNCLE SHARKII FRANCHISING LLC

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

FOR THE TWO MONTHS ENDED JUNE 30, 2021

DASH Business Solutions, LLC

13957 Exotica Lane Wellington, FL 33414 561.247.5303

UNCLE SHARKII FRANCHISING LLC

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DASH Business Solutions, LLC

Independent Auditor's Report

To the Members of
Uncle Sharkii Franchising LLC

We have audited the accompanying financial statements of Uncle Sharkii Franchising LLC, which comprise the balance sheet as of June 30, 2021, and the related statement of operations, members' equity, and cash flows for the two months then ended, and the related notes to the financial statements.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Uncle Sharkii Franchising LLC as of June 30, 2021, and the results of its operations and its cash flows for the two months then ended, in accordance with the generally accepted accounting principles in the United States of America.

Basis for Opinion

The audit was conducted in accordance with generally accepted auditing standards (GAAS) of the United States of America while specifically adhering to the auditor's responsibility listed below. The auditor is required to be independent of the entity and meet other ethical responsibilities relevant to the audit. 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 generally accepted accounting principles 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Performing an audit in accordance with GAAS requires the auditor to exercise professional judgment and maintain professional skepticism throughout the audit. The GAAS standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of significant accounting estimates made by management, consideration of the entity's ability to continue as a going concern for a reasonable amount of time, as well as evaluating the overall presentation of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

The auditor is 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 the auditor identified during the audit.

The objectives of the auditor are to i) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and ii) issue an auditor's report that includes the auditor's 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 the risk of detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

DASH Business Solutions, LLC

DASH Business Solutions, LLC
Wellington, FL
July 9, 2021

UNCLE SHARKII FRANCHISING LLC

Balance Sheet
June 30, 2021

ASSETS

| | |
|---------------------------|-------------------|
| Current Assets | |
| Cash and Cash Equivalents | \$ 84,488 |
| Accounts Receivable | - |
| Total Current Assets | <u>84,488</u> |
| Other Assets | <u> </u> |
| TOTAL ASSETS | <u>\$ 84,488</u> |

LIABILITIES & EQUITY

| | |
|----------------------------|------------------|
| Current Liabilities | |
| Accounts Payable | \$ - |
| Total Current Liabilities | <u>-</u> |
| Total Liabilities | <u>-</u> |
| Members' Equity | |
| Retained Earnings | 84,488 |
| Members' Equity | <u>84,488</u> |
| TOTAL LIABILITIES & EQUITY | <u>\$ 84,488</u> |

See accompanying Notes to Financial Statements

UNCLE SHARKII FRANCHISING LLC

Statement of Operations
For The Two Months Ended June 30, 2021

| | |
|-----------------------------------|--------------------|
| Revenues | |
| Franchise Fees | \$ - |
| Other Revenue | 2,040 |
| Total Revenue | <u>2,040</u> |
| Expenses | |
| Advertising and Marketing | 7,470 |
| Bank Charges | 3 |
| Computer, Technology and Software | 1,273 |
| Office Expenses | 236 |
| Legal and Professional Services | 4,291 |
| Supplies | 5,171 |
| Training | 900 |
| Travel | 2,213 |
| Total Expenses | <u>21,557</u> |
| Net Income (Loss) | <u>\$ (19,517)</u> |

See accompanying Notes to Financial Statements

UNCLE SHARKII FRANCHISING LLC

Statement of Changes in Members' Equity
For The Two Months Ended June 30, 2021

| | |
|-------------------------|-------------------------|
| Equity at May 14, 2021 | \$ - |
| Member Contributions | 104,005 |
| Net Income (Loss) | <u>(19,517)</u> |
| Equity at June 30, 2021 | <u><u>\$ 84,488</u></u> |

See accompanying Notes to Financial Statements

UNCLE SHARKII FRANCHISING LLC

Statement of Cash Flows For The Two Months Ended June 30, 2021

| | |
|---------------------------------------------------------------------------------------------|------------------|
| Cash Flows From Operating Activities: | |
| Net Income (Loss) | \$ (19,517) |
| Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities: | |
| Depreciation & Amortization | - |
| Changes in Assets and Liabilities | |
| Decrease (Increase) in Assets | - |
| Increase (Decrease) in Liabilities | - |
| Net Cash Provided by Operating Activities | <u>(19,517)</u> |
| Cash Flows From Investing Activities: | |
| Purchase of Assets | - |
| Net Cash Provided by Investing Activities | <u>-</u> |
| Cash Flows From Financing Activities: | |
| Member Contributions | 104,005 |
| Member Draws | - |
| Net Cash Provided by Investing Activities | <u>104,005</u> |
| Net Change in Cash | 84,488 |
| Cash - Beginning of Period | <u>-</u> |
| Cash - End of Period | <u>\$ 84,488</u> |

See accompanying Notes to Financial Statements

UNCLE SHARKII FRANCHISING LLC

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

Uncle Sharkii Franchising LLC (the “Company”) was converted on May 14, 2021 to a Texas limited liability company for the purpose of offering franchise opportunities and support for entrepreneurs who want to own a franchise location of Uncle Sharkii Poke Bar, a fast casual restaurant offering a modernized poke bowl with a healthy balance of tradition and customizability. The Company was previously a California limited liability company until it converted. This audit covers only the periods from May 14, 2021 to June 30, 2021.

Basis of Accounting

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

Accounting Standards Codification

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

Use of Estimates

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

Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. Also included with cash equivalents are deposits in-transit from banks for payments related to third-party credit card and debit card transactions. As of June 30, 2021, the Company had cash and cash equivalents of \$84,488.

Concentration of Risk

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

UNCLE SHARKII FRANCHISING LLC

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and other revenues. These receivables are carried at original invoice amount less an estimate made for doubtful receivables, based on a review of outstanding amounts. Management regularly evaluates individual customer receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. As of June 30, 2021, the Company had no accounts receivable and no allowance for uncollectible accounts.

Revenue Recognition

The Financial Accounting Standards Board issued codification Topic 606, Revenue from Contracts with Customers (ASC 606). Under ASC 606, the franchisor must determine if the pre-opening activities contain any distinct goods or services, known as performance obligations, and then allocate the initial franchise fees to those performance obligations using the stand-alone selling price of the goods or services. The Company has instituted ASC 606 by allocating the initial franchise fee as follows: franchise fee of \$10,000; training fee of \$15,000, and a site approval fee of \$4,900. The franchise fee will be recognized equally for the term of the ten-year contract beginning in the year it is collected. ASC 606 was implemented without an effect to the financial statements as there were no franchise fees collected during the two months ended June 30, 2021.

The Company's revenues consist of fees from franchisees such as initial franchise fees, royalties, and other fees. The royalty revenue and other fees are recognized when earned and are based on a percentage of gross sales of each individual franchise according to the franchise contract. The other revenue collected represents royalties from franchise locations that entered into contract with the Company prior to the conversion to a Texas entity. The franchise fees will be deferred as a liability and recognized as previously disclosed. The franchise fee is not refundable, it is collected upon contract signing, and future allocation of the fees have no risk of impairment. The Company is obligated to provide the franchise with ongoing support, trademark use and other services as outlined in the franchise disclosure document for a period of ten years.

Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, long term notes receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities.

UNCLE SHARKII FRANCHISING LLC

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income Taxes

The entity is structured as a limited liability company under the laws of the State of Texas and has elected to be classified as a Subchapter S Corporation for federal and state income tax purposes. Accordingly, the income or loss of the Company will be included in the income tax returns of the shareholders. Therefore, there is no provision for federal and state income taxes.

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

The Company’s income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of June 30, 2021, the 2020, 2019 and 2018 tax returns are subject to examination. The Company retained the employer identification number issued when the Company originally began as a California limited liability company.

Advertising Costs

The Company expenses advertising costs when the first advertising takes place. The advertising expense for the two months ending June 30, 2021 was \$7,470.

Subsequent Events

Management has reviewed and evaluated subsequent events through July 9, 2021, the date on which the financial statements were available to be issued.

NOTE 2 - COMMITMENTS AND CONTINGENCIES

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is “probable” and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is “probable” but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is “reasonably possible,” disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are “remote” are neither accounted for nor disclosed. There are no loss contingencies that require disclosure at June 30, 2021.

UNCLE SHARKII FRANCHISING LLC

Notes to the Financial Statements

NOTE 3 - FRANCHISE AGREEMENT

The terms of the Company's franchise agreement will be as follows:

- A. The Company will grant the right to use the Company name, trademark and system in the franchisees franchise development business.
- B. The franchisee is obligated to pay a non-refundable initial franchise fee.
- C. The franchisee is obligated to pay a monthly royalty fee and other fees as outlined in the agreement.
- D. Other requirements as outlined in the Franchise Disclosure Document.

ITEM 22. CONTRACTS

Copies of all proposed agreements regarding the Uncle Sharkii franchise offering are include:

Exhibit B – Franchise Agreement

Exhibit C – Multi-Unit Developer Agreement

ITEM 23. RECEIPTS

Two copies of the receipt for this disclosure document are attached as the last pages. Please sign and return one copy to us and keep the other copy for your records.

**EXHIBIT A TO THE
FRANCHISE DISCLOSURE DOCUMENT**

STATE ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT

**ADDENDUM TO UNCLE SHARKII FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF CALIFORNIA**

In recognition of the requirements of California Corporations Code, Section 31125, the Franchise Disclosure Document for Uncle Sharkii Franchising, LLC for use in the State of California shall be amended as follows:

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 has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.
3. These Franchises have been registered under the franchise investment law of the state of California. Such registration does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation nor a finding by the Commissioner that the information provided herein is true, complete and not misleading.
4. 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.).
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. Item 3, "Litigation," shall be supplemented by the addition of the following at the end of the Item:

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.

7. Item 6, "Other Fees" shall be supplemented by the addition of the following at the end of the Item:

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%.

**EXHIBIT A TO THE
FRANCHISE DISCLOSURE DOCUMENT**

8. Item 5, "Initial Fees" shall be supplemented by the addition of the following at the end of the Item:

The Department has determined that either we have not demonstrated we are adequately capitalized or that we must rely on franchise fees to fund operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign an Multi-Unit Developer Agreement, the payment of the development and initial fees attributable to a specific unit is deferred until that unit is open. .

9. The franchise agreement requires application of the laws of Texas. This provision may not be enforceable under California law. You may want to consult an attorney to understand the impact of out-of-state governing law on the franchise agreement
10. California Business and Professions Code sections 20000 through 20043 (the Franchise Relations Act) provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control. In particular, Business and Professions Code section 20010 voids a waiver of your rights under the Franchise Relations Act.
11. You must sign a general release if you renew or transfer your franchise. California Corporations Code section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code sections 31000 through 31516). Business and Professions Code section 20010 voids a waiver of your rights under the Franchise Relations act (Business and Professions Code sections 20000 through 20043).
12. Before the franchisor can ask you to materially modify your existing franchise agreement, Section 31125 of the California Corporations Code requires the franchisor to file a material modification application with the Department that includes a disclosure document t showing the existing terms and the proposed new terms of your franchise agreement. Once the application is registered, the franchisor must provide you with that disclosure document with an explanation that the changes are voluntary.
13. The franchise agreement and Multi-Unit Developer Agreement contain provisions shortening the statute of limitations to bring claims and requiring you to waive your right to punitive or exemplary damages against the franchisor, limiting your recovery to actual damages for any claims related to your franchise. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.
14. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the

**EXHIBIT A TO THE
FRANCHISE DISCLOSURE DOCUMENT**

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.

**EXHIBIT A TO THE
FRANCHISE DISCLOSURE DOCUMENT**

**ADDENDUM TO UNCLE SHARKII FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NEW YORK**

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 A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. 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:

With the exception of what is stated above, to the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

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

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud;

**EXHIBIT A TO THE
FRANCHISE DISCLOSURE DOCUMENT**

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.

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

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 *et seq.*), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure

**EXHIBIT A TO THE
FRANCHISE DISCLOSURE DOCUMENT**

Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.



UNCLE SHARKII FRANCHISE AGREEMENT

| SUMMARY PAGE | |
|--------------|------------------------------------|
| 1. | Franchisee _____ |
| 2. | Initial Franchise Fee \$ _____ |
| 3. | Development Area _____ |
| 4. | Opening Deadline _____ |
| 5. | Operating Principal _____ |
| 6. | Franchisee's Address _____ |

UNCLE SHARKII FRANCHISE AGREEMENT

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UNCLE SHARKII FRANCHISE AGREEMENT

PARTIES

THIS FRANCHISE AGREEMENT (the “Agreement”) is made and entered into on this _____ (the “Effective Date”), by and between Uncle Sharkii Franchising, LLC, a Texas limited liability company, with its principal place of business at 1160 Dairy Ashford Rd., Suite 450, Houston, TX 77079 (“Uncle Sharkii”, “Franchisor”, “we”, “us”, or “our”), and Franchisee (collectively, “You” or “Franchisee”).

RECITALS

WHEREAS: Uncle Sharkii has the right to license You certain intellectual property rights, trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited to, the Uncle Sharkii trademarks, the words “Uncle Sharkii.” Uncle Sharkii has spent a considerable amount of time, effort, and money to construct, and continues to develop, use, and control business methods, technical knowledge, marketing concepts, trade secrets, purchasing arrangements, commercial ideas, advertising materials, marketing strategies, information on sources of supply, administrative procedures, business forms, distinctive signs, trade dress, architectural designs and uniforms, and employee training techniques that, taken together, make up a proprietary system for the operation of Restaurant, tavern and bakery (the “System”);

WHEREAS: You desire to enter into the business of operating an Uncle Sharkii restaurant under the System using the Trade Name and Marks, and You wish to obtain from Uncle Sharkii, and Uncle Sharkii wishes to grant to You, a franchise for that purpose.

1. DEFINITIONS

1.1 Approved Location

“Approved Location” means the street address of the physical location approved in writing by Uncle Sharkii for the operation of the Uncle Sharkii restaurant, You will operate under this Agreement, which shall be set forth in Exhibit A to this Agreement.

1.2 Brand Fund

“Brand Fund” means a fund established by Uncle Sharkii for purposes of increasing brand awareness and national advertising.

1.3 Expiration

“Expiration” means expiration of the Term of this Agreement, the non-renewal of this Agreement.

1.4 Franchise Network

UNCLE SHARKII FRANCHISE AGREEMENT

“Franchise Network” means the interdependent network composed of Uncle Sharkii restaurants, all Uncle Sharkii franchisees, Uncle Sharkii’s Related Parties, any other persons or business entities that Uncle Sharkii has licensed to use the Trade Name, Marks, System, or any of them.

1.5 Good Standing

“Good Standing” means timely compliance by You and Your Related Parties with all provisions of this Agreement and the Manual, specifically including provisions for timely payment of amounts You owe to Uncle Sharkii and its Related Parties.

1.6 Gross Revenues

“Gross Revenues” means the total selling price of all services and products sold at or from your Uncle Sharkii Business (not adjusted for credit card fees), including the full value of any gift certificate redeemed at your Uncle Sharkii Business or coupon sold for use at your Uncle Sharkii Business (fees retained by or paid to third-party sellers of such gift certificates or coupons are not excluded from calculation), and all income and revenue of every other kind and nature related to the Uncle Sharkii Business operation, whether for cash or credit.

1.7 Manual

“Manual” means the confidential Operations Manual and all other manuals that Uncle Sharkii will lend to You, or authorize You to use, during the term of this Agreement and that contains information, forms and requirements for the establishment and operation of the Uncle Sharkii restaurant, and for use of Uncle Sharkii’s Trade Name and Marks, along with communications from Uncle Sharkii to You, including, but not limited to, bulletins, e-mails, and text messages.

1.8 Marks

“Marks” means selected trademarks, service marks, trade dress, logotypes, slogans, and other commercial symbols licensed by Uncle Sharkii to You under this Agreement.

1.9 Operating Principal

“Operating Principal” means the managing shareholder, partner, or member that You must designate if you are a legal entity.

1.10 Proprietary Service

“Proprietary Service” means any product or service that is composed of or in accordance with Uncle Sharkii’s specifications or that bears or has been labeled with any of the Marks.

1.11 Related Party

“Related Party” or “Related Parties” means persons and companies affiliated with Uncle Sharkii or You, as the context indicates, including, but not limited to, owners (as defined herein), general

UNCLE SHARKII FRANCHISE AGREEMENT

partners, limited partners, shareholders, or members, owning an interest in (i) Uncle Sharkii or in You; (ii) corporations or limited liability companies in which Uncle Sharkii or You have an interest; (iii) corporations or limited liability companies in which any person or entity owning an interest in You also has an interest; or (iv) officers, directors, members, or agents of Uncle Sharkii or of You

1.12 Termination

“Termination” means the termination of this Agreement under the circumstances described in Section 10 of this Agreement before the expiration of the Term.

1.13 Transfer

“Transfer” means any direct or indirect transfer, pledge, encumbrance, sale, gift, hypothecation, mortgage, sublicense, transfer through bequest or inheritance, transfer in trust, divorce or by operation of law or by any other means, or disposition of (i) any of the rights granted under this Agreement (ii) any part of this Agreement, (in) any rights or privileges incidental to this Agreement, (iv) the Restaurant or any interest therein, or (v) any ownership interest in you, including, without limitation, any arrangement whereby you sell or pledge accounts receivable or any other assets of the Franchised Business (each a “Transfer”). Without limiting the foregoing the term, “Transfer” includes any sale, resale, pledge, encumbrance transfer or assignment of: (a) any fractional partnership ownership interest if You are a partnership (b) any membership interest in you if you are a limited liability company and (c) any beneficial or economic ownership interest in you, any transfer of any fractional portion of your voting stock, or any increase in the number of outstanding shares of your voting stock which results in a change of ownership, if you are a corporation.

1.15 Trade Name

“Trade Name” means the commercial name “Uncle Sharkii Poke Bar”.

1.16 Uncle Sharkii

“Uncle Sharkii” means Uncle Sharkii Franchising, LLC or any person or entity to which Uncle Sharkii allocates all or part of its rights and obligations under this Agreement.

