



**AREA REPRESENTATIVE
FRANCHISE DISCLOSURE DOCUMENT**

MAHANA FRESH, LLC

ISSUANCE DATE: MARCH 31, 2023

FRANCHISE DISCLOSURE DOCUMENT



Mahana Fresh, LLC

A Florida limited liability company
650 Golden Gate Point, Suite 401
Sarasota, FL 34236
(941) 257-3663
www.MahanaFresh.com

Franchisor franchises the right to operate a fast-casual Mahana Fresh restaurant featuring freshly prepared bowls - all prepared with proprietary and chef created marinades and sauces-, and other food products, side dishes, non-alcoholic beverages for on-premises and off-premises consumption and craft beer and wine in states permitted for on premise consumption under the Mahana Fresh name and mark (each a "Restaurant").

Under this disclosure document, we offer qualified individuals the right to serve as our "Area Representative" within a given territory (an "AR Development Area"). Under an Area Representative Agreement, you will serve as our independent Area Representative and recruit franchisees to own and operate Restaurants and provide support services to franchisees within your AR Development Area (the "Area Representative Business"). The total estimated initial investment to begin operation of the Area Representative Business ranges from \$94,700 to \$453,775, which includes an Area Representative Fee ranging from \$80,000 to \$400,000 that must be paid to franchisor and its affiliates, which varies based on number of Restaurants, the size of your AR Development Area, and the term of your Mandatory Development Schedule. You may also elect to open and commence operating your own Restaurant within the AR Development Area under a separate form of our then-current franchise agreement.

This Franchise Disclosure Document ("Disclosure Document") summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Dave Wood at 650 Golden Gate Point, Suite 401, Sarasota, Florida 34236, phone number (941) 257-3663, or by emailing franchise@MahanaFresh.com. The terms of your contract will govern your franchise relationship. Don't rely on this disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or accountant.

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

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

Issuance Date: March 31, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former area representatives. You can find their names and contact information in Item 20 or Exhibit F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Mahana Fresh business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be a Mahana Fresh area representative?	Item 20 or Exhibit F lists current and former area representatives. 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 area representative 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 area representative 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 area representative agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your area representative 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 area representative 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 B.

Your state also may have laws that require special disclosures or amendments be made to your area representative 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 the following risk(s) be highlighted:

- 1. Out-of-State Dispute Resolution.** The area representative agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Florida than in your own state.
- 2. Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
- 3. Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

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

The Franchisor

To simplify the language in this Disclosure Document, “we”, “our” or “us” means and includes Mahana Fresh, LLC. We are a Florida limited liability company that was formed as Mahana Poke, LLC on March 22, 2018, with a principal business address at 650 Golden Gate Point, Suite 401, Sarasota, Florida 34236 with a telephone number of (941) 257-3663. On March 13, 2019, our company name was changed to Mahana Fresh, LLC to reflect an update in our primary brand marks from “Mahana Poke” to “Mahana Fresh.” We have been offering franchises since February 2018 and conduct no other business. We do business under the name Mahana Fresh. We have not conducted business in or offered franchises in any other line of business. “You” or “Your” means the individual, corporation, limited liability company or partnership who buys the franchise.

Agents for Service of Process

Our agents for service of process in the states whose franchise laws require us to name a state agency as our agent for service of process are shown on Exhibit B.

Parents, Predecessors and Affiliates

Our parent, Mahana Fresh Group Holdings, LLC, is a Florida limited liability company formed on February 21, 2018, as Poke Group Holdings, LLC and has a principal business address of P.O. Box 3566, Sarasota, Florida 34230. On March 13, 2019, our parent company’s name was changed to Mahana Fresh Group Holdings, LLC. Our parent owns the Proprietary Marks (as defined below) used in connection with the System (as defined below). Our parent licenses us the exclusive rights to the Proprietary Marks in connection with the Restaurants and the System. Our parent does business under its corporate name and does not offer franchises in this or any other line of business.

Other than those listed above, we do not have any other parents, predecessors, or affiliates to disclose in Item 1.

The Franchise Offered

Each Restaurant operates pursuant to our proprietary operating system, the characteristics of which include: (a) proprietary recipes and methods for preparing the food and beverage items, including the made- to-order bowls and related foods; (b) interior and exterior Restaurant designs, décor, and color schemes; (c) standards and specifications for the furniture, fixtures, and equipment necessary to operate a Restaurant; sales techniques, and merchandising, marketing, advertising, and inventory management systems; and standardized procedures for operating and managing a Restaurant (collectively, the “System”).

We identify the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited to, the mark Mahana Fresh, distinctive trade dress, and any other trade names, trademarks, and service marks we may now or in the future designate in writing for use in connection with the System (the “Proprietary Marks”). We continue to develop, use, and control the Proprietary Marks in order to identify for the public the source of products and services marketed under the System, and to represent the System’s high standards of quality, appearance, and service.