1.17 Uncle Sharkii restaurant

“Uncle Sharkii restaurant” or the “Restaurant” or the “Franchise Business” means the single “Uncle Sharkii” business that Uncle Sharkii authorized You to conduct under the Trade Name, Marks, and System at the Approved Location, under this Agreement. Uncle Sharkii restaurants include kiosks, quick service locations, full service locations, food trucks, and other satellite units we approve to sell products we approve from time-to-time.

NOW, THEREFORE, the parties agree as follows:

UNCLE SHARKII FRANCHISE AGREEMENT

2. GRANT OF FRANCHISE

2.1 Granting Clause

Uncle Sharkii grants to You the right and You hereby undertake the obligation upon the terms and conditions set forth in this Agreement: (a) to establish the Uncle Sharkii restaurant at the Approved Location that includes the provision of such products and services as designated by Uncle Sharkii, and (b) to use solely in connection therewith the Trade Name, Marks, and System, as they may be changed, improved and further developed from time-to-time. You shall not engage in any other business at the Approved Location without the prior written consent of Uncle Sharkii.

2.2 Approved Location

You shall, at your sole cost and expense, secure an approved site for the Uncle Sharkii restaurant in accordance with Section 3.2 of this Agreement. It is your sole responsibility to locate and purchase and/or lease a suitable site for the Uncle Sharkii restaurant. You may not establish any other business at the Approved Location. You may not sublease space at the Approved Location to a third-party without our prior written consent.

2.3 Rights Reserved

Uncle Sharkii retains all rights that are not expressly granted to you under this Agreement. Without limiting this broad retention, and without granting You any rights therein, Uncle Sharkii shall have the right to:

- (a) Offer Uncle Sharkii franchises to others;
- (b) Sell, rent and distribute any Proprietary Services directly or indirectly, and/or license others to sell and distribute, any Proprietary Services, directly or indirectly, from any location to any purchaser; and
- (c) Merge with, acquire or be acquired by, any business of any kind under other systems and/or other marks, which business may offer, sell, operate or distribute and/or license others to offer, sell, operate and distribute goods and services through franchised or non-franchised businesses, at wholesale or retail.

2.4 Relocation

At Uncle Sharkii's option, You may relocate the Uncle Sharkii restaurant, with Uncle Sharkii's prior written consent, if all of the following conditions are met:

- (a) You and Your Related Parties are in Good Standing under this Agreement and any other Agreement between Uncle Sharkii and You, and You and Your Related Parties are in compliance with all provisions of the Manual;

UNCLE SHARKII FRANCHISE AGREEMENT

- (b) You and any of Your Related Parties that have signed this Agreement have agreed to cancel this Agreement and execute a new Franchise Agreement in the form that is currently effective at the time of relocation (with a term equal to the then-remaining term of this Agreement);
- (c) You have secured a site that meets our then-current size and demographic requirements and, if you are leasing the space, you have submitted the proposed lease agreement for our review and paid a Lease Review Fee;
- (d) You agree to equip and furnish Your new Uncle Sharkii restaurant so that the Restaurant meets the standards of appearance and function applicable to new Uncle Sharkii restaurants at the time of relocation;
- (e) You and Your Related Parties that are parties to this Agreement shall have executed a general release, in a form satisfactory to Uncle Sharkii, of any and all claims against Uncle Sharkii and its Related Parties, affiliates, successors and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants and employees in their corporate and individual capacities, including, without limitation, claims arising under this Agreement, any other agreement between You and Uncle Sharkii or its affiliates, and federal, state, and local laws and rules; and
- (f) You may cease to operate the Uncle Sharkii restaurant for no more than one (1) day only for the purposes of moving all equipment from the old Approved Location to the new approved location for the Uncle Sharkii restaurant.

2.5 Term and Renewal

2.5.1 Initial Term

Except as otherwise provided herein the initial term of this Agreement shall commence on the Effective Date and shall expire on the date that is ten (10) years from the Effective Date (the “Term Expiration Date”).

2.5.2 Renewal

You shall have the option to renew this Agreement subject to your satisfaction of the following conditions, all of which shall be met before each renewal:

- (a) You and Your Related Parties are in Good Standing under this Agreement, and any other Agreement between Uncle Sharkii and You, and You and Your Related Parties are in compliance with the Manual;
- (b) You shall give Uncle Sharkii written notice of Your election to renew not less than six (6) months nor more than twelve (12) months prior to the end of the then-current term;

UNCLE SHARKII FRANCHISE AGREEMENT

- (c) You and any Related Parties that have signed this Agreement shall have signed a copy of the then-current Franchise Agreement (except with respect to the renewal provisions thereof, which shall not supersede this Section 4.6.2) not less than thirty (30) days before the expiration of the then-current term, or thirty (30) days after You receive a signature-ready copy of the then-current Franchise Agreement from Uncle Sharkii, whichever is later;
- (d) You shall have, before the beginning of the renewal term, at Your own expense, modernized the Uncle Sharkii restaurant and replaced and modernized the equipment, and the signs used in the Uncle Sharkii restaurant as Uncle Sharkii may require, in order for the Uncle Sharkii restaurant to meet the then-current standards of appearance and function at the time of renewal;
- (e) You and Your Related Parties that are parties to this Agreement shall have executed a general release, in a form satisfactory to Uncle Sharkii, of any and all claims against Uncle Sharkii and its Related Parties affiliates successors and assigns and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities, including, without limitation, claims arising under this Agreement, any other agreement between You and Uncle Sharkii or its affiliates, and federal, state, and local laws and rules; and
- (f) You shall have paid a Renewal Fee equal to the then-current franchise fee.

3. SERVICES TO FRANCHISEE

3.1 Restaurant Layout and Interior Decoration

Uncle Sharkii will make available prototype or sample plans and specifications for one or more existing Uncle Sharkii restaurants. You shall, at your own expense, tailor the plans and specifications provided by Uncle Sharkii for Your individual use and then submit the customized plans and specifications to Uncle Sharkii for written approval, which will not be unreasonably withheld.

Uncle Sharkii's approval shall be limited to conformance with Uncle Sharkii's prototype and sample plans and shall not relate to Your obligations with respect to any federal, state, or local laws, or codes and regulations, including the applicable provisions of the Americans with Disabilities Act (the "MUDA"), regarding the construction, design, and operation of the Uncle Sharkii restaurant, which subjects shall be Your sole responsibility.

You shall comply with all federal, state and local laws, and codes and regulations, including the applicable provisions of the MUDA regarding the construction, design and operation of the Uncle Sharkii restaurant. You are responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances, or regulations, or which may be necessary or advisable owing to any restrictive covenants relating to Your location. After having

UNCLE SHARKII FRANCHISE AGREEMENT

obtained such approvals and clearances, You shall obtain all permits and certifications required for the lawful construction and operation of the Uncle Sharkii restaurant.

3.2 Training

3.2.1 Initial Training

Before the opening of Your Uncle Sharkii restaurant, Uncle Sharkii will conduct an initial training program concerning the operation of the Uncle Sharkii restaurant under the Uncle Sharkii System for Your Operating Principal and manager, if any, if you are a legal entity, or You and your manager, if any, if you are an individual, and up to two (2) additional Restaurant staff. You or Your Operating Principal (if you are a corporate entity) and/or manager, if any, shall attend and successfully complete the initial training program to the satisfaction of Uncle Sharkii before You may open the Uncle Sharkii restaurant. Some training may be completed remotely at our discretion.

3.2.2 Continuing Training

In an effort to maintain brand standards and to protect and enhance the goodwill associated with the System and the Marks, Uncle Sharkii may offer ongoing training or education programs on matters related to the operation or promotion of the Uncle Sharkii restaurant on an optional or mandatory basis, as it deems appropriate, in its sole discretion. You shall attend and complete all such continuing education programs Uncle Sharkii requires. You shall be responsible for Your own expenses and those of Your employees who attend any such training or education programs. Uncle Sharkii may also require you to pay a fee for continuing training and education programs of its costs, plus an administrative fee. You must complete all education and training programs Uncle Sharkii designates to Uncle Sharkii's satisfaction.

3.2.3 Requested Training

If you request additional training from us we will provide you such training at a flat fee of \$300 per day plus travel and lodging expenses if the training is performed at your location instead of at our headquarters.

3.3 Periodic Advisory Assistance

Uncle Sharkii will, as it deems advisable, provide periodic advisory assistance to You concerning the operation and promotion of the Uncle Sharkii restaurant.

3.4 Manual

Uncle Sharkii will lend You a Manual containing explicit instructions for use of the Marks, specifications for goods that will be used in or sold by the Uncle Sharkii restaurant, sample business forms, information on marketing, management, and administration methods developed by Uncle Sharkii for use in the Uncle Sharkii restaurant, names of approved suppliers, and other

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information that Uncle Sharkii believes may be necessary or helpful to You in Your operation of the Uncle Sharkii restaurant. Uncle Sharkii will revise the Manual periodically, at its discretion to conform to the changing needs of the Franchise Network and will distribute updated pages containing these revisions to You from time-to-time. Alternatively, and in lieu of a hard copy of the Manual, Uncle Sharkii may make available to You a Manual in electronic form that is accessible to you. Uncle Sharkii will notify You of any updates to the Manual. You shall be responsible for immediately downloading and complying with the revised Manual.

3.5 Advertising

Uncle Sharkii may, but is not required to, provide you with electronic access to certain advertising materials, including in PDF format. These materials may include video and audiotapes, copy-ready print advertising materials, posters, banners and miscellaneous point-of-sale Items, and may be regional or national at Uncle Sharkii's sole discretion. Printing of any and all such materials shall be at your sole cost and expense. Uncle Sharkii reserves the right to change the format in which it provides these materials to you in the future.

3.6 Approved Suppliers

Uncle Sharkii has the absolute right to limit the suppliers with whom you may deal. Uncle Sharkii will provide to You a list of the names and addresses of the approved suppliers who then-currently meet Uncle Sharkii's standards and specifications in the Manual. Uncle Sharkii reserves the right to act as the only approved supplier for some or all of the Approved Products and Services and products You will purchase for Your Uncle Sharkii restaurant. Uncle Sharkii reserves the right to charge a mark-up on any product or service sold to You. In advising You of suppliers who meet its standards and specifications, Uncle Sharkii expressly disclaims any warranties or representations as to the condition of the goods or services sold by the suppliers, including, without limitation, expressed or implied warranties as to merchantability or fitness for any intended purpose. You agree to look solely to the manufacturer or the supplier of equipment or services for the remedy for any defect in the goods or services. Uncle Sharkii reserves the right to change the list of approved suppliers from time-to-time, in its sole and absolute discretion.

Uncle Sharkii may receive payments and/or other compensation from approved suppliers in any form on account of such suppliers dealing with You and/or other franchisees, and Uncle Sharkii may use all amounts so received for any purpose Uncle Sharkii deems appropriate. You acknowledge and agree that Uncle Sharkii shall have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments, or benefits (collectively, "Allowances") offered by suppliers to You or to Uncle Sharkii or its affiliates based upon Your purchases of Proprietary Services, products and other goods and services. You assign to Uncle Sharkii or its designee all of Your right, title and interest in, and to any and all such Allowances and authorize Uncle Sharkii or its designee to collect and retain any or all such Allowances without restriction.

Uncle Sharkii may, from time-to-time, revoke its approval of particular items, services, products or suppliers if Uncle Sharkii determines, in its sole and absolute discretion. Upon receipt of notice

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of such revocation, You shall cease to offer, sell or use any disapproved item, products or services and You shall immediately cease to purchase from any disapproved supplier.

4. PAYMENTS BY FRANCHISEE

4.1 Franchise Fee

When You sign this Agreement, You shall pay Uncle Sharkii in cash or another form of payment that will make the funds immediately accessible to Uncle Sharkii, such as cashier's check or wire transfer, a franchise fee as sated on the Summary Page (the "Franchise Fee"). The Franchise Fee is not refundable.

4.2 Royalties

On the 15th of each month during the term of this Agreement, You shall pay Uncle Sharkii a continuing royalty fee in the amount of five and one-half percent (5.5%) of Gross Revenues for the preceding month.

4.3 Method and Application of Payments

You shall pay your continuing monthly royalties (including minimum royalties), advertising fees, and all other fees you are required to pay to Uncle Sharkii, in accordance with the procedures designated by Uncle Sharkii, which procedures Uncle Sharkii has the discretion to change at any time upon written notice to you. Payment of royalties and fees shall be made by electronic funds transfer or direct deposit.

At no time will You sell, encumber or assign any of Your revenue stream, which includes, but is not limited to, current or future customer charges, to any other party without the prior written consent of Uncle Sharkii.

Uncle Sharkii has the right to apply any payment it receives from You to any past due amount You owe to Uncle Sharkii regardless of how You indicate the payment is to be applied. Uncle Sharkii reserves the right to change the manner in which you pay any and all fees you are required to pay to Uncle Sharkii at any time upon written notice to you.

4.4 When Payments Begin

Your obligation to pay continuing monthly royalties (or minimum royalties) and other fees begins on the date Your Restaurant opens for business, or six (6) months from the Effective Date of this Agreement, whichever is sooner.

4.5 Audit

Uncle Sharkii has the right during normal working hours to audit Your books and records, including Your tax returns with respect to the Uncle Sharkii restaurant. If an audit discloses an underpayment of royalties, advertising, or other fees payable under this Agreement, You shall

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immediately pay these amounts to Uncle Sharkii, together with accrued interest on the amount underpaid in accordance with Section 6.9 of this Agreement. In addition, if the underpayment exceeds two percent (2%) of the total royalty, advertising, or other fee payable for any period covered under the audit, You shall reimburse Uncle Sharkii for all expenses actually incurred by Uncle Sharkii in connection with the audit, including reasonable attorneys' fees.

4.6 Consulting Fees and Costs

In addition to the periodic advisory assistance described in Section 5.3, optional consulting services may be made available to You by Uncle Sharkii on a per hour fee basis, at a rate determined by Uncle Sharkii, plus reimbursement of direct costs. You shall promptly pay such consulting fees and reimburse Uncle Sharkii for all incidental expenses incurred by Uncle Sharkii in rendering such consulting services, including, but not limited to, the cost of business class transportation, lodging, meals, and telephone, fax, and courier charges.

4.7 Transfer Fee

You shall pay to Uncle Sharkii a transfer fee of \$2,500 as a condition of, and prior to, any Transfer.

4.8 Interest on Late Payments

Any payment not received by Uncle Sharkii when due will bear interest at eighteen percent (18%) per year or at the highest rate allowed by applicable law on the date when payment is due, whichever is less. Interest charges on late payments are intended to partially compensate Uncle Sharkii for loss of use of the funds and for internal administrative costs resulting from late payment which would otherwise be difficult to measure precisely. The fact that such charges are imposed shall not be construed as a waiver of Uncle Sharkii right to timely payment.

4.9 Supplier and Product Evaluation Fee

If You would like to use alternative supplier for a product or service to be used in or sold at Your Uncle Sharkii restaurant (except in instances where we have designated a sole supplier of any product, item, good, equipment service or supplies), You must submit a Supplier and Product Evaluation Form (as set forth in Section 7.3.3) and may be required to pay a Supplier and Product Evaluation Fee. The current Supplier and Product Evaluation Fee is seven hundred fifty dollars (\$750) for each alternative supplier request You submit to Us. If a fee is required, it is due and payable upon submission of an alternative supplier request. It is not refundable under any circumstances. We may grant or deny any such request in our sole and absolute discretion.

4.10 Priority of Payments

All fees paid in accordance with this Section 6, inclusive, shall be paid on a preferred priority basis, before the payment of operating and capital expenditures, including, but not limited to, rent, vendors, suppliers, distributors, advertisers, salaries, commissions, and in advance of all distributions and remunerations by You to Your Operating Principal and/or Related Parties.

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5. OBLIGATIONS OF FRANCHISEE

5.1 Use of Trade Name and Marks

5.1.1 Permitted Use

You may use the Trade Name and Marks only in the operation of the Uncle Sharkii restaurant at the Approved Location in accordance with the terms and conditions of this Agreement and subject to the limitations specified by Uncle Sharkii in the Manual or otherwise in writing. **You shall not, under any circumstances, use the Trade Name or any of the Marks, including “Uncle Sharkii,” in any manner, in the name of your corporation, limited liability company, partnership or other legal entity.** You may not license any third party to use Uncle Sharkii’s Trade Name and Marks. You may not use the Trade Name or Marks on the internet, in any electronic advertising or social media, including but not limited to on Facebook®, Twitter®, Instagram®, YouTube® or other similar electronic advertising or social media without our prior written consent. You may not use any other trade name or marks at the Approved Location, or in connection with the Uncle Sharkii restaurant, without the express written consent and direction of Uncle Sharkii. You shall refrain from engaging in any action (or failing to take any action) that causes or could cause damage to the Marks, the System, or the goodwill associated with the Marks.

5.1.2 Changes in Trade Names and Marks

Uncle Sharkii has invested substantial time, energy, and money in the promotion and protection of its Trade Name and Marks as they exist on the Effective Date. However, You and Uncle Sharkii recognize that rights in intangible property such as the Trade Name and Marks are often difficult to establish and defend, and that changes in the cultural and economic environment within which the System operates or third-party challenges to Uncle Sharkii rights in the Marks may make changes in the Trade Name and Marks desirable or necessary. Uncle Sharkii therefore reserves the right to change its Trade Name and Marks (although it has no present intention to do so) and the specifications for each when Uncle Sharkii believes that such changes will benefit the Franchise Network. Uncle Sharkii will do this in a manner that minimizes cost to You. You agree that You shall promptly conform, at Your own expense, to any such changes.

5.1.3 Advertising Materials

You agree to submit to Uncle Sharkii copies of all advertising materials that You propose to use at least two weeks before the first time they are broadcast or published. Uncle Sharkii will review the materials within a reasonable time and will promptly notify You in writing as to whether it approves or rejects them. You agree that you must submit such submissions to the Franchisee approved Portal. Uncle Sharkii may not withhold its approval unreasonably. For purposes of this paragraph, advertising materials that differ from previously approved materials only in such variables as date or price will be considered to be previously approved. Even if Uncle Sharkii approves specified materials, it may later withdraw its approval in its sole and absolute discretion, including, without limitation, if it reasonably believes this is necessary to make the advertising conform to changes in the System or to correct unacceptable features of the advertising, including any misrepresentation in the advertising material.

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5.1.4 Legal Protection

You agree to notify Uncle Sharkii immediately in writing if You become aware of any unauthorized use of Uncle Sharkii's Trade Name, Marks, or System. You shall promptly notify Uncle Sharkii in writing of any claim, demand or suit against You or against Your principals. You shall promptly notify Uncle Sharkii in writing of any claim, demand or suit against You or against Your principals in connection with Your use of the Trade Name, Marks, or System. In any action or proceeding arising from or in connection with any such claim, demand, or suit, You agree that Uncle Sharkii may select legal counsel and has the right to control the proceedings. In certain cases, as described in Section 8.5 of this agreement, Uncle Sharkii will indemnify and hold You harmless.

5.2 Site Selection and Approval, Lease or Purchase of Location

5.2.1 Site Selection

You shall, on Your own initiative and at Your own expense, locate, obtain and occupy the site for the Uncle Sharkii restaurant within the Development Area stated on the Summary Page. The site shall be at least 300 square feet to a maximum of 1500 square feet and shall meet minimum demographic/geographic requirements, as described in the Manual, which vary by region. You are responsible for completing and submitting to Uncle Sharkii for review and approval the information and materials regarding your proposed site, which must be submitted via the Franchisee Portal. Uncle Sharkii will issue its preliminary approval or disapproval of your proposed site within 30 days after Uncle Sharkii has received all of the information and materials by issuing the Approved Location Addendum attached to the Agreement. Uncle Sharkii may not withhold its approval unreasonably. Uncle Sharkii will not be deemed to have withheld its approval unreasonably if the proposed site fails to meet Uncle Sharkii's then-current standards and specifications, as Uncle Sharkii determines in its sole and absolute discretion. If, after your submission to Uncle Sharkii of the necessary documents, Uncle Sharkii issues an approval of your proposed site (the "Approved Location") you shall submit a copy of the proposed lease for the Approved Location before you sign the lease.

5.2.2 Purchase or Lease of the Location

As stated above, You must lease, sublease or purchase the Approved Location by the Opening deadline as stated on the Summary Page. If you fail to do so, we have the right to immediately terminate this Agreement. We have the right, but not the obligation, to review the business terms of any lease, sublease, lease renewal or purchase contract for the Approved Location before You sign it. You must include all of the provisions set forth in the Lease Rider attached to this Agreement, along with any other provision we designate, in the lease agreement for the Approved Location. You shall not execute a lease, sublease, lease renewal or purchase agreement, or any modification to any lease, sublease or lease renewal, without first obtaining our written approval. If we disapprove of Your lease, sublease, lease renewal or purchase agreement, the Approved Location shall be deemed disapproved and you shall have no right to open or operate the Uncle Sharkii restaurant at such location. You are strongly advised to seek legal counsel to review,

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negotiate and evaluate the proposed lease for the Approved Location on Your behalf. You shall provide us with a fully-executed copy of the lease, sublease, lease renewal or purchase contract within five (5) business days following the date such agreement is fully executed.

5.3 Quality Control

5.3.1 Restaurant Construction and Opening

- (a) Plans and Specifications. Uncle Sharkii will provide you with its then-current generic, prototypical plans for a typical Uncle Sharkii restaurant, including a sample layout for the interior of a typical franchised location. You acknowledge that such plans and specifications shall not contain the requirements of any federal, state, or local law, code, or regulation (including, without limitation, those concerning the Americans with Disabilities Act (the “MUDA”) or similar rules governing public accommodations or commercial facilities for persons with disabilities), nor shall such plans contain the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build your Uncle Sharkii restaurant. It shall be Your sole and absolute responsibility to construct the Uncle Sharkii restaurant in accordance with all applicable laws, including the MUDA and local laws, rules and regulations governing public accommodations.
- (b) Adaption of Plans and Specifications. You shall, at Your sole cost and expense, employ architects, designers, engineers or others as may be necessary to complete, adapt, modify or substitute the sample plans and specifications to Uncle Sharkii prior to commencing construction of the Uncle Sharkii restaurant. Uncle Sharkii will review such plans and specifications and will approve or provide comments on the plans and specifications to You.
- (c) Uncle Sharkii’s Approval. You shall not commence construction of the Uncle Sharkii restaurant until Uncle Sharkii approves, in writing, the final plans and specifications to be used in constructing the Uncle Sharkii restaurant. Once the final plans are approved, You shall cause the Uncle Sharkii restaurant to be completed in full accordance therewith.
- (d) Alterations and Modifications. If Uncle Sharkii determines that the Uncle Sharkii restaurant is not being built, or was not built, in full accordance with the final plans, Uncle Sharkii shall have the right to require You to cause to be made all alterations or modifications of the Uncle Sharkii restaurant that Uncle Sharkii deems necessary. Uncle Sharkii may consult with You, to the extent Uncle Sharkii deems necessary, on the construction and equipping of the Uncle Sharkii restaurant, but it will be and remain Your sole responsibility to diligently design, construct, equip and otherwise ready and open the Uncle Sharkii restaurant.
- (e) Zoning and Permits. You shall be responsible, at your expense, for obtaining all zoning classifications, permits clearances, certificates of occupancy and Uncle

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Sharkii restaurant clearances which may be required by governmental authorities for the Uncle Sharkii restaurant.

- (f) **Insurance Coverage.** You shall obtain and maintain in force during the entire period of such construction, such insurance policies required under Your lease agreement, in addition to such policies and coverage amounts as Uncle Sharkii may designate in its sole discretion. Currently, you must have the following insurance at a minimum:
- Comprehensive general liability insurance with limits of at least One Million Dollars (\$1,000,000) per occurrence, and Two Million Dollars (\$2,000,000) general aggregate, and product liability insurance with limits of at least Two Million Dollars (\$2,000,000) general aggregate including the following coverages: personal injury (employee and contractual inclusion deleted); products/completed operation; damage to rented premises; and medical expenses. All such coverages insuring Franchisor and Franchisee against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from, or occurring in the course of, or on or about or otherwise relating to the Franchised Center. The required coverage amounts herein may be modified from time to time by Franchisor to reflect inflation or future experience with claims;
 - Employment Practices Liability Insurance including third party and wage and hour coverage with at least Two Hundred and Fifty Thousand (\$250,000) per occurrence and in aggregate;
 - Umbrella policy, with at least One Million Dollars (\$1,000,000) per occurrence ;
 - Property/Business interruption insurance on (i) all personal property covering the Franchised Center and Premises and contents thereof, including, without limitation, all supplies, inventory, fixtures, and equipment, containing a replacement value endorsement in an amount equal to the full replacement value thereof; and (ii) business interruption insurance for actual loss you sustain for twelve to twenty four (12-24) months, for the full replacement cost;
 - Automobile liability insurance including owned (if applicable), non-owned, and hired vehicle coverage (mandatory), and property damage liability, including owned, non-owned, and hired vehicle coverage, with at least One Million Dollars (\$1,000,000) combined single limit, and One Million Dollars (\$1,000,000) uninsured motorist; and One Million Dollars (\$1,000,000) underinsured motorist;

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- Worker's compensation and employer's liability insurance of \$1,000,000 / \$1,000,000 / \$1,000,000 as well as such other insurance as may be required by statute or rule of the state in which the Franchised Center is located and operated.
 - Builder's risk insurance that satisfies the standards and specifications set forth by Franchisor in the Manuals or otherwise in writing to cover any period(s) of renovation or construction at the Franchised Center.
- (g) Licensed Contractors. You shall use licensed general contractors, designers and architects in performing any and all construction work at the Uncle Sharkii restaurant, including in connection with any remodeling or renovations. Uncle Sharkii expressly disclaims any warranty of the quality or merchantability of any goods or services provided by architects, contractors or any other persons or entities to which Uncle Sharkii may refer You. Uncle Sharkii is not responsible for delays in the construction, equipping or decoration of any Uncle Sharkii restaurant, or for any loss resulting from the Uncle Sharkii restaurant design or construction. You acknowledge that Uncle Sharkii has no control over the landlord or developer, and numerous construction and/or related problems that could occur and delay the opening of the Uncle Sharkii restaurant.
- (h) Uncle Sharkii Access to Restaurant and Progress Reports. Uncle Sharkii shall have access to the Uncle Sharkii restaurant at all times during the Term, including while work is in progress and may require alterations or modifications of the construction of the Uncle Sharkii restaurant that Uncle Sharkii deems necessary to ensure brand uniformity and system standard compliance.
- (i) Final Inspection, Approval. You shall promptly notify Uncle Sharkii of the date of completion of the construction of the Uncle Sharkii restaurant. Uncle Sharkii shall have the right to conduct a final inspection of the Uncle Sharkii restaurant. You shall not open the Uncle Sharkii restaurant for business without the express written authorization of Uncle Sharkii, and Uncle Sharkii's authorization to open may be conditioned upon your strict compliance with the specifications of the approved final plans and with the standards of the System.
- (j) Installation of Equipment, Furnishings, Fixtures, and Signs/Décor.
- i. You shall install and use in and about the Uncle Sharkii restaurant only such equipment, fixtures, furnishings, interior and exterior signage, and other personal property, which strictly conforms to the appearance, uniform standards, specifications and procedures of Uncle Sharkii and the System, as may be revised from time-to-time in Uncle Sharkii's sole discretion. Such items are sometimes referred to herein collectively as "Equipment and Furnishings." You shall purchase and install all Equipment and Furnishings only from those suppliers Uncle Sharkii designates or approves in its sole discretion, including affiliates of Uncle Sharkii. Uncle Sharkii shall have

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the right to retain any rebates or incentives offered by such vendors or suppliers. Uncle Sharkii reserves the right to be one of, or the sole, supplier of any Equipment and Furnishings and may derive revenue, benefits, or other material consideration from such purchases. Uncle Sharkii shall have the right to inspect and approve all Equipment and Furnishings and their installation to ensure your compliance with Uncle Sharkii's System Standards and Specifications.

- ii. You agree that all decor of the Uncle Sharkii restaurant must be previously approved by Uncle Sharkii and must comply with Uncle Sharkii's standards, as described in the Manual or in other written communications Uncle Sharkii provides to you, which may be periodically revised. Uncle Sharkii shall be deemed to be the owner of all copyrights in and to all forms of art or other visual media displayed in the Restaurant, including pictures, drawings photographs and items that Uncle Sharkii directs you to display (the "Art"), as well as all intellectual property rights in and to the Art. You shall not, without Uncle Sharkii's prior written consent, allow any of the Art to become a fixture of Your Uncle Sharkii restaurant and You shall not display or use the Art in any other business. Your failure to maintain your Uncle Sharkii restaurant's decor in compliance with Uncle Sharkii's specifications and standards described in the Manual or otherwise constitutes a material breach of this Agreement.
- (k) **Completion and Opening Requirements.** You shall complete construction of the Uncle Sharkii restaurant (including all exterior and interior carpentry, electrical painting, and finishing work, and installation of all furniture, fixtures, equipment, and signs) in accordance with the plans approved in writing by Uncle Sharkii, at your expense and open the Uncle Sharkii restaurant to the public no later than one hundred and twenty (120) days after the Effective Date (the "Required Opening Date"). Time is of the essence. You may not open the Uncle Sharkii restaurant to the public until Uncle Sharkii issues a written approval authorizing your opening. Uncle Sharkii will not issue its approval, and you will be prohibited from opening the Restaurant, if (a) the Restaurant has not been constructed and equipped in accordance with Uncle Sharkii's standards and specifications, (b) you fail to successfully complete initial training, or (c) in view of Uncle Sharkii's management, Uncle Sharkii determines you and your employees are not prepared to open.

Opening without Uncle Sharkii's written certification that You are prepared to do so is a material breach of this Agreement and constitutes infringement on Uncle Sharkii's intellectual property rights, justifying injunctive relief and termination of this Agreement. Your success will depend on a number of factors, including general economic conditions and Your skill and hard work which are not within Uncle Sharkii control.

5.3.2 Compliance with Manual

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You shall operate Your Uncle Sharkii restaurant in complete compliance with the standards and specifications, as set forth in the Manual, or otherwise in writing. Uncle Sharkii may make changes to any of these standards and specifications, at any time, in Uncle Sharkii's sole and absolute discretion. Such changes may necessitate the purchase of equipment, supplies furnishings or other goods, completion of additional training by Your employees, remodeling of the Uncle Sharkii restaurant, or other cost to You. You shall promptly conform to the modified standards and specifications at Your own expense. You shall, at all times, keep Your copy of the Manual current (by, for example, inserting in it revised pages given to You by Uncle Sharkii and deleting superseded pages, or downloading from Uncle Sharkii's website, the current version of the Manual upon notification of any revision to the Manual). If there is any dispute as to the requirements of the Manual at any point in time, the terms of the master copy of the Manual maintained by Uncle Sharkii will control.

You shall at all times treat the Manual, any other manuals created for or approved for use in the operation of the Uncle Sharkii restaurant, and the information contained therein as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. Except for those portions of the Manual that Uncle Sharkii designates, in writing, as appropriate for copying and use at the Uncle Sharkii restaurant, You shall not, at any time, copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any third party without our prior written consent.

5.3.3 Required Products and Services

You must offer all of the products and services we designate. We have the right to modify these items from time-to-time, at our sole discretion. You may not offer or sell any other product or service without our prior written consent. You must use the proprietary and nonproprietary techniques, materials and supplies we designate in the Manual. You must provide all services (including Proprietary Services) in accordance with the standards and specifications set forth in the Manual. You must, at all times, maintain sufficient staff, materials and supplies to meet reasonably anticipated customer demand.

- (a) Approved Suppliers. We have the absolute right to limit the suppliers with whom you may deal. We may require you to purchase certain items, products, services, signs, furnishings, supplies, fixtures and equipment from us or distributors we have approved. Unless we specify otherwise in writing, you may be required to purchase all goods, items, products, equipment and services required for the development and operation of the Restaurant from our approved or designated suppliers. We have the right to designate one supplier for any given item or service. We may provide you with a list of suppliers, which list may change over time. While the suppliers included on this list may be mandated, approved and/or recommended, we reserve the right to change this list, from time-to-time, in our sole discretion. Notifications of changes to the approved suppliers list will be communicated to you through changes to the Manual or other written communications, including via electronic mail. We may revoke approval of suppliers in our sole and absolute discretion, at any time, upon written notice. We may become an approved supplier,

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and/or the only supplier, for any item, product, good and/or service at any time. We reserve the right to own an interest in any entity that will act as an approved supplier for any or all products and services You will use, offer and/or sell in the Uncle Sharkii restaurant.

- (b) Right to Derive Income. We may derive income, consideration payments and other benefits on account of your purchase or lease of any products, services, supplies, equipment and/or other items from us or any supplier, including approved suppliers and/or designated suppliers. This income may be derived in any form, including as a rebate from various suppliers based on the quantity of System franchisee purchases. We may use these benefits for any purpose we deem appropriate. We are not obligated to remit any benefits to you and reserve the right to retain all such benefits.
- (c) Alternative Suppliers. If you want to purchase any item, product service, goods, equipment or supplies from a supplier or distributor who is not on our approved list, you may request our approval of the supplier or distributor (except in instances where we have designated a sole supplier of any product, item good, equipment, service or supplies), which we may grant or deny in our sole and absolute discretion. The proposed supplier's or distributor's product or service, as applicable, must conform in every respect to our standards and specifications, and the supplier or distributor must have a good business reputation and be able and willing to provide sufficient quantities of the product and adequate service to you. The supplier or distributor must also provide us with any information we request in order to analyze the supplier's or distributor's suitability, and the composition and conformity of the product to our standards. This evaluation may include a sampling of the product at either the supplier's/distributor's or our place of business as we may designate. Where appropriate, we may require the supplier or distributor to provide us with product liability insurance. All suppliers and distributors must agree to provide us with reports concerning all purchases by you or other franchisees. You may be required to pay us a Supplier and Product Evaluation Fee of not more than seven hundred fifty dollars (\$750) for each alternative supplier request You submit to Us. We cannot predict with any certainty how long any evaluation will take, however, we will attempt to complete our evaluation within thirty (30) days. Upon the completion of our evaluation, we will inform you of our approval or disapproval of your request. If we approve the supplier or distributor, the supplier or distributor is added to our approved list, however, our approval of a supplier or distributor relates only to the item or product line evaluated and specifically approved by us.

Our standards, specifications and other criteria, for supplier or distributor approval have been developed by us, our affiliates, and/or or principals through the expenditure of extensive work and time, and are considered confidential information. Therefore, we do not make our standards and specifications or our other criteria for supplier or distributor approval available to you or suppliers.

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- (d) Modifications. We may modify our specifications and standards for any item or revoke our approval of any supplier or distributor who fails to adhere to our quality standards or other requirements. We may limit the number of potential suppliers that we consider for approval and, for some categories of products, we may designate a third-party or ourselves as an exclusive supplier.

NEITHER UNCLE SHARKII, ITS PARENTS OR AFFILIATES, MAKE ANY EXPRESS OR IMPLIED WARRANTIES REGARDING ANY ITEM OR SERVICE, AND UNCLE SHARKII AND ITS AFFILIATES EXCLUDE (AND EXPRESSLY DISCLAIM) ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, except as set forth in a particular written warranty, if any, provided in connection with a particular item or service.

- (e) Further Restrictions. You shall not offer or sell any product, item or service we have not designated or expressly approved in writing without our prior written consent, which may be granted or withheld in our sole and absolute discretion. We reserve the right to sell products and services to you for a profit.
- (f) Purchasing Programs, Promotional Programs. We may establish national or regional purchasing programs for the purpose of negotiating purchases of certain products and/or services from approved or designated suppliers. The purchasing programs may (but are not required to) benefit you by reducing prices, increasing reliability in supply, improving distribution, and establishing consistent pricing for reasonable periods to avoid market fluctuations. If a national and/or regional purchasing program is established for the region where your Franchised Business is located, you must participate in the program.
- (g) Pricing. You must offer all Proprietary Services, products and services that we designate. We reserve the right to prohibit you from charging prices lower than our published prices for any service or item, to the maximum extent allowed by applicable law. We may also suggest pricing to you from time-to-time. We may change the types of authorized goods and services, and the prices for authorized goods and services sold by You in our sole discretion. There are no limitations on our right to make changes.