As set forth in a separate disclosure document, under our form of franchise agreement (the “Franchise Agreement”), we grant System franchisees a territory (the “Territory”) for the operation of their Restaurant. In addition to our single unit offering, we grant qualified individuals the right to enter into an “Area Development Agreement” to own and operate multiple Restaurants pursuant to a mandatory development schedule in a defined development area.

Under this form of disclosure document, we offer qualified individuals the right to serve as our independent representative (each, an “Area Representative”) and coordinate the development of an AR Development Area by: (i) recruiting others to own and operate Restaurants under our System and Marks within the AR Development Area; (ii) providing continuing operational and supervisory assistance to franchisees within the AR Development Area, including without limitation, site selection assistance, ongoing training and supervision, and management of regional advertising cooperatives; and (iii) having a right to own and operate Area Representative-owned Restaurants if they elect to do so (“Certified Training Locations”) within the AR Development Area, each of which is operated pursuant to our then-current form of franchise agreement. You may, but are not required to, also open and operate your own Restaurant within your Development Area pursuant to our then-current form of franchise agreement (a “Pilot Certified Training Location”).

When engaging in any recruitment activities within your AR Development Area, you must use our then-current form of franchise agreement and disclosure document that we approve for use in your AR Development Area. Under the Area Representative Agreement, you must comply with all franchise disclosure and other legal requirements applicable to Area Representatives in your AR Development Area. You must also register yourself as a franchise broker directly with the appropriate state authorities, where applicable. You may not use any third-party brokers other than those that we approve to assist with the offer or sale of franchises within your AR Development Area. You will receive certain territorial rights within your AR Development Area for so long as you comply with your obligations under your Area Representative Agreement, including a mandatory development schedule (“AR Mandatory Development Schedule”).

The Market and Competition

Fast casual dining restaurants are mature and highly competitive. You will compete with local, regional and national restaurants offering food in the fast casual format. Your Restaurant will offer its products to the general public, and sales are not seasonal, other than any seasonality resulting from the site’s physical and geographical location. Your competitive advantage in the marketplace will be based on your adherence to our standards and guidelines, as well as your entrepreneurial and managerial abilities and focus on customer service.

We have entered into a fulfillment agreement with a third-party service provider for the preparation of “Mahana Fresh” branded menu items and products that are available for order on third-party delivery applications such as “Uber Eats”, “Doordash”, and “Postmates”. Our agreement is an exclusive agreement with the third-party service provider and we do not intend to enter into any other such arrangements with other service providers. The terms of our agreement permit us to terminate fulfillment through the third-party service provider in any territory in which a Restaurant location provides delivery services through third-party delivery applications. Restaurant owners will not compete with these fulfillment centers once their Restaurant locations are open and operational.

Industry Specific Regulations

You must comply with the Federal Trade Commission’s Rule on Franchising and any applicable state law or regulation relating to franchises and business opportunities within your AR Development Area. You must register yourself as a franchise broker directly with the appropriate state authorities, if applicable, within your AR Development Area. Investigation and compliance with all laws and regulations applicable to your Area Representative Business are your sole responsibility. You will also be subject to laws or regulations that are applicable to businesses in general, including zoning laws, labor laws and the Fair Labor Standards Act, workers’ compensation laws, business licensing laws, tax regulations, and the Americans with Disabilities Act.

If you elect to open a Certified Pilot Training Location in your Development Area, your Restaurant will be subject to laws and regulations in your state, county, or municipality regarding the operation of a restaurant, including laws and regulations relating to the preparation and dispensation of food products, occupational hazards and health laws, sanitation laws, and consumer protection laws.

You will also be subject to laws or regulations that are not specific to the restaurant industry, but applicable to businesses in general, including zoning laws, labor laws and the Fair Labor Standards Act, workers' compensation laws, business licensing laws, tax regulations, and the Americans with Disabilities Act.

We have not investigated the laws or regulations applicable to your Restaurant. You are solely responsible for investigating all applicable federal, state, and local laws and regulations, and your cost to comply with such laws and regulations, and you should do so before purchasing a franchise from us. We strongly suggest that you consult with an attorney, consultant and/or financial advisor regarding such regulations prior to purchasing a franchise from us. Applicable laws and regulations are subject to change.

Federal, state and local jurisdictions have enacted laws, rules, regulations and ordinances that may apply to the operation of your Franchised Restaurant, including those that (i) establish general standards, specifications and requirements for the construction, design and maintenance of restaurant premises; (ii) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for restaurants; employee practices concerning the storage, handling, cooking and preparation of food and beverages; restrictions on smoking; availability of and requirements for public accommodations, including restrooms; (iii) set standards pertaining to employee health and safety; (iv) set standards and requirements for fire safety and general emergency preparedness; (v) govern the use of vending machines; (vi) control the sale of alcoholic beverages; and (vii) regulate the proper use, storage and disposal of waste, insecticides, and other hazardous materials. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Franchised Restaurant and should consider both their effect and cost of compliance.