5.3.4 Inspections.

In an effort to advance the protection and enhancement of the Uncle Sharkii brand and the Marks, Uncle Sharkii and/or its designated agents or representatives may conduct periodic quality control and records inspections of the Uncle Sharkii restaurant at any time during the Term. Inspections may be made with or without prior notice. Without limiting the foregoing, you grant Uncle Sharkii and its agents the right to: (a) enter upon the Uncle Sharkii restaurant premises for the purpose of conducting inspections, and you shall cooperate with Uncle Sharkii representatives in such inspections by rendering such assistance as they may reasonably request; (b) photograph your Uncle Sharkii restaurant and observe and record video of your Restaurant's operation for

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consecutive or intermittent periods as Uncle Sharkii deems necessary; (c) interview your personnel and customers; and (d) inspect and copy any books records and documents related to your Uncle Sharkii restaurant's operation. You shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. If any inspection reveals that you are not in compliance with any provision of this Agreement, the Manual, or any of Uncle Sharkii's standards and/or specifications, you shall be deemed in breach of your obligations under this Agreement and Uncle Sharkii shall have the right to terminate this Agreement as provided under Section 10.2 of this Agreement, if you fail to cure the breach before the expiration of all applicable notice and cure periods. You further agree that You will reimburse Uncle Sharkii for its representative's time and travel expenses if an additional inspection at the Uncle Sharkii restaurant is required when a violation has occurred, and You have not corrected the violation.

5.3.5 Customer Satisfaction

You must present customers with such evaluation cards or forms as the Franchisor may periodically prescribe, for return by the customers to Uncle Sharkii. If Your scores from the customer response forms do not meet Uncle Sharkii's then-current standards, as may be described in the Manual, Uncle Sharkii may suggest ways in which You can improve Your scores. If You do not take immediate, effective steps to bring Your operation into conformity with Uncle Sharkii's standards, Your failure to do so will constitute a material breach of this Agreement, and You shall be subject to termination pursuant to Section 10.2.

You shall respond to all customer complaints, suggestions and the like via e-mail, telephone, or regular mail within 48 hours of submission by the customer or prospective customer.

You shall install a video and/or security system, in a manner we deem acceptable, in our sole discretion, and shall provide Uncle Sharkii with access to view the video at any time.

5.3.6 Maintenance Requirements

All equipment repairs shall be completed within seventy-two (72) hours. Any damaged or "worn" equipment shall be repaired (reupholstered, etc.) every six months, or as needed. Interior walls of common areas shall be painted or "touched up" every six months, or as needed. You shall maintain the Uncle Sharkii restaurant in accordance with the requirements set forth in the Manual. From time-to-time, Uncle Sharkii may require You to remodel all or part of the Uncle Sharkii restaurant and purchase new equipment furniture, fixtures, signs and other such items as Uncle Sharkii designates in its sole discretion. You must promptly, at Your own cost and expense, remodel, refurbish, and improve the Uncle Sharkii restaurant as instructed by Uncle Sharkii.

5.3.7 Notification of Complaints

You shall notify Uncle Sharkii promptly if You are served with a complaint or demand in any legal proceeding that is in any way related to the Uncle Sharkii restaurant or if You become aware that You are the subject of any complaint to or investigation by a governmental agency, governmental licensing authority, or consumer protection agency. You shall notify Uncle Sharkii immediately upon receipt of any notice of a breach of the lease agreement for the premises of the Uncle Sharkii

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restaurant. You must notify Uncle Sharkii of any claim arising from or affecting the financial condition of your Uncle Sharkii restaurant.

5.3.8 Computer System Requirements

You shall purchase and maintain a computer and point-of-sale system, as designated by Uncle Sharkii (the “POS System”), to be used in the operation of the Uncle Sharkii restaurant and for reporting purposes. You shall comply with the following provisions relating to the POS System:

- (a) You shall update and upgrade the POS System as designed by Uncle Sharkii. Uncle Sharkii may require you to enter into a separate maintenance and/or support agreement for your POS System, at any time, at your sole cost and expense;
- (b) You shall record all sales at or from the Uncle Sharkii restaurant at the time of sale, in accordance with Uncle Sharkii’s procedures, on the POS System;
- (c) You shall comply with such requirements determined by Uncle Sharkii, from time-to-time, regarding maintenance, training, storage and safeguarding of data, records, reports, and other matters relative to the POS System; and
- (d) Uncle Sharkii has the right to independently access any and all information on your POS System, at any time, without first notifying you. Without limiting the generality of the foregoing, you shall, at your sole cost and expense, permit Uncle Sharkii immediate access to your POS System, electronically or otherwise, at all times, without prior notice to you. Uncle Sharkii shall have the right to use the information accessed on the POS System in any manner Uncle Sharkii determines, including the right to use any and all such information in Uncle Sharkii’s Franchise Disclosure Document, and to share financial statements, including profit and loss statements, with other System franchisees.

UNCLE SHARKII MAKES NO WARRANTY OF ANY KIND, WHETHER EXPRESS OR IMPLIED, WITH REGARD TO ANY THIRD PARTY MATERIALS. UNCLE SHARKII DISCLAIMS ANY AND ALL WARRANTIES RELATED TO THE COMPUTER SYSTEM, WHETHER EXPRESS OR IMPLIED, WRITTEN OR ORAL, INCLUDING BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, INTEROPERABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, QUIET ENJOYMENT, OR THOSE ARISING FROM TRADE USAGE OR COURSE OF DEALING. UNCLE SHARKII DOES NOT WARRANT THAT THE COMPUTER SYSTEM WILL BE FREE FROM DEFECTS OR THAT USE OF THE COMPUTER SYSTEM WILL BE UNINTERRUPTED OR ERROR FREE.

IN NO EVENT WILL UNCLE SHARKII BE LIABLE FOR ANY INDIRECT, CONSEQUENTIAL, INCIDENTAL SPECIAL OR PUNITIVE DAMAGES (INCLUDING WITHOUT LIMITATION, ANY DAMAGES ASSOCIATED WITH LOSS OF USE,

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INTERRUPTION OF BUSINESS, LOSS OF DATA OR LOSS OF PROFITS) ARISING OUT OF OR IN ANY WAY RELATED TO THE COMPUTER SYSTEM OR ITS USE.

5.3.9 Data Security

You shall use your best efforts to protect your customers against any and all data breaches and cyber-events, including, without limitation, identity theft or theft of personal information (a “Data Security Breach”). If a Data Security Breach occurs, in the interest of protecting the goodwill associated with the Uncle Sharkii brand and franchise system, Uncle Sharkii hereby reserves the right to (but does not undertake the obligation to) directly or through its designee, perform or control any and all aspects of the response to such Data Security Breach, including, without limitation, the investigation, containment and resolution of the event and all communications with the franchise system, vendors and suppliers, customers, law enforcement agencies, regulatory authorities and the general public. You hereby acknowledge and agree that a Data Security Breach and/or any response to a Data Security Breach may impact operations of the Restaurant, including, without limitation, interruption in operations. You hereby acknowledge and agree that neither Uncle Sharkii nor any of its parents, affiliates, subsidiaries, owners, officers, directors, or employees shall be liable to You for any damages arising out of or resulting from any Data Security Breach or any action or inaction in response to a Data Security Breach. You shall at all times be compliant with all Payment Card Industry Data Security Standards, any and all requirements imposed by all applicable payment processors and payment networks, including credit card and debit card processors, and any and all state and federal laws, rules and regulations relating to data privacy, data security and security breaches. You hereby acknowledge and agree that if Uncle Sharkii engages or designates a third party service provider to administer a data security program, you will be required to comply with the requirements of such service provider. It is your responsibility to ensure that you operate the Restaurant at all times in compliance with all aforementioned laws, rules, regulations and requirements and you are strongly encouraged to engage legal, and data security professionals, including insurance providers to ensure your full compliance and adequate protection.

5.4 Management and Personnel

You are not required to devote a minimum number of hours to the management and operation of Your Uncle Sharkii restaurant. However, another employee who has successfully completed Uncle Sharkii initial training program shall be present at the Restaurant whenever the Uncle Sharkii restaurant is open for business. You shall maintain, at all times, a staff of competent conscientious and trained employees sufficient to operate the Uncle Sharkii restaurant in compliance with Uncle Sharkii’s standards. Uncle Sharkii does not direct or control labor or employment matters for You or Your employees, or for any of Uncle Sharkii’s franchisees and/or their employees. Uncle Sharkii may make suggestions and may provide guidance relating to such matters; however it is entirely Your responsibility to determine whether to adopt, follow and/or implement any of our suggestions or guidance. Notwithstanding anything contained in this Agreement to the contrary, mandatory specifications, standards and operating procedures including as set forth in any manual, do not include the terms or conditions of employment for any of your employees, nor do they include mandated or required personnel policies or procedures.

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5.5 Advertising

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

5.5.1 Grand Opening

You shall spend at least one-thousand dollars(\$1000) on a grand opening advertising program conducted in accordance with the guidelines for such a program in the Manual, in addition to Your regular monthly Local Advertising pursuant to Section 7.6.2 of this Agreement. Such grand opening spend must occur within two (2) weeks of the opening of Your Uncle Sharkii restaurant.

5.5.2 Local Advertising

You shall spend at least two hundred dollars (\$200) per month on local marketing, advertising and promotion in such manner as Uncle Sharkii may, in its sole discretion, direct in the Manual or otherwise in writing from time-to-time. Upon Uncle Sharkii's request, You shall provide satisfactory evidence of its local advertising and promotion expenditures in such manner as Uncle Sharkii shall direct in the manual or otherwise in writing from time-to-time.

5.5.3 Brand Fund Contribution

You shall pay to Uncle Sharkii 1% of your Gross Revenues to contribute to the expense of regional advertising, marketing and promotion undertaken by Uncle Sharkii for the benefit of the System in accordance with the manual or as otherwise stated in writing from time-to-time.

5.5.4 Websites

Unless otherwise approved in writing by Uncle Sharkii, You shall not establish a separate Website. However, Uncle Sharkii shall have the right to require that You have one or more references or webpage(s), as designated and approved in advance by Uncle Sharkii, within Uncle Sharkii's principal Website(s), which is currently www.unclesharkii.com & <https://www.unclesharkiipokebarfranchise.com/> ("Our Website"). The term "Website" means an interactive electronic document contained in a network of computers linked by communications software, commonly referred to as the Internet or World Wide Web, including, but not limited to, any account, page, or other presence on a social or business networking media site, such as Facebook, Twitter, Linked In, and on-line blogs and forums ("Networking Media Sites"). Uncle Sharkii shall have the right to require that You not have any Website other than the webpage(s), if any, made available on Our Website.

5.5.4.1 Uncle Sharkii Website

Uncle Sharkii may approve a separate Website for You (which Uncle Sharkii is not obligated to approve; and which approval, if granted, may later be revoked by Uncle Sharkii) subject to the conditions set forth in this Section 7.5.4.1:

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- (a) You specifically acknowledge and agree that any Website owned or maintained by or for the benefit of You shall be subject to Uncle Sharkii's prior review and approval;
- (b) Any expenditures by You in connection with any Website shall not count towards fulfilling Your advertising obligations under this Section 7 of the Agreement;
- (c) Before establishing any Website, You shall submit to Uncle Sharkii, for Uncle Sharkii's prior written approval, a sample of the proposed Website domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including, without limitation, meta tags) in the form and manner Uncle Sharkii may reasonably require;
- (d) Uncle Sharkii may designate a single vendor or supplier for the purposes of assisting You in creating Your Website;
- (e) If approved, You shall not subsequently modify such Website without Uncle Sharkii's prior written approval as to such proposed modification;
- (f) You shall comply with the standards and specifications for Websites that Uncle Sharkii may periodically prescribe in the Manual or otherwise in writing;
- (g) If required by Uncle Sharkii, You shall establish such hyperlinks to Uncle Sharkii's Website and other Websites as Uncle Sharkii may request in writing; and
- (h) You shall not make any posting or other contribution to a Networking Media Site relating to Uncle Sharkii, the System, the Proprietary Marks, or the Franchised Business that: (i) is derogatory, disparaging, or critical of Uncle Sharkii; (ii) is offensive, inflammatory, or indecent; (iii) harms the goodwill and public image of the System and/or the Proprietary Marks; or (iv) violates Uncle Sharkii's policies relating to the use of Networking Media Sites.

5.5.4.2 Changes to Technology

You acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, You agree that Uncle Sharkii shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and You agree that You shall abide by those reasonable new standards established by Uncle Sharkii as if this Agreement were periodically revised by Uncle Sharkii for that purpose.

5.5.5 Advertising Cooperative

Uncle Sharkii shall have the right, in its sole discretion, to designate any geographic area for purposes of establishing a regional advertising and promotional cooperative (the "Cooperative"),

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and to determine whether a Cooperative is applicable to Your Approved Location. If a Cooperative has been established in Your area prior to opening the Restaurant, You shall become a member of the Cooperative no later than thirty (30) days after opening the Restaurant. If a Cooperative is established subsequent to Your opening of the Restaurant, You shall become a member of the Cooperative no later than thirty (30) days after the date on which the cooperative commences operation. If the Restaurant is within the territory of more than one Cooperative, You shall not be required to be a member of more than one Cooperative. We reserve the right to require you to contribute a portion of Your local advertising budget to the Cooperative.

5.5.6 Signs

You shall permanently display, at Your own expense, in Your Uncle Sharkii restaurant and on your vehicle to be used in the operation of the franchised business, Uncle Sharkii signs of any nature, form, color, number, location and size, and containing any legends, that Uncle Sharkii has designated in the Manual or otherwise in writing. Uncle Sharkii has the right to require you to change, modify, update upgrade and/or change any and all signs used in connection with the operation of your Uncle Sharkii restaurant at any time upon written notice to you.

5.5.7 Marketing Materials

All marketing and promotion by You shall be in such media and of such type and format as Uncle Sharkii may approve, shall be conducted in a dignified manner and shall conform to such standards and requirements as Uncle Sharkii may specify. You shall not use any advertising or promotional plans or materials unless and until You have received written approval from Uncle Sharkii. You shall provide satisfactory evidence of Your local advertising and promotion expenditures in such a manner as Uncle Sharkii shall direct in the Manual or otherwise in writing from time-to-time. Uncle Sharkii may make available to You, from time-to-time, at Your expense, such promotional materials, including newspaper mats, coupons, merchandising materials, point-of-purchase materials, special promotions, and similar advertising and promotional materials.

5.5.8 Promotions

You acknowledge that periodic rebates, give-a-ways, and other promotions and programs are an integral part of the System. Accordingly, You, at your sole cost and expense, shall, from time-to-time, issue and offer such rebates, give-a-ways, and promotions, in accordance with any reasonable advertising programs established by Uncle Sharkii, and shall further honor such rebates, give-a-ways, and promotions, issued by Uncle Sharkii, as long as all of the above does not contravene regulations and laws of appropriate government agencies.

5.5.9 Telephone Directories

You shall, at your sole expense, obtain listings in the white and yellow pages of local telephone directories. You shall comply with Uncle Sharkii's specifications concerning the form and size of such listings, and the number of directories in which such listings will be placed. Additionally, You are required to obtain listings and/or advertise with Uncle Sharkii and other franchisees of the System on electronic yellow pages directories and other online directories as Uncle Sharkii may

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designate in the Manual or otherwise in writing. Uncle Sharkii reserves the right to place, and subsequently remove or modify, such online listings and advertisements on Your behalf, For any listings or advertisement posted or on behalf of You, You shall promptly pay, upon demand by Uncle Sharkii, Your *pro rata* share of the costs of such listings or advertisements.

5.5.10 Franchise Advisory Council

Uncle Sharkii shall have the right, in its discretion, to require the establishment of a franchise advisory council (the “Advisory Council”). In the event such Advisory Council is established, You shall participate actively in the Advisory Council as Uncle Sharkii designates and participate in all Advisory Council meetings approved by Uncle Sharkii. Uncle Sharkii reserves the right to prepare and amend the governing documents for the Advisory Council from time-to-time, in its sole discretion, at any time. Uncle Sharkii, in its sole discretion, will determine the topic areas to be considered by the Advisory Council. The purpose of the Advisory Council shall include, but is not limited to, exchanging ideas and problem-solving methods, advising Uncle Sharkii on expenditures for system-wide advertising, and coordinating franchisee efforts. Amounts and expenditures may vary from time-to-time due to variations in Advisory Council participation and costs, as determined by the Advisory Council, and as approved by Uncle Sharkii. Uncle Sharkii shall have the right to form, change, or dissolve an Advisory Council at any time in its sole discretion.

5.6 Financial Information

5.6.1 Records

You shall record all sales and all receipts of revenue on individual serial-numbered receipts. Bank Deposits must validate all receipts. You shall retain daily sales reporting forms and accompanying records for at least three (3) years after the date of sale (or for a longer period if required by state or local law). You shall retain all other records and receipts used in the ordinary course of business. You shall furnish all records to Uncle Sharkii upon request.

5.6.2 Reports

You shall submit to Uncle Sharkii, on or before the fifth (5th) day following the end of each month, financial reports on the income and expenses of the Uncle Sharkii restaurant in the format specified in the Manual. You shall also submit to Uncle Sharkii, at the time of filing, copies of all federal state and local income, sales, and property tax returns. Uncle Sharkii will use this data to confirm that You are complying with Your obligations under this Agreement, and to formulate earnings and expense information for possible disclosure to prospective franchisees. In addition to the foregoing, on or before the fifth (5th) day following the end of each month, you shall submit proof of payment for any leasehold rental obligations, sales tax, and payroll taxes.

5.7 Insurance

5.7.1 Minimum Insurance Requirements

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You shall procure, prior to the commencement of any activities or operations under 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, Uncle Sharkii, and their respective officers, directors, partners, agents and employees against any demand or claim with respect to personal injury, death or property damage, business interruption, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Restaurant, including, but not limited to, comprehensive general liability insurance, property insurance (including, but not limited to, fire, vandalism, and malicious mischief insurance for the replacement value of the Uncle Sharkii restaurant and its contents), casualty insurance, business interruption insurance, statutory workers' compensation insurance, employer's liability insurance, product liability insurance, and automobile insurance coverage for all vehicles used in connection with the operation of Restaurant, if applicable. Such policy or policies shall be written by a responsible carrier or carriers acceptable to Uncle Sharkii, shall name Uncle Sharkii and its subsidiaries and affiliates as additional insureds, shall provide for Uncle Sharkii to receive notice upon cancellation or any event of default, including non-payment, and shall provide at least the types and minimum amounts of coverage specified in the Manual. Uncle Sharkii shall have the right, from time-to-time, to make such changes in minimum policy limits and endorsements in the Manual or otherwise in writing as it may determine in its reasonable discretion.

5.7.2 Non-Waiver

Your obligation to obtain and maintain the policy or policies in the amounts specified in the Manual shall not be limited in any way by reason of any insurance that may be maintained by Uncle Sharkii, nor shall Your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 8.5 of this Agreement.

5.7.3 Franchisor Entitled to Recover

All public liability and property damage policies shall contain a provision that Uncle Sharkii, although not named as an insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to Uncle Sharkii or its agents or employees by reason of the negligence of You or your agents or employees.

5.7.4 Certificates of Insurance

Prior to the commencement of any operations under this Agreement, and thereafter at least thirty (30) days prior to the expiration of any policy, You shall deliver to Uncle Sharkii Certificates of Insurance evidencing the proper types and minimum amounts of coverage. All Certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given Uncle Sharkii in the event of material alteration to or cancellation of the coverages evidenced by such Certificates.

5.7.5 Right to Procure Insurance

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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 Uncle Sharkii in the Manual or otherwise in writing, Uncle Sharkii shall have the right and authority (but not the obligation) to procure and maintain such insurance in Your name and to charge same to You, which charges, together with Our reasonable expenses in so acting, shall be payable by You immediately upon notice. The foregoing remedies shall be in addition to any other remedies Uncle Sharkii may have under this Agreement, or at law or in equity.

5.8 Financial and Legal Responsibility

5.8.1 Compliance with Law

You shall comply with all federal, state and local laws and regulations pertaining directly or indirectly to the Uncle Sharkii restaurant. You shall keep current and legally compliant all licenses, permits, bonds, contracts, and deposits made to or required by any government agency in connection with the operation of the Uncle Sharkii restaurant. You are responsible for compliance with all requirements imposed by applicable law rule, or regulation.

5.8.2 Payment of Indebtedness

You shall pay promptly when due all taxes and debts that You incur in the conduct of Your business. Except in connection with the financing of the initial development of the Restaurant, including your obtainment of any SBA financing, the Uncle Sharkii restaurant and all assets and equipment used in connection with the operation of the Uncle Sharkii restaurant shall remain free and clear of any pledge, mortgage, hypothecation, lien, charge, encumbrance, security interest or purchase right or options unless approved by Uncle Sharkii in writing. The Restaurant revenues, including Gross Revenues and if You are a partnership, corporation, or limited liability company, each of your Owners' interest in the franchisee entity, shall be and remain free and clear of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or options, unless approved by Uncle Sharkii in writing.

5.9 Franchised Business Operations

You shall use the Restaurant solely for the operation of the business franchised hereunder; shall keep the Restaurant open and in normal operation for such minimum hours and days as Uncle Sharkii may specify in the Manual or otherwise directs from time-to-time; shall refrain from using or permitting the use of the Restaurant for any other purpose or activity at any time without first obtaining the written consent of Uncle Sharkii; and shall operate the Restaurant in strict conformity with such methods, standards, and specifications as Uncle Sharkii may, from time-to-time, prescribe in the Manual or otherwise in writing. You shall refrain from deviating from such standards, specifications, and procedures without Uncle Sharkii's prior written consent.

6. RELATIONSHIP OF PARTIES

6.1 Interest in Marks and System

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You expressly understand and acknowledge that:

- (a) Uncle Sharkii (or its affiliate(s)) is the owner of all rights, title and interest in and to the Marks and the goodwill associated with and symbolized by them;
- (b) The Marks are valid and serve to identify the System and those who are authorized to operate under the System;
- (c) Neither You nor any principal of You shall directly or indirectly contest the validity of Uncle Sharkii's ownership of the Marks, nor shall You directly or indirectly, seek to register the Marks with any government agency;
- (d) Your use of the Marks does not give You any ownership interest or other interest in or to the Marks, except the licensure granted by this Agreement;
- (e) Any and all goodwill arising from Your use of the Marks shall inure solely and exclusively to Uncle Sharkii's benefit, and upon expiration or termination of this Agreement, and the license herein granted, no monetary amount shall be assigned or attributable to any goodwill associated with Your use of the System or the Marks; and
- (f) The right and license of the Marks granted hereunder to You is non-exclusive, and Uncle Sharkii thus has and retains the rights, among others:
 - i. to use the Marks itself in connection with selling services, products and other;
 - ii. to grant other licenses for the Marks, in addition to those licenses already granted to existing franchisees;
 - iii. to develop and establish other systems using the same or similar Marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to You; and
 - iv. to, from time-to-time, modify or delete existing Marks upon notice to You. You have absolutely no right to use any specific deleted mark owned or controlled by Uncle Sharkii or its Affiliates.

6.2 Independent Status

It is expressly agreed that the parties intend by this Agreement to establish between you and Uncle Sharkii the relationship of franchisee and franchisor. It is further agreed that you have no authority to create or assume in Uncle Sharkii's name or on Uncle Sharkii's behalf any obligation express or implied or to act or purport to act as agent or representative on our behalf for any purpose whatsoever. Neither you nor Uncle Sharkii is the employer, employee, agent, partner,

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fiduciary or co-venturer, of or with the other, each being independent. All employees and agents hired or engaged by or working for you will be only the employees or agents of yours and will not, for any purpose be deemed employees or agents of Uncle Sharkii nor subject to Uncle Sharkii's control. Uncle Sharkii has no authority to exercise control over the hiring or termination of your employees, independent contractors, agents or others who work for you, their compensation, working hours or conditions, or their day-to-day activities, except to the extent necessary to protect the brand and the Marks. You shall file your own tax, regulatory and payroll reports with respect to your employees, agents and contractors, and you shall save, indemnify and hold Uncle Sharkii and its parents, affiliates, owners, officers, directors and subsidiaries harmless from any and all liability, costs and expenses, of any nature, that any such party incurs related to these obligations. You shall, in all respects, be an independent contractor and nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint-venturer, joint-employer, partner, employee or servant of the other for any purpose whatsoever. Without limiting the foregoing, You are an independent legal entity and must make this fact clear in Your dealings with suppliers, lessors, government agencies, employees, customers and others. You and Uncle Sharkii are completely separate entities and are not fiduciaries, partners joint-venturers, or agents of the other in any sense, and neither party has the right to bind the other. No act or assistance by either party to the other pursuant to this Agreement may be construed to alter this relationship. You are solely responsible for compliance with all federal, state, and local laws rules and regulations, and for complying with Uncle Sharkii policies, practices, and decisions relating to the operation of the Uncle Sharkii restaurant. You shall rely on Your own knowledge and judgment in making business decisions, subject only to the requirements of this Agreement and the Manual. You may not expressly or implicitly hold Yourself out as an employee, partner, shareholder, member, joint-venturer or representative of Uncle Sharkii, nor may You expressly or implicitly state or suggest that You have the right or power to bind Uncle Sharkii, or to incur any liability on Uncle Sharkii's behalf. You may not use the Trade Name or Marks as part of Your corporate name limited liability company name or limited partnership name. There is no fiduciary duty between You and Uncle Sharkii.

6.3 Display of Disclaimer

You shall conspicuously display a sign that states that "THIS UNCLE SHARKII RESTAURANT IS AN INDEPENDENTLY OWNED AND OPERATED FRANCHISED BUSINESS" within each Restaurant, business cards, client/customer agreements, stationery, purchase order forms, invoices, and other documents that You use in Your business dealings with suppliers, government agencies, employees and customers must clearly identify You as an independent legal entity.

6.4 Confidentiality

You acknowledge and agree that the information, ideas, forms, marketing plans and other materials disclosed to You under this Agreement, whether or not included in the Manual, are confidential and proprietary information and trade secrets of Uncle Sharkii. Any and all information, knowledge and techniques which Uncle Sharkii designates as confidential shall be deemed confidential for purposes of this Agreement, except information which You can demonstrate came to Your attention prior to disclosure thereof by Uncle Sharkii or which, at or after the time of disclosure by Uncle Sharkii to You, had become or later becomes a part of the public domain,

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through publication or communication by others. You agree to maintain the confidentiality of all such material. You may not disclose any such information to any third-party, except to Your employees and agents, as necessary in the regular conduct of the Uncle Sharkii restaurant, and except as authorized in writing by Uncle Sharkii. You shall be responsible for requiring compliance of Your Related Parties and employees with the provisions of this Section. You shall obtain signed Nondisclosure, Nonsolicitation and Noncompetition Agreements, in the form of Exhibit D to this Agreement, from Your Related Parties and employees, and send Uncle Sharkii a copy of each such agreement upon demand.

6.5 Mutual Indemnification

You and your Related Parties agree to indemnify, defend and hold harmless us our affiliates, and our and their respective shareholders, members, directors, officers, employees, agents, successors, and assignees (the “Indemnified Parties”) against, and to reimburse any one or more of the Indemnified Parties for, all claims obligations, and damages directly or indirectly arising out of or related to your act or omission, the act or omission of any of your Related Parties, employees, agents or representatives, the Uncle Sharkii restaurant’s operation, the business you conduct under this Agreement, or your breach of this Agreement, including, without limitation, those alleged to be caused by the Indemnified Party’s negligence, unless (and then only to the extent that) the claims obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court with competent jurisdiction. For purposes of this indemnification, claims include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants, arbitrators, attorneys’ fees, and expert witness fees costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, mediation, or alternative dispute resolution, regardless of whether litigation mediation or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement’s expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third-party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this subparagraph. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this paragraph. Without limiting the foregoing, if Uncle Sharkii is made a party to a legal proceeding in connection with Your act or omission, Uncle Sharkii may hire counsel to protect its interests and bill You for all costs and expenses incurred by Uncle Sharkii. You shall promptly reimburse Uncle Sharkii for such costs and expenses.

You shall notify Uncle Sharkii immediately when you learn about an infringement or challenge to your use of any Mark, including the Uncle Sharkii mark. Uncle Sharkii will take the action Uncle Sharkii deems appropriate in any such situation. Uncle Sharkii has exclusive control over any proceeding or settlement concerning any of the Marks. You must take all actions that, in the opinion of Uncle Sharkii’s counsel, may be advisable to protect and maintain Uncle Sharkii’s interests in any proceeding or to otherwise protect and maintain Uncle Sharkii’s interests in the Mark. While Uncle Sharkii is not required to defend you against a claim arising from your use of

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any of the Marks, Uncle Sharkii will indemnify and hold you harmless from all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark provided that (a) your use is and has been in accordance with the terms of this Agreement and such other terms as may be specified by Uncle Sharkii; and (b) you notify us of the proceeding or alleged infringement in a timely manner and you have complied with Uncle Sharkii's directions regarding the proceeding. Uncle Sharkii has the right to control the defense and settlement of any proceeding. Uncle Sharkii will not reimburse you for your expenses and legal fees for separate, independent legal counsel, or for expenses in removing signage or discontinuing your use of any Mark. Uncle Sharkii will not reimburse you for disputes where Uncle Sharkii and/or any of its parents, affiliates, successors or assigns challenges your use of a Mark.

6.6 Covenants

6.6.1 In-Term Covenants

- (a) During the Term, You shall not, directly or indirectly, for yourself or through, on behalf of, or in conjunction with any person or entity, own, maintain, operate, engage in, consult with, provide any assistance to, or have any interest (direct or indirect) in a Competitive Business (as defined below).
- (b) You shall not divert or attempt to divert any business, client, or potential client of the Uncle Sharkii restaurant or any other System restaurant to any competitor, by direct or indirect inducement or otherwise, or to do or perform, directly or indirectly, any other act, injurious or prejudicial, to the goodwill associated with the Marks or the System.

The term "Competitive Business" shall mean any and all businesses that are competitive with Uncle Sharkii restaurants, including, without limitation any business that operates a quick-service restaurant serving a Hawaiian Asian fusion menu item known as Poke, a raw fish salad found in Hawaiian cuisine, as well as hot and cold beverages, including boba tea or any similar food service business.

6.6.2 Post-Term Covenants

You may not, for a continuous, uninterrupted period commencing upon the expiration, transfer or termination of this Agreement (regardless of the cause for termination), and continuing for two (2) years thereafter, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons (including your spouse or any immediate family member, or the spouse or any immediate family member of any personal guarantor of this Agreement), partnership, limited liability company or corporation, own, maintain, operate, engage in, provide any assistance to, or have any interest in, any Competitive Business that is located: (i) at the Uncle Sharkii restaurant; (ii) within twenty-five (25) miles of the Uncle Sharkii restaurant; or (iii) within twenty-five (25) miles of any other System restaurant located then in existence or under construction.

6.6.3 Miscellaneous

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You agree that the length of time in Section 8.6.2 will be tolled for any period during which you are in breach of the covenant or any other period during which Uncle Sharkii seeks to enforce this Agreement. The parties agree that the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If any court of competent jurisdiction determined that the geographic limits, time period or line of business defined by this Section 8 (inclusive of all subsections) is unreasonable, the parties agree that such a court of competent jurisdiction may determine an appropriate limitation to accomplish the intent and purpose of this Section and the parties, and each of them, agree to be bound by such determination.

7. TRANSFER OF FRANCHISE

7.1 Franchisor's Right to Transfer

Uncle Sharkii shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, and any designated assignee of Uncle Sharkii shall become solely responsible for all obligations of Uncle Sharkii under this Agreement from the date of assignment. You shall execute such documents or attornment, or other documents, as Uncle Sharkii may request.

7.2 Franchisee's Conditional Right to Transfer

You understand and acknowledge that the rights and duties set forth in this Agreement are personal to You, and that Uncle Sharkii has granted this franchise in reliance of Your (or, if You are a corporation, partnership, or limited liability company, your principals) business skill, financial capacity and personal character. Accordingly, neither You nor any immediate or remote successor to any part of Your interest in this Agreement, nor any individual, partnership, limited liability company, corporation or other legal entity, which directly or indirectly owns any interest in You, shall sell, assign, transfer, convey, pledge, encumber, merge or give away (collectively, "transfer") this Agreement, any direct or indirect interest in You, or in all or substantially all of the assets of the Franchise without prior written consent of Uncle Sharkii. Any purported assignment or transfer not having the written consent of Uncle Sharkii, required by Section 9.3, shall be null and void and shall constitute a material breach of this Agreement, for which Uncle Sharkii may immediately terminate without opportunity to cure pursuant to Section 10.2.1 of this Agreement. The foregoing remedies shall be in addition to any other remedies Uncle Sharkii may have under this Agreement or at law or in equity.

7.3 Conditions of Transfer

Franchisee shall notify Uncle Sharkii in writing of any proposed transfer of this Agreement, any direct or indirect interest in You, or in all or substantially all of the assets of Uncle Sharkii restaurant, at least thirty (30) days before such transfer is proposed to take place. Uncle Sharkii shall not unreasonably withhold its consent to any transfer. Uncle Sharkii may, in its sole discretion, require any or all of the following as conditions of its approval:

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- (a) That all of Your accrued monetary obligations and all other outstanding obligations to Franchisor and its affiliates have been satisfied;
- (b) That You are not in default of any provision of this Agreement, any amendment or addendum hereof or successor hereto, or any other agreement between You and Uncle Sharkii or its affiliates;
- (c) That the transferor shall have executed a general release, in a form prescribed by Uncle Sharkii, of any and all claims against Uncle Sharkii and its affiliates, and their respective officers, directors, agents, shareholders, and employees;
- (d) That the transferor (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Uncle Sharkii may request) demonstrate to Uncle Sharkii's satisfaction that it meets Uncle Sharkii's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Uncle Sharkii restaurant (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to operate the Uncle Sharkii restaurant, taking into consideration the purchase price paid by the transferee for the Uncle Sharkii restaurant; and has not operated a business in competition with Uncle Sharkii;
- (e) That at Uncle Sharkii's option, (a) the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Uncle Sharkii may request) enter into a written assignment, in a form satisfactory to Uncle Sharkii, assuming and agreeing to discharge all of Your obligations under this Agreement, or (b) the transferee(s) execute, for a term ending on the expiration date of this Agreement and with such renewal term(s) as may be provided by this Agreement, the Uncle Sharkii's then-current form of Franchise Agreement and other ancillary agreements as Franchisor may require for the Uncle Sharkii restaurant, which agreements shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, including, without limitation, higher royalty fees, advertising contributions, or other fees, except that the transferee shall not be required to pay any initial franchise fee;
- (f) That You remain liable for all of the obligations to Uncle Sharkii in connection with the Uncle Sharkii restaurant which arose prior to the effective date of the transfer and execute any and all instruments reasonable requested by Uncle Sharkii to evidence such liability;
- (g) That the transferee (or, if the transferee is a corporation, partnership or limited liability company, a principal of the transferee acceptable to Uncle Sharkii) and the transferee's manager (if transferee or transferee's principal will not manage the Uncle Sharkii restaurant), at the transferee's expense, have successfully completed any training programs then in effect upon such terms and conditions as Uncle Sharkii may reasonably require and pay Uncle Sharkii the then-current training fee;

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- (h) Uncle Sharkii approves the terms and conditions of the transfer agreement between transferor and transferee; and
- (i) You pay to Uncle Sharkii a transfer fee of \$2,500; however, in the case of a transfer to a corporation or limited liability company formed by You for the convenience of ownership (as determined by Uncle Sharkii in its sole discretion), no such transfer fee shall be required.

7.4 Franchisor's Right of First Refusal

If any party holding any direct or indirect interest in this Agreement, in You, or in all or substantially all of the assets of the restaurant desires to accept any bona fide offer from a third party to purchase such interest, You shall notify Uncle Sharkii as provided in Section 9 hereof, and shall provide such information and documentation relating to the offer as Uncle Sharkii may require. Uncle Sharkii shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that Uncle Sharkii intends to purchase the seller's interest on the same terms and conditions offered by the third party. If Uncle Sharkii elects to purchase the seller's interest, closing on such purchase shall occur within sixty (60) days from the date of notice to the seller of the election to purchase by Uncle Sharkii. If Uncle Sharkii elects not to purchase the seller's interest, any material change thereafter in the terms of the offer from a third party shall constitute a new offer subject to the same rights of first refusal by Uncle Sharkii as in the case of the third party's initial offer. Failure of Uncle Sharkii to exercise the option afforded by this Section 9 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 9, with respect to a proposed transfer. In the event the consideration, terms and/or conditions offered by a third party are such that Uncle Sharkii may not reasonably be required to furnish the same consideration, terms and/or conditions, then Uncle Sharkii may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within thirty (30) days on the reasonable equivalent in cash of the consideration, terms and/or conditions offered by the third party, an independent appraiser shall be designated by Uncle Sharkii at Uncle Sharkii's expense, and the appraiser's determination shall be binding.

7.5 Death or Mental Incapacity

Upon the death, physical or mental incapacity of any person with an interest in this Agreement, in You, or in all or substantially all of the assets of the Restaurant, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by Uncle Sharkii within six (6) months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any *inter vivos* transfer. In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 9, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Uncle Sharkii within a reasonable time, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is

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not disposed of within a reasonable time, Franchisor may terminate this Agreement, pursuant to Section 10 hereof.

7.6 Non-Waiver

Uncle Sharkii's consent to a transfer of any interest in this Agreement, in You, or in all or substantially all of the assets of the Restaurant, shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Uncle Sharkii's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

8. TERMINATION OF FRANCHISE

8.1 Termination by Consent of the Parties

This Agreement may be terminated upon the mutual consent of the parties.

8.2 Termination by Uncle Sharkii

8.2.1 Immediate Termination upon Notice of Default

Upon the occurrence of any of the following defaults, Uncle Sharkii may, at its option, terminate this Agreement effective immediately upon written notice to You:

- (a) If You misuse the Trade Name, Marks or the System, or engage in conduct which reflects materially and unfavorably upon the goodwill associated with them, or if You use in the Uncle Sharkii restaurant any names, marks, systems, logotypes or symbols that Uncle Sharkii has not authorized You to use.
- (b) If You have any direct or indirect interest in the ownership or operation of any business other than the Uncle Sharkii restaurant that is confusingly similar to the Uncle Sharkii restaurant or uses the System or Marks, or if You fail to give Uncle Sharkii a signed copy of the Nondisclosure, Nonsolicitation and Noncompetition Agreement, a form of which is attached hereto as Exhibit E for You (or if You are a corporation, all officers and shareholders, or, if You are a partnership, all Your general partners, or, if You are a limited liability company, all Your members) within ten (10) days after Uncle Sharkii requests it.
- (c) If You attempt to assign or Transfer Your rights under this Agreement in any manner not authorized by this Agreement.
- (d) If You have made any material misrepresentations in connection with the acquisition of an Uncle Sharkii restaurant or to induce Uncle Sharkii to enter into this Agreement.

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- (e) If You act without Uncle Sharkii's prior written approval or consent in regard to any matter for which Uncle Sharkii's prior written approval or consent is expressly required by this Agreement.
- (f) If You cease to operate the Uncle Sharkii restaurant, unless (i) operations are suspended for a period of no more than one hundred and twenty (120) days, and (ii) the suspension is caused by fire, condemnation, or other act of God.
- (g) If You fail to permanently correct a breach of this Agreement, or to meet the operational standards stated in the Manual, after being twice requested in writing by Uncle Sharkii to correct a similar breach or meet a similar standard in any twelve (12) months period.
- (h) If a threat or danger to public health or safety results from the construction, maintenance or operation of the Uncle Sharkii restaurant.
- (i) Except as otherwise required by the United States Bankruptcy Code, if You become insolvent, are adjudicated a bankrupt, or file or have filed against You a petition in bankruptcy, reorganization, or similar proceeding.
- (j) If You plead guilty to, plead no contest to, or are convicted of, a felony, a crime involving moral turpitude, or any other crime or offense that Uncle Sharkii believes is reasonably likely to have an adverse effect on the System or Marks, the goodwill associated therewith, or Uncle Sharkii's interest therein.
- (k) If You maintain false books or records, or submit any false reports to Uncle Sharkii.
- (l) If You offer a product or service without Uncle Sharkii's consent or fail to offer any product or service designated by Uncle Sharkii.

8.2.2 Termination after Five Days' Notice to Cure

Uncle Sharkii may, at its option, terminate this Agreement, effective five (5) days after written notice is given to You, if You fail to make any payment when due under this Agreement or any other agreement between You and Uncle Sharkii.

8.2.3 Termination after Thirty Days' Notice to Cure

Upon the occurrence of any of the following defaults, Uncle Sharkii may, at its option, terminate this Agreement after thirty (30) days' notice to cure:

- (a) If You fail to submit to Uncle Sharkii in a timely manner any information You are required to submit under this Agreement.

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- (b) If You fail to begin operation of the Uncle Sharkii restaurant within the time limits as provided in this Agreement, or if You fail to operate your Uncle Sharkii restaurant in accordance with this Agreement and/or the Manual.
- (c) If You default in the performance of any other obligation under this Agreement, or any other agreement with Uncle Sharkii.

Under this Section 8.2.3, Uncle Sharkii may terminate this Agreement only by giving written notice of termination stating the nature of such default to You at least thirty (30) days prior to the effective date of termination; provided, however, that You may avoid termination by immediately initiating a remedy to cure such default, curing it to Uncle Sharkii's satisfaction, and by promptly providing proof thereof to Uncle Sharkii within the thirty (30) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to You effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

8.3 Rights and Obligations After Termination or Expiration

Upon termination of this Agreement for any reason, the parties will have the following rights and obligations:

- (a) Uncle Sharkii will have no further obligations under this Agreement.
- (b) You shall give the final accounting for the Uncle Sharkii restaurant, pay Uncle Sharkii within thirty (30) days after termination all payments due to Uncle Sharkii, and return the Manual and any other property belonging to Uncle Sharkii.
- (c) You shall immediately and permanently cease to operate the Uncle Sharkii restaurant. You shall immediately and permanently stop using the Marks or any confusingly similar marks, the System, or any advertising, signs, stationery, or forms that bear identifying marks or colors that might give others the impression that You are operating an Uncle Sharkii restaurant, You shall refrain from any statement or action that might give others the impression that You are or ever were affiliated with the Uncle Sharkii Franchise Network.
- (d) You shall promptly sign any documents and take any steps that, in the judgment of Uncle Sharkii, are necessary to delete Your listings from classified telephone directories, disconnect, or, at Uncle Sharkii's option, assign the Uncle Sharkii all telephone numbers that have been used in the Uncle Sharkii restaurant, and terminate all other references that indicate You are or ever were affiliated with Uncle Sharkii or an Uncle Sharkii restaurant. By signing this Agreement, You irrevocably appoint Uncle Sharkii as Your attorney-in-fact to take the actions described in this paragraph if You do not do so Yourself within seven (7) days after termination of this Agreement. You further irrevocably assign Your telephone numbers listed on Exhibit A, or hereinafter acquired for the operation of Your Uncle Sharkii restaurant, to Uncle Sharkii.

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- (e) You shall maintain all records required by Uncle Sharkii under this Agreement for a period of not less than five (5) years after final payment of any amounts You owe to Uncle Sharkii when this Agreement is terminated (or such longer period as required by applicable law).
- (f) Uncle Sharkii, or its designee, has an option to purchase the business from You, including but not limited to any or all of the physical assets of the Uncle Sharkii restaurant, including its equipment, supplies and inventory, during a period of sixty (60) days following the effective date of termination. If Uncle Sharkii notifies You that it (or its designee) wishes to purchase the assets of the business from You following Termination of this Agreement, You must immediately surrender possession of the Uncle Sharkii restaurant to Uncle Sharkii or Its designee upon demand. Uncle Sharkii or its designee will operate the Uncle Sharkii restaurant at its expense pending determination of the purchase price as set forth below. The equipment, supplies, and inventory will be valued as follows:
 - i. The lower of depreciated value or fair market value of the equipment supplies and inventory; and
 - ii. Depreciated value of other tangible personal property calculated on the straight-line method over a five (5) year life, less any liens or encumbrances.

Uncle Sharkii must send written notice to You within thirty (30) days after termination of this Agreement of its (or its designee's) election to exercise the option to purchase. If the parties do not agree on a price within the option period, the option period may be extended for up to fifteen (15) business days to permit appraisal by an independent appraiser who is mutually satisfactory to the parties. If the parties fail to agree upon an appraiser within the specified period, each will appoint an appraiser and the two appraisers thus appointed must agree on a third appraiser within ninety (90) days after termination who must determine the price for the physical assets of the Uncle Sharkii restaurant in accordance with the standards specified above. This determination will be final and binding upon both Uncle Sharkii, or Uncle Sharkii's designee, as applicable, and You.

Uncle Sharkii or its designee may exclude from the assets appraised any signs, equipment, inventory, and materials that are not reasonably necessary (in function or quality) to the operation of the Uncle Sharkii restaurant, or that Uncle Sharkii has not approved as meeting Uncle Sharkii's then-current standards, the purchase price determined by the appraisal will reflect such exclusions (the "Purchase Price").

The Purchase Price shall be paid at a closing date not later than ninety (90) days after determination. Uncle Sharkii has the right to offset against the Purchase Price any and all amounts that You or Your Related Parties owe Uncle Sharkii and/or its

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Related Parties. At closing, You agree to deliver instruments transferring (i) good and marketable title to the assets purchased, free and clear of all liens and encumbrances, with all sales and transfer taxes paid by You (ii) all licenses and permits related to the business which can be assigned, (iii) the leasehold interest in the Approved Location, (iv) a release agreement signed by You and Your Related Parties in a form and substance acceptable to Uncle Sharkii, and (v) such other documentation as we may reasonably request.

- (g) Uncle Sharkii (or its designee) has an option to replace You as lessee under any equipment lease or note for equipment that is used in connection with the Uncle Sharkii restaurant. Upon request by Uncle Sharkii, You shall give Uncle Sharkii or its designee copies of the leases for all equipment used in the Uncle Sharkii restaurant immediately upon termination. Upon request by Uncle Sharkii, You shall allow Uncle Sharkii and/or its designee the opportunity, at a mutually satisfactory time, to inspect the leased equipment. Uncle Sharkii must request the information and access described in this paragraph within fifteen (15) days after termination. It must advise You of its (or its designee's) intention to exercise the option within fifteen (15) days after it has received the information and/or inspected the equipment. Uncle Sharkii or its designee may assume any equipment lease in consideration of its assumption of future obligations under the lease. Upon exercise of this option by Uncle Sharkii or its designees, You shall be fully released and discharged from future rents and other future liabilities under the lease if the terms of the lease permit it, but not from any debts to the lessor that already exist on the date when the option is exercised.
- (h) If Uncle Sharkii declines to exercise the option, purchase, or assume the lease on Your equipment, You may sell it to either another Uncle Sharkii franchisee or, with Uncle Sharkii's prior written approval, You may de-brand the equipment and sell it to a non-franchisee.
- (i) You may not sell, or in any way divulge, the client list of Your Uncle Sharkii restaurant.
- (j) If the premises are leased from a third-party, and if Uncle Sharkii elects, you shall immediately assign your interest in the lease to Uncle Sharkii or its designee and immediately surrender possession of the premises to Uncle Sharkii. You are and shall remain liable for all of your obligations accruing up to the effective date of any lease agreement.
- (k) Franchisee and its Related Parties shall abide by the post-termination restrictive covenants in Section 6.6 of this Agreement.

8.4 No Limitation of Remedies

No right or remedy conferred upon or reserved to Uncle Sharkii (including as set forth in Section 10.3 above) is intended to be, nor shall be deemed exclusive of any other right or remedy herein

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or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy. Nothing herein shall be construed to deprive Uncle Sharkii of the right to recover damages as compensation for lost future profits. Termination of this Agreement will not end any obligation of either party that has come into existence before termination. All obligations of the parties which, by their terms, or by reasonable implication are to be performed in whole or in part after termination, shall survive termination.

9. MISCELLANEOUS PROVISIONS

9.1 Construction of Contract

Section headings in this Agreement are for reference purposes only and will not in any way modify the statements contained in any section of this Agreement. Each word in this Agreement may be considered to include any number or gender that the context requires.

9.2 Governing Law, Venue and Jurisdiction

9.2.1 This Agreement shall take effect upon its acceptance and execution by Uncle Sharkii. Except to the extent governed by the United States Arbitration Act (9 U.S.C. § 1, et seq.), and the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C § 1050, et seq.), this Agreement, the franchise, and all claims arising from or in any way related to the relationship between Uncle Sharkii, and/or any of its Related Parties, on the one hand, and you, and any of your owners, guarantors and/or affiliates, on the other hand, shall be interpreted and construed under the laws of the State of Texas, which laws shall prevail in the event of any conflict of law, except that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchise, will not apply unless jurisdictional requirements are met independently without reference to this paragraph.

9.2.2 In the event the mediation clause set forth in Section 9.7 is inapplicable or unenforceable, and subject to Uncle Sharkii's rights, as outlined in Section 9.8, the following provision shall govern: The parties hereby expressly agree that the United States District Court for the Southern District of Texas, shall be the exclusive venue and exclusive proper forum in which to adjudicate any case or controversy arising out of or related to, either directly or indirectly, this Agreement, ancillary agreements, or the business relationship between the parties. The parties further agree that, in the event of such litigation, they will not contest or challenge the jurisdiction or venue of these courts. You acknowledge that this Agreement has been entered into in the State of California and that you are to receive valuable and continuing services emanating from Uncle Sharkii's headquarters in Texas. Without limiting the generality of the foregoing, the parties waive all questions of jurisdiction or venue for the purposes of carrying out this provision.

9.3 Notices

The parties to this Agreement shall direct any notices to the other party at the Delivery Address specified below that party's name on the final page of this Agreement, or at another address if advised in writing that the address has been changed. The parties shall notify each other in writing of any Delivery Address changes. Notices may be delivered by facsimile (with simultaneous

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mailing of a copy by first class mail), by electronic mail (with simultaneous mailing of a copy by certified mail), courier, federal express, or first-class mail. Notice by facsimile and electronic mail will be considered delivered upon submission, by courier, upon delivery, and by certified mail three days after posting. Any notice by a means which affords the sender evidence of delivery or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

9.4 Amendments

This Agreement may be amended only by a document signed by all of the parties to this Agreement or by their authorized agents.

9.5 No Waivers

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

9.6 Integration

This Agreement and all exhibits to this Agreement, constitute the entire agreement between the parties. This Agreement supersedes any and all prior negotiations, understandings representations and agreements. No amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require You to waive reliance on any representation that Uncle Sharkii made in the most recent disclosure document (including its exhibits and amendments) (the "FDD") that Uncle Sharkii delivered to You or your Your representative, subject to any agreed-upon changes to the contract terms and conditions described in that disclosure document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement).

9.7 Negotiation and Mediation

9.7.1 Agreement to Use Procedure

The parties have reached this Agreement in good faith and in the belief that it is mutually advantageous to them. In the same spirit of cooperation, they pledge to try to resolve any dispute without litigation or arbitration. Other than an action by Uncle Sharkii under Section 11.9 of this Agreement, the parties agree that if any dispute arises between them, before beginning any legal action or arbitration to interpret or enforce this Agreement, they will first follow the procedures

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described in this section. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any legal action or arbitration to interpret or enforce this Agreement.

9.7.2 Initiation of Procedures

The party that initiates these procedures (“Initiating Party”) must give written notice to the other party, describing in general terms the nature of the dispute, specifying the Initiating Party’s claim for relief including the damages sought, and identifying one or more persons with authority to settle the dispute for him, her, or it. The party receiving the notice (“Responding Party”) has seven (7) days within which to designate by written notice to the Initiating Party one or more persons with authority to settle the dispute on the Responding Party’s behalf (the “Authorized Persons”).

9.7.3 Direct Negotiations

The Authorized Persons may investigate the dispute as they consider appropriate but agree to meet in-person at a location designated by Uncle Sharkii within seven (7) days from the date of the designation of Authorized Persons to discuss resolution of the dispute. The Authorized Persons may meet at any times and places, and as often as they agree. If the dispute has not been resolved within ten (10) days after their initial meeting, either party may begin mediation procedures by giving written notice to the other party that it is doing so.

9.7.4 Selection of Mediator

The Authorized Persons will have seven (7) days from the date on which one party gives notice that he, she or it is beginning mediation within which to submit to one another written lists of acceptable mediators who are not associated with either of the parties. Within seven (7) days from the date of receipt of any list, the Authorized Persons must rank all the mediators in numerical order of preference and exchange the rankings. If one or more names are on both lists, the highest ranking one of these will be designated the mediator. If this process does not result in selection of a mediator, the parties agree jointly to request the arbitral organization designated in Section 11.8 to supply a list of qualified potential mediators. Within seven (7) days after receipt of the list, the parties must again rank the proposed mediators in numerical order of preference and must simultaneously exchange their lists. The mediator having the highest combined ranking shall be appointed as mediator. If the highest ranking mediator is not available to serve, the parties must go on to contact the mediator who was next highest in ranking until they are able to select a mediator.

9.7.5 Time and Place for Mediation

In consultation with the parties, the mediator shall promptly designate a mutually acceptable time and place for the mediation. Unless circumstances make it impossible, the time may not be later than thirty (30) days after selection of the mediator.

9.7.6 Exchange of Information

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If either party to this Agreement believes he, she, or it needs information in the possession of another party to this Agreement to prepare for the mediation, all parties must attempt in good faith to agree on procedures for an exchange of information, with the help of the mediator, if required.

9.7.7 Summary of Views

At least seven (7) days before the first scheduled mediation session, each party must deliver to the mediator, and to the other party, a concise written summary of its views on the matter in dispute and on any other matters that the mediator asks them to include. The mediator may also request that each party submit a confidential paper on relevant legal issues, which may be limited in length by the mediator, to him or her.

9.7.8 Representatives

In the mediation, each party must be represented by an Authorized Person, who must physically attend mediation, and may be represented by counsel. In addition, each party may, with permission of the mediator, bring with him, her or it any additional persons who are needed to respond to questions, contribute information, and participate in the negotiations.

9.7.9 Conduct of Mediation

The mediator shall advise the parties in writing of the format for the meeting or meetings. If the mediator believes it will be useful, after reviewing the position papers, the mediator shall give both himself or herself and the Authorized Persons an opportunity to hear an oral presentation of each party's views on the matter in dispute. The mediator shall assist the Authorized Persons to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties.

All mediation sessions will be strictly private. The mediator must keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party. The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible.

9.7.10 Termination of Procedure

The parties agree to participate in the mediation procedure to its conclusion as set forth in this section. The mediation may be concluded (1) by the signing of a settlement agreement by the parties, (2) by the mediator's declaration that the mediation is terminated, or (3) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any legal action or seek another remedy before the expiration of five (5) days following the mediation. A party may begin mediation within this period only if the mediation might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

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9.7.11 Fees of Mediator, Disqualification

The fees and expenses of the mediator must be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert or counsel for any party with respect to the dispute, or any related or similar matter in which either of the parties is involved.

9.7.12 Confidentiality

The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual or audio record of the proceedings may be made. Any conduct statement, promise, offer, view or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator, is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible will not be excluded from discovery or made inadmissible simply because of its use in the mediation.

9.8 Exceptions to Mediation

9.8.1 Notwithstanding the provisions of Sections 11.7 and 11.8 of this Agreement, Uncle Sharkii shall be entitled, with a bond of not more than \$10,000, to the entry of temporary, preliminary and permanent injunctions, and orders of specific performance, enforcing the provisions of this Agreement in any court of competent jurisdiction relating to: (a) Your, and/or any of Your Related Party's use of the Marks; (b) Your confidentiality and non-competition covenants (Section 8); (c) Your obligations upon termination or expiration of the franchise; or (d) Transfer or assignment by You. If Uncle Sharkii secures any such injunction (i.e. temporary restraining order, preliminary injunction, or permanent injunction) or order of specific performance, you agree to pay to Uncle Sharkii an amount equal to the aggregate of Uncle Sharkii's costs of obtaining such relief including, without limitation, reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses, travel and living expenses, and any damages incurred by Uncle Sharkii as a result of the breach of any such provision.

9.8.2 Further, at the election of Uncle Sharkii or its affiliate, the mediation provisions of Sections 9.7, inclusive of all subparts, shall not apply to: (a) any claim by Uncle Sharkii relating to your failure to pay any fee due to Uncle Sharkii under this Agreement; and/or (b) any claim by Uncle Sharkii or its affiliate relating to use of the Proprietary Marks and/or the System, including, without limitation, claims for violations of the Lanham Act; and/or (c) any claim by Uncle Sharkii relating to a breach of your confidentiality and/or non-competition obligations under this Agreement.

9.9 Injunctive Remedy for Breach

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You recognize that You are a member of a Franchise Network and that Your acts and omissions may have a positive or negative effect on the success of other businesses operating under Uncle Sharkii's Trade Name and in association with its Marks. Failure on the part of a single franchisee to comply with the terms of its Franchise Agreement is likely to cause irreparable damage to Uncle Sharkii and to some or all of the other franchisees of Uncle Sharkii. For this reason, You agree that if Uncle Sharkii can demonstrate to a court of competent jurisdiction that there is a substantial likelihood of Your breach or threatened breach of any of the terms of this Agreement, Uncle Sharkii will be entitled to an injunction restraining the breach or to a decree of specific performance, without showing or proving any actual damage and without the necessity of posting bond or other security, any bond or other security being waived hereby. Franchisor has the exclusive right to seek relief pursuant to this section in a court of competent jurisdiction as defined in section 9.2.2 of this Agreement or any other court of competent jurisdiction. Notwithstanding, if any Court of competent jurisdiction, as described herein, determines that a bond or other security is required, You agree that you will not seek bond or security in excess of \$10,000 and, in fact, will oppose any effort by a Court to impose a bond or security in excess of \$10,000.

9.11 Limitations of Actions

You may not maintain an action against the Franchisor or its Related Parties unless: (a) You deliver written notice of any claim to the other party within one hundred eighty (180) days after the event complained of becomes known to You, or when you should have known of said event had you been reasonably diligent; (b) thereafter, You must follow the negotiation and mediation procedures described above; and (c) You file an action within one (1) year after the notice is delivered. While this Section 9.11 may limit the applicable statute of limitations, it is not intended to extend any applicable statute of limitation in any way. The limitations set forth in this Section 9.11 shall not apply to Uncle Sharkii, its affiliates or its Related Parties.

9.12 Attorneys' Fees and Costs

If legal action or arbitration is necessary, including any motion to compel arbitration, or action on appeal, to enforce the terms and conditions of this Agreement, or for violation of this Agreement, Uncle Sharkii will be entitled to recover reasonable compensation for preparation, investigation costs, court costs, arbitral costs, and reasonable accountants, attorneys, attorneys' assistants, and expert witness fees incurred by Uncle Sharkii. Further, if Uncle Sharkii is required to engage legal counsel in connection with any failure by You to comply with this Agreement, You shall reimburse Uncle Sharkii for any of the above-listed costs and expenses incurred by Uncle Sharkii, regardless of whether Uncle Sharkii files or compels mediation, arbitration or litigation.

9.13 Severability

Except as expressly provided to the contrary herein, each portion, section, part term, and/or provision of this Agreement shall be considered severable, and if for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of or have any other effect upon, such other portions sections parts terms, and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall

UNCLE SHARKII FRANCHISE AGREEMENT

continue to be given full force and effect and bind the parties hereto, and said invalid portions, sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

9.14 Individual Dispute Resolution – No Class Action or Multi-Party Actions

Any legal action between or among the parties to this Agreement and any of their Related Parties shall be conducted on an individual basis and not on a consolidated or class-wide basis.

9.15 Waiver of Rights

THE PARTIES HERETO AND EACH OF THEM KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY AGREE AS FOLLOWS:

9.15.1 Jury Trial. The parties hereto and each of them EXPRESSLY WAIVE(S) THE RIGHT ANY MAY HAVE TO A TRIAL BY JURY IN ANY ARBITRATION, ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, FOR ANY CLAIMS RELATING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT, THE NEGOTIATION OF THIS AGREEMENT, THE EVENTS LEADING UP TO THE SIGNING OF THIS AGREEMENT, OR THE BUSINESS RELATIONSHIP RELATING TO THIS AGREEMENT OR THE FRANCHISE, WHETHER BROUGHT IN STATE OR FEDERAL COURT, WHETHER BASED IN CONTRACT THEORY, NEGLIGENCE OR TORT, AND REGARDLESS OF WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING. This waiver is effective even if a court of competent jurisdiction decides that the mediation provision in Section 9.7 is unenforceable. Each party acknowledges that it has had full opportunity to consult with counsel concerning this waiver, and that this waiver is informed, voluntary, intentional, and not the result of unequal bargaining power.

9.15.2 Damages Waiver. The parties hereto and each of them EXPRESSLY WAIVE(S) ANY CLAIM FOR PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES, *except that* this waiver and limitation shall not apply with respect to (a) your obligation to indemnify Uncle Sharkii pursuant to any provision of this Agreement, and/or (b) any claims Uncle Sharkii brings against you and/or your guarantors for unauthorized use of the Marks, unauthorized use or disclosure of any Confidential Information, unfair competition, breach of the non-competition covenant and any other cause of action under the Lanham Act and Uncle Sharkii shall be entitled to receive an award of multiple damages, attorneys' fees and all damages as provided by law.

9.15.3 The parties hereto and each of them EXPRESSLY AGREE(S) THAT IN THE EVENT OF ANY FINAL DETERMINATION ADJUDICATION OR APPLICABLE ENACTMENT OF LAW THAT PUNITIVE MULTIPLE AND/OR EXEMPLARY DAMAGES MAY NOT BE WAIVED, ANY RECOVERY BY ANY PARTY IN ANY MEDIATION OR OTHER FORUM SHALL NEVER EXCEED TWO (2) TIMES ACTUAL DAMAGES, *except that* UNCLE SHARKII may recover more than two (2) times its actual damages if you commit acts of willful trademark infringement or otherwise violate the Lanham Act, as provided by law.

UNCLE SHARKII FRANCHISE AGREEMENT

9.15.4. You hereby expressly waive any and all rights, actions or claims for relief under the Federal Act entitled “Racketeer Influenced and Corrupt Organizations,” 18 U.S.C. § 1961, *et seq.* (“RICO”).

9.15.5 You hereby expressly agree that the existence of any claims You may have against Uncle Sharkii or its Related Parties, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Uncle Sharkii of the covenants contained in this Agreement. You agree to pay all costs and expenses, including reasonable attorneys’ fees, incurred by Uncle Sharkii in connection with the enforcement of any covenant contained in this Agreement.

9.16 Approval and Guaranty Provision

If You are a corporation, all officers and shareholders, or, if You are a partnership, all Your general partners, or, if You are a limited liability company, all Your members, shall approve this Agreement, permit You to furnish the financial information required by Uncle Sharkii, and agree to the restrictions placed on them including restrictions on the transferability of their interests in the franchise and the Uncle Sharkii restaurant and limitations on their rights to compete.

9.17 Acceptance by Uncle Sharkii

This Agreement will not be binding on Uncle Sharkii unless and until an authorized management officer of Uncle Sharkii has signed it.

9.18 Execution of Agreements

Each of the undersigned parties warrants that it has the full authority to sign this Agreement. If You are a partnership, limited liability company or corporation, the person executing this agreement on behalf of such partnership, limited liability company or corporation warrants to us, both individually and in his capacity as partner member, manager or officer, that all of the partners of the partnership all of the members or managers of the limited liability company, or all of the shareholders of the corporation, as applicable, have read and approved this Agreement, including any restrictions which this Agreement places upon rights to transfer their interest in the partnership limited liability company or corporation.

9.19 No Personal Liability

You agree that fulfillment of any and all of our obligations written in this Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be Uncle Sharkii’s sole responsibility and none of its agents, representatives, nor any individuals associated with it shall be personally liable to You for any reason

9.20 Non-Uniform Agreements

Uncle Sharkii makes no representations or warranties that all other agreements with Uncle Sharkii System franchisees entered into before or after the Effective Date do or will contain terms

UNCLE SHARKII FRANCHISE AGREEMENT

substantially similar to those contained in this Agreement. You recognize, acknowledge and agree that Uncle Sharkii may waive or modify comparable provisions of other Franchise Agreements granted to other System franchisees in a non-uniform manner.

IN WITNESS TO THE PROVISIONS OF THIS FRANCHISE AGREEMENT, the undersigned have signed this Agreement on the date set forth in Section 1 hereof.

FRANCHISOR:

UNCLE SHARKII FRANCHISING, LLC
doing business as Uncle Sharkii

By: _____
Name: Fen Reyes
Title: Chief Executive Officer
Date: _____

Delivery Addresses for Notices:

Uncle Sharkii Franchising, LLC
1160 Dairy Ashford Rd., Suite 450
Houston, TX 77079

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

Delivery Address for Notices:

UNCLE SHARKII FRANCHISE AGREEMENT

ATTACHEMENT A

APPROVED LOCATION ADDENDUM

FRANCHISEE: _____

Franchisee has selected the following location for the operation of the franchised business granted under the franchise agreement signed with Uncle Sharkii Franchising, LLC on _____. The Franchisor hereby approves that location and issues an official store number.

Location Address: _____

Assigned Store Number: _____

Uncle Sharkii Franchising, LLC:

Name: _____

Title: _____

Date: _____

UNCLE SHARKII FRANCHISE AGREEMENT

ATTACHEMENT B

**AMENDMENT TO THE FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF CALIFORNIA**

1. No statement, questionnaire, or acknowledgement 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, the parties hereto have duly executed this New York Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

FRANCHISEE:

UNCLE SHARKII FRANCHISING, LLC
doing business as Uncle Sharkii

By: _____
Name: Fen Reyes
Title: Chief Executive Officer
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

Delivery Addresses for Notices:

Delivery Address for Notices:

Uncle Sharkii Franchising, LLC
1160 Dairy Ashford Rd., Suite 450
Houston, TX 77079

**AMENDMENT TO THE FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NEW YORK**

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and the regulations promulgated thereunder (N.Y. Comp. Code R. § Regs. tit 13, §§ 200.1 through 201.16), the parties to the attached Uncle Sharkii Franchising, LLC Franchise Agreement (the “Agreement”) agree as follows:

1. Under Section 4.6.2 of the Agreement, under the heading “Renewal,” the subsection 4.6.2(e) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

4.6.2(e) You shall execute a general release, in a form satisfactory to Us, with respect to any and all claims, known or unknown, that You might have against Us or our subsidiaries, or affiliates, or their respective

UNCLE SHARKII FRANCHISE AGREEMENT

officers, directors, agents, or employees, provided, however, that all rights enjoyed by You and any causes of action arising in Your favor from the provisions of New York General Business Law Sections 680-695, and the regulations issued thereunder, shall remain in force, it being the intent of this provision that the non-waiver provisions of New York General Business Law Sections 687.4 and 687.5 be satisfied.

2. Under Section 9.3 of the Agreement, under the heading “Conditions of Transfer,” the subsection 9.3(c) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

- (c) That the transferor shall have executed a general release, in a form prescribed by Uncle Sharkii, of any and all claims against Uncle Sharkii and its affiliates, and their respective officers, directors, agents, shareholders, and employees, provided, however, that all rights enjoyed by Franchisee/transferor, and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695, and the regulations issued thereunder, shall remain in force, it being the intent of this provision that the non-waiver provisions of New York General Business Law Sections 687.4 and 687.5 be satisfied.

5. There are circumstances in which an offering be made by Uncle Sharkii Franchising, LLC, would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed in New York if Franchisee is domiciled in New York or the Uncle Sharkii Business will be opening in New York. Uncle Sharkii Franchising, LLC is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

IN WITNESS WHEREOF, the parties hereto have duly executed this New York Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

FRANCHISEE:

UNCLE SHARKII FRANCHISING, LLC
doing business as Uncle Sharkii

By: _____
Name: Fen Reyes
Title: Chief Executive Officer
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

Delivery Addresses for Notices:

Delivery Address for Notices:

Uncle Sharkii Franchising, LLC

UNCLE SHARKII FRANCHISE AGREEMENT

1160 Dairy Ashford Rd., Suite 450
Houston, TX 77079

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ATTACHMENT C TO UNCLE SHARKII FRANCHISE AGREEMENT

SAMPLE GENERAL RELEASE AGREEMENT WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (“Release”) is made as of _____, 20__ by _____, a(n) _____ (“Franchisee”), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, “Releasor”) in favor of Uncle Sharkii Franchising, LLC, a Texas limited liability company (“Franchisor,” and together with Releasor, the “Parties”).

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement (“Agreement”) pursuant to which Franchisee was granted the right to own and operate an Uncle Sharkii restaurant (as defined in the Agreement);

WHEREAS, Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee, (enter into a successor Franchise Agreement) and Franchisor has consented to such transfer (agreed to enter into a successor Franchise Agreement); and

WHEREAS, as a condition to Franchisor’s consent to the transfer (Franchisee’s ability to enter into a successor Franchise Agreement), Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor’s consent to the transfer (Franchisor entering into a successor Franchise Agreement), and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, renewals and assigns and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries or related companies, divisions and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, renewals and

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assigns, and attorneys, and the spouses of such individuals (collectively, the “Released Parties”), from any and all claims, liabilities, damages, expenses, actions or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business or their reputation.

4. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of California.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorney fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, renewals, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not

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affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

h. The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

IN WITNESS WHEREOF Releasor has executed this Release as of the date first written above.

Dated: _____, 20____

FRANCHISEE:

By: _____

Title: _____

FRANCHISEE'S OWNERS:

Date: _____

Signature

Print Name

UNCLE SHARKII FRANCHISE AGREEMENT

ATTACHMENT D TO UNCLE SHARKII FRANCHISE AGREEMENT

NONDISCLOSURE, NONSOLICITATION AND NONCOMPETITION AGREEMENT

This Agreement (“Agreement”) is entered into by the undersigned (“you”) in favor of Uncle Sharkii Franchising, LLC, a Texas limited liability company, and its renewals and assigns (“us”), upon the terms and conditions set forth in this Agreement.

1. Definitions.

“*Competitive Business*” shall mean any and all businesses that are competitive with Uncle Sharkii restaurants, including, without limitation, any (a) business that operates a restaurant selling Hawaiian Asian fusion food for consumption, (c) business offering Approved Products and Services of a similar nature to those of the Restaurant, or (d) business or entity which franchises, licenses or otherwise grants to others the right to operate such aforementioned businesses described in subparts (a)-(c) of this Section. Furthermore, the Restricted Parties shall not divert, or attempt to divert, any prospective customer to a Competing Business in any manner.

“*Copyrights*” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of an Uncle Sharkii restaurant, whether now in existence or created in the future.

“*Franchisee*” means the Uncle Sharkii franchisee for whom you are an officer, director, employee or independent contractor.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of an Uncle Sharkii restaurant, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of an Uncle Sharkii restaurant.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an Uncle Sharkii restaurant, including “Uncle Sharkii”, and any other trademarks, service marks or trade names that we designate for use by an Uncle Sharkii restaurant. The term “Marks” also includes any distinctive trade dress used to identify an Uncle Sharkii restaurant, whether now in existence or hereafter created.

“*Prohibited Activities*” means any or all of the following: (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business

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(other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

“Restricted Period” means the two (2) year period after you cease to be a manager of Franchisee’s Uncle Sharkii restaurant; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the *“Restricted Period”* means the one (1) year period after you cease to be a manager or officer of Franchisee’s Uncle Sharkii restaurant.

“Restricted Territory” means the geographic area within: (i) a 25 mile radius from Franchisee’s Uncle Sharkii restaurant (and including the address of primary operation); and (ii) a 25 mile radius from all other Uncle Sharkii Business that are operating or under construction as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the *“Restricted Territory”* means the geographic area within a 15 mile radius from Franchisee’s Uncle Sharkii restaurant (and including the premises of the Restaurant).

“System” means our system for the establishment, development, operation, and management of an Uncle Sharkii restaurant, including Know-how, proprietary programs and products, confidential operations manuals and operating system.

2. **Background.** You are an officer, director, or manager of a Franchisee. As a result of this relationship, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. **Intellectual Property.** You agree: (i) you will not use the Know-how in any business or capacity other than Uncle Sharkii Business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time-to-time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager of Franchisee’s Uncle Sharkii restaurant. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

4. **Unfair Competition During Relationship.** You agree not to unfairly compete with us at any time while you are a manager of Franchisee’s Uncle Sharkii restaurant by engaging in any Prohibited Activities.

5. **Unfair Competition After Relationship.** You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that

UNCLE SHARKII FRANCHISE AGREEMENT

the Prohibited Activity relating to having an interest in a Competitive Business will only apply regarding a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

6. **Immediate Family Members.** You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (*i.e.*, spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member

7. **Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

8. **Breach.** You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Uncle Sharkii franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. **Miscellaneous.**

a. If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

UNCLE SHARKII FRANCHISE AGREEMENT

b. This Agreement will be governed by, construed and enforced under the laws of California and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

EXECUTED on the date stated below.

Date: _____

Signature

Print Name

UNCLE SHARKII FRANCHISE AGREEMENT

ATTACHMENT E TO UNCLE SHARKII FRANCHISE AGREEMENT

LEASE ADDENDUM

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

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

B. Lessor acknowledges that Lessee intends to operate an Uncle Sharkii franchise from the leased premises (“Premises”), pursuant to a Franchise Agreement (“Franchise Agreement”) with Uncle Sharkii Franchising, LLC (“Franchisor”) under the name “Uncle Sharkii” or other name designated by Franchisor (hereinafter referred to as “Franchised Business” or “Franchise Business”).

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

NOW THEREFORE, it is hereby mutually covenanted and agreed between Lessor and Lessee as follows:

1. **Assignment.** Lessee shall have the right to assign all of its right, title and interest in the Lease to Franchisor or its parent, subsidiary, or affiliate (including another franchisee) at any time during the term of the Lease, including any extensions or renewals thereof, without first obtaining Lessor’s consent in accordance with the Collateral Assignment of Lease attached hereto as Attachment 1. However, no assignment shall be effective until the time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document shall constitute Franchisor or its designated subsidiary or affiliate a party to the Lease, or guarantor thereof, and shall not create any liability or obligation of Franchisor or its parent unless and until the Lease is assigned to, and accepted in writing by, Franchisor or its parent, subsidiary or affiliate. In the event of any assignment, Lessee shall remain liable under the terms of the Lease. Franchisor shall have the right to reassign the Lease to another franchisee without the Landlord’s consent in accordance with Section 3(a).

2. **Default and Notice.**

a. In the event there is a default or violation by Lessee under the terms of the Lease, Lessor shall give Lessee and Franchisor written notice of the default or violation within a reasonable time after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor shall contemporaneously give Franchisor a copy of the notice. The Franchisor shall have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee’s interest as provided in

UNCLE SHARKII FRANCHISE AGREEMENT

Paragraph 4(a). The Franchisor will have an additional 15 days from the expiration of Lessee's cure period in which it may exercise the option, but it is not obligated, to cure the default or violation.

b. All notices to Franchisor shall be sent via registered or certified mail, postage prepaid, to the following addresses:

Uncle Sharkii Franchising, LLC
1160 Dairy Ashford Rd., Suite 450
Houston, TX 77079

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

c. Following Franchisor's approval of the Lease, Lessee agrees not to terminate, or in any way alter or amend the same, during the Term of the Franchise Agreement or any renewal thereof without Franchisor's prior written consent, and any attempted termination, alteration or amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

3. Termination or Expiration.

a. Upon Lessee's default and failure to cure the default within the applicable cure period, if any, under either the Lease or the Franchise Agreement, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest and at any time thereafter to re-assign the Lease to a new franchisee without Landlord's consent and to be fully released from any and all liability to Landlord upon the reassignment, provided the franchisee agrees to assume Lessee's obligations and the Lease.

b. Upon the expiration or termination of either the Lease or the Franchise Agreement, Landlord will cooperate with and assist Franchisor in securing possession of the Premises and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the Uncle Sharkii or Uncle Sharkii trademarks and system, and to distinguish the Premises from a Franchised Business. In the event Franchisor exercises its option to purchase assets of Lessee, Lessor shall permit Franchisor to remove all the assets being purchased by Franchisor.

4. Consideration; No Liability.

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

UNCLE SHARKII FRANCHISE AGREEMENT

hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by Attachment 1.

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

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

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

7. **Beneficiary.** Lessor and Lessee expressly agree that Franchisor is a third party beneficiary of this Addendum.

IN TESTIMONY WHEREOF, witness the signatures of the parties hereto as of the day, month and first year written above.

LESSOR:

By: _____
Name: _____
Title: _____
Date: _____

LESSEE:

By: _____
Name: _____
Title: _____
Date: _____

UNCLE SHARKII FRANCHISE AGREEMENT

ATTACHMENT 1 TO LEASE ADDENDUM **COLLATERAL ASSIGNMENT OF LEASE**

FOR VALUE RECEIVED, as of the ____ day of _____, 20____ (“Effective Date”), the undersigned, _____, (“Assignor”) hereby assigns, transfers and sets over unto Uncle Sharkii Franchising, LLC (“Assignee”) all of Assignor’s right, title and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as Exhibit A (“Lease”) regarding the premises located at _____.

This Collateral Assignment of Lease (“Assignment”) is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee shall take possession of the premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under that certain Franchise Agreement for an Uncle Sharkii franchise between Assignee and Assignor (“Franchise Agreement”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in the event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than 30 days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options

IN WITNESS WHEREOF, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first written above.

[SIGNATURE PAGES TO FOLLOW]

ASSIGNOR:

UNCLE SHARKII FRANCHISE AGREEMENT

By: _____

Title: _____

ASSIGNEE:

UNCLE SHARKII FRANCHISING, LLC

By: _____

Title: _____

UNCLE SHARKII FRANCHISE AGREEMENT

ATTACHMENT F TO UNCLE SHARKII FRANCHISE AGREEMENT

ACH PAYMENT AGREEMENT

COMPANY/ ENTITY NAME:

FRANCHISEE NAME(S) & TITLE(S):

STORE LOCATION NUMBER(S) (IF KNOWN):

AUTHORIZATION AGREEMENT FOR ACH Payments:

(I/we) do hereby authorize Uncle Sharkii Franchising, LLC, 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 the Franchisor. I am a duly authorized check signer on the financial institution account identified below and authorize all the above as evidenced by my signature below.

BANK

NAME:

BANK

ROUTING

NUMBER:

BANK ACCOUNT NUMBER:

CITY: _____ STATE: _____ ZIP: _____

COMPANY NAME ON ACCOUNT:

INDIVIDUAL NAME ON ACCOUNT:

STREET ADDRESS OF ACCOUNT HOLDER:

CITY: _____ STATE: _____ ZIP: _____

PHONE NUMBER: _____ EMAIL ADDRESS: _____

By: _____

Name: _____

UNCLE SHARKII FRANCHISE AGREEMENT

Title: _____
Date: _____

UNCLE SHARKII FRANCHISE AGREEMENT

ATTACHMENT G TO UNCLE SHARKII FRANCHISE AGREEMENT

SBA ADDENDUM

UNCLE SHARKII FRANCHISE AGREEMENT

SOP 50 10 5(J)

Appendix 9



ADDENDUM TO FRANCHISE¹ AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20____, by and between _____ ("Franchisor"), located at _____, and _____ ("Franchisee"), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20____, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional

¹ While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

Effective Date: January 1, 2018

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UNCLE SHARKII FRANCHISE AGREEMENT

SOP 50 10 5(J)

Appendix 9

renewals) for fair market value.

COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 -3733.

Authorized Representative of FRANCHISOR:

By: _____

Print Name: _____

Title: _____

Authorized Representative of FRANCHISEE:

By: _____

Print Name: _____

Title: _____

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements

Effective Date: January 1, 2018

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EXHIBIT C TO THE
FRANCHISE DISCLOSURE DOCUMENT

MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (this “MUDA”) is made between Uncle Sharkii Franchising, LLC, a Texas limited liability company (“Franchisor”) and _____, (“Franchisee”) on _____.

Background Statement: On the same day as they execute this MUDA, Franchisor and Franchisee have entered into a Franchise Agreement for the franchise of an Uncle Sharkii business (the “Franchise Agreement”; capitalized terms used but not defined in this MUDA have the meanings given in the Franchise Agreement). Franchisor and Franchisee desire that Franchisee develop multiple Uncle Sharkii businesses.

1. Multi-Unit Commitment.

(a) Development Schedule; Fee. Franchisee shall develop and open Uncle Sharkii businesses on the following schedule:

| Store # | Deadline for Opening | Total # of Stores to be Open and Operating on Deadline | Initial Franchise Fee(s) |
|-------------------------------|----------------------|--------------------------------------------------------|--------------------------|
| | | | \$ _____ |
| | | | \$ _____ |
| | | | \$ _____ |
| | | | \$ _____ |
| | | | \$ _____ |
| Total Initial Franchise Fees: | | | |

(b) Payment. Upon execution of this MUDA, Franchisee shall pay the total Initial Franchise Fees to Franchisor. The Initial Franchise Fees are non-refundable.

2. Form of Agreement. For Store #1, Franchisee and Franchisor have executed the Franchise Agreement simultaneously with this MUDA. For each additional Uncle Sharkii franchise, Franchisee shall execute Franchisor's then-current standard form of franchise agreement no later than three business days after Franchisee leases or acquires a location. This MUDA does not give Franchisee the right to construct, open, or operate an Uncle Sharkii business, and Franchisee acknowledges that Franchisee may construct, open, and operate each Uncle Sharkii business only pursuant to a separate franchise agreement executed pursuant to this MUDA for each such Uncle Sharkii business.

AREA DEVELOPMENT AGREEMENT

3. Development Area. Franchisee shall locate each Uncle Sharkii business it develops under this MUDA within the following area: _____ (the “Development Area”). Franchisee shall have exclusive rights to develop, open or operate Uncle Sharkii businesses in the Development Area while this agreement is effective.

4. Default and Termination. Franchisor may terminate this MUDA by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee fails to satisfy the development schedule; or
- (ii) Franchisor has the right to terminate any franchise agreement between Franchisor and Franchisee (or any affiliate thereof) due to Franchisee’s default thereunder (whether or not Franchisor actually terminates such franchise agreement).

5. Limitation of Liability. Franchisee’s commitment to develop Uncle Sharkii businesses is in the nature of an option only. If Franchisor terminates this MUDA for Franchisee’s default, Franchisee shall not be liable to Franchisor for lost future revenues or profits from the unopened Uncle Sharkii businesses. Franchisee may terminate this MUDA at any time.

6. Conditions. Franchisee’s right to develop each Uncle Sharkii franchise after the Store #1 is subject to the following:

- (i) Franchisee must possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional Uncle Sharkii business, in the reasonable judgment of Franchisor, and
- (ii) Franchisee must be in full compliance with all brand requirements at its open Uncle Sharkii businesses, and not in default under any Franchise Agreement or any other agreement with Franchisor.

7. Dispute Resolution; Miscellaneous. The laws of the State of Texas (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Texas law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 7. Franchisee shall not Transfer this MUDA without the prior written consent of Franchisor, and any Transfer without Franchisor’s prior written consent shall be void. The provisions of Article 17 (Dispute Resolution) and Article 18 (Miscellaneous) of the Franchise Agreement apply to and are incorporated into this MUDA as if fully set forth herein.

Agreed to by:

FRANCHISOR:
UNCLE SHARKII FRANCHISING, LLC

Signature: _____

Name: _____

Title: _____

AREA DEVELOPMENT AGREEMENT

Date: _____

FRANCHISEE:

Signature: _____

Name: _____

Title: _____

Date: _____

EXHIBIT D TO THE
FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

State Administrators

California

Department of Financial Protection and
Innovation
2101 Arena Boulevard,
Sacramento, CA 95834
(916) 445-7205
(Toll Free) (866) 275-2677

Hawaii

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

Illinois

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

Indiana

Indiana Chief Deputy Commissioner
Secretary of State
Franchise Section – Securities Division
301 W. Washington Street, Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

Maryland

Office of the Attorney General
Securities Division
2000 Saint Paul Place
Baltimore, Maryland 21202
(410) 576-7044

State Agents for Service of Process

California

Commissioner of Department of Financial
Protection and Innovation
2101 Arena Boulevard,
Sacramento, CA 95834

Hawaii

Commissioner of Securities
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois

Illinois Franchise Development
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

Indiana

Indiana Chief Deputy Commissioner
Secretary of State
Franchise Section – Securities Division
301 W. Washington Street, Room E-111
Indianapolis, Indiana 46204

Maryland

Office of the Attorney General
Securities Division
2000 Saint Paul Place
Baltimore, Maryland 21202

Michigan

Michigan Franchise Administrator
Consumer Protection Division
Attention: Franchise Examiner
670 Law Building
Lansing, Michigan 48913
(517) 373-7117

Minnesota

Minnesota Franchising Examiner
Minnesota Department of Corporations
133 East Seventh Street
St. Paul, Minnesota 55101
(612) 295-6328

New York

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236

North Dakota

North Dakota Securities Department
600 East Boulevard State Capitol
Fifth Floor, Dep't 414
Bismarck, North Dakota 58505
(701) 328-4712

Rhode Island

Rhode Island Securities Examiner
Division of Securities
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9500

South Dakota

South Dakota Franchise Administrator
Division of Securities
Department of Labor & Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-4013

Michigan

Not Applicable

Minnesota

Minnesota Franchising Examiner
Minnesota Department of Corporations
133 East Seventh Street
St. Paul, Minnesota 55101

New York

Secretary of State of New York
99 Washington Avenue
Albany, New York 12231

North Dakota

North Dakota Securities Department
600 East Boulevard State Capitol
Fifth Floor, Dep't 414
Bismarck, North Dakota 58505

Rhode Island

Rhode Island
Department of Business Regulation
Division of Securities
1511 Pontiac Avenue
Cranston, Rhode Island 02920

South Dakota

Director, Division of Securities
124 S. Euclid, Suite 104
Pierre, South Dakota 57501

Virginia

Virginia Chief Examiner
State Corporation Commissioner
Division of Securities and Retail Franchising
1220 Bank Street
Richmond, Virginia 23219
(804)786-7751

Washington

Washington Securities Administrator
Securities Division
P.O. Box 9033
Olympia, Washington 98507
(360)902-8760

Wisconsin

Wisconsin Commissioner of Securities
Registration Division
P.O. Box 1768
Madison, Wisconsin 53101
(608)266-8559

Virginia

Clerk of the State Corporation Commissioner
P.O. Box 1197
Richmond, Virginia 23219

Washington

Director of Licensing
Securities Division
150 Israel Road
Turnwater, Washington 95801

Wisconsin

Wisconsin Commissioner of Securities
Office of the Commissioner of Securities
101 East Wilson Street
Madison, Wisconsin 53702

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, 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:

| <u>State</u> | <u>Effective Date</u> |
|---------------------|------------------------------|
| California | 10/24/2023 |
| Hawaii | 07/25/2022 |
| Illinois | |
| Indiana | |
| Maryland | |
| Michigan | |
| Minnesota | |
| New York | Pending |
| North Dakota | |
| Rhode Island | |
| South Dakota | |
| Washington | |
| Wisconsin | |

**RECEIPT
(RETURN ONE COPY TO US)**

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Uncle Sharkii Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires 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.

If Uncle Sharkii Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit D.

The franchisor is Uncle Sharkii Franchising, LLC, located at 1160 Dairy Ashford Rd., Suite 450, Houston, TX 77079. Its telephone number is (808) 773-5428.

Issuance Date: March 13, 2023

The name, principal address and telephone number of the franchise seller for this offering is:

___ Fen Reyes, 1160 Dairy Ashford Rd., Suite 450, Houston, TX 77079, (808) 773-5428
___ Raymond Reyes, 1160 Dairy Ashford Rd., Suite 450, Houston, TX 77079, (808) 773-5428

Uncle Sharkii Franchising, LLC authorizes the agents listed in Exhibit D to accept service of process for it.

I have received a disclosure document that included the following Exhibits:

- A State Addenda to the Franchise Disclosure
- B Uncle Sharkii Franchise Agreement (with exhibits)
- C Multi-Unit Developer Agreement
- D List of State Administrators/Agents for Service of Process

Date: _____
(Do Not Leave Blank)

Signature of Prospective Franchisee

Print Name

You may return one signed receipt either by signing, dating and mailing it to Uncle Sharkii Franchising, LLC at 1160 Dairy Ashford Rd., Suite 450, Houston, TX 77079, or by emailing a copy of the signed and dated receipt to Uncle Sharkii Franchising, LLC at franchise@unclesharkii.com.

RECEIPT
(KEEP ONE COPY FOR YOURSELF)

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Uncle Sharkii Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires 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.

If Uncle Sharkii Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit D.

The franchisor is Uncle Sharkii Franchising, LLC, located at 1160 Dairy Ashford Rd., Suite 450, Houston, TX 77079. Its telephone number is (808) 773-5428.

Issuance Date: March 13, 2023

The name, principal address and telephone number of the franchise seller for this offering is:

___ Fen Reyes, 1160 Dairy Ashford Rd., Suite 450, Houston, TX 77079, (808) 773-5428
___ Raymond Reyes, 1160 Dairy Ashford Rd., Suite 450, Houston, TX 77079, (808) 773-5428

Uncle Sharkii Franchising, LLC authorizes the agents listed in Exhibit F to accept service of process for it.

I have received a disclosure document that included the following Exhibits:

- A State Addenda to the Franchise Disclosure
- B Uncle Sharkii Franchise Agreement (with exhibits)
- C Multi-Unit Developer Agreement
- D List of State Administrators/Agents for Service of Process

Date: _____
(Do Not Leave Blank)

Signature of Prospective Franchisee

Print Name