Mahana Fresh Restaurants serve craft beer and wine. State alcoholic beverage regulatory authorities administer and enforce laws and regulations that govern the sale of alcoholic beverages. You are required to use your best efforts to obtain a beer and wine license for your Franchised Restaurant. You must comply with all applicable laws, rules and regulations in your state and locality related to the sale of alcoholic beverages at your Franchised Restaurant.

In addition, you must comply with all local, state, and federal laws that apply to your Franchised Restaurant including health, sanitation, no smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws, including all requirements set forth in the Alcoholic Beverage Control Act and in the California Code of Regulations, Title 4 with regard to the sale of alcoholic beverages. The Americans with Disability Act of 1990 requires readily accessible accommodation for disabled people and therefore may affect your building construction, site elements, entrance ramps, doors, seating, bathrooms, etc. You must obtain all required real estate permits, licenses and operational licenses. You must also comply with all menu and menu board labeling laws and rules requiring restaurant operators to disclose certain calorie or other nutritional information about the foods they sell, including, for example, the FDA's Nutrition Labeling of Standard Menu Items in Restaurants and Similar Food Establishments Rule. California law requires each food facility that meets specified criteria (which cover franchised outlets with at least 19 other franchised outlets with the same name among certain other food facilities) to provide nutritional information that includes, per standard menu item, the total number of calories, grams of saturated fat, grams of trans fat, and milligrams of sodium and to have menu boards to include the total number of calories. In California, local county health departments inspect restaurants and other retail food facilities to ensure compliance with safe food handling practices and adequacy of kitchen facilities. Other states and cities may have laws similar to these California laws.

The Nutrition Labeling and Education Act (NLEA) sets regulations for food labeling, including nutritional label standards, nutrient content claims, and health claims. NLEA applies to virtually all foods in the food supply, including food served and sold in restaurants. While NLEA specifies a number of exemptions for restaurants, there are many instances where a nutritional label is required. The Food and Drug Administration's *Nutritional Labeling Guide for Restaurants and Other Retail Establishments* provides answers to commonly asked questions regarding the application of NLEA. The Health Care Reform Bills that became law in March 2010 additionally contain provisions that require disclosure of nutrition and calorie information in chains of more than 20 restaurants.

The Payment Card Industry Data Security Standard ("PCI") requires that all companies that process, store, or transmit credit or debit card information maintain a secure environment. PCI applies to all organizations or merchants, regardless of size or number of transactions, that accepts, transmits, or stores any cardholder data.

You should consult with your attorney concerning these and other local laws and ordinances that may affect your Franchised Restaurant. You alone are responsible for compliance despite any advice or information that we may give you. We have not researched any of these laws or regulations to determine the specific applicability to your business.

ITEM 2. BUSINESS EXPERIENCE

Dave Wood: CEO & Founder

Dave Wood has been our CEO since February 2018 and has been the CEO of our parent, Mahana Fresh Group Holdings, LLC, since February 2018. Since October 2021 Dave has served as the CSO for Hot Chikn Kitchn, LLC. From March 2017 through March 2018, Dave served as the CEO of Great Food and Friends LLC, and now serves as an advisor to them. From June 2015 through March 2018, Dave served as CEO of Firenza Pizza Franchise LLC, and now serves as an advisor to them. Since November 2012, Dave has served as an advisor to Jersey Mike's Team Washington LLC, Zinga Franchise Group LLC, and other non-franchise businesses in which he or his family have investments.

Dave Baer: Chief Operating Officer

Dave Baer is our Chief Operating Officer since November 2019. From March 2017 until November 2019, he was Chief Operating Officer of Great Food and Friends LLC. From March 2018 until November 2019, he was also President of Great Food and Friends.

See Exhibit F for information regarding our Area Representatives.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

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

ITEM 5. INITIAL FEES

Area Representative Fee

Under your Area Representative Agreement, you must pay us the appropriate Area Representative Fee, which will range between \$80,000 and \$400,000 and shall be negotiated by both parties and based upon the number of Restaurants, the population size of your AR Development Area, and the term of your Mandatory Development Schedule. The Area Representative Fee is calculated by population size at \$0.08 per person in the AR Development Area. The Area Representative Fee is due upon signing the Area Representative Agreement and is deemed fully earned and non-refundable upon payment.

Pilot Certified Training Location

As an Area Representative, you will have the option to open an initial Restaurant to serve as your “Pilot Certified Training Location.” You will not be required to pay us any Initial Franchise Fee for the Pilot Certified Training Location and you must open and operate the Pilot Certified Training Location within the Development Area unless we otherwise agree in writing.

Subject to our approval, you may open additional Restaurants within your AR Development Area but are not required to do so under the terms of your Area Development Agreement. If you elect to open additional Restaurant locations, you must pay us an Initial Franchise Fee equal to fifty percent (50%) of our then-current franchise fee at the time of signing the franchise agreement for your additional locations. You will not receive additional compensation other than the discounted initial franchise fee for additional locations that you open in your AR Development Area. To qualify for this discounted Initial Franchise Fee, you must be the legal or beneficial owner of at least fifty-one percent (51%) of the additional Restaurants and the Initial Franchise Fee for your additional locations will be entirely due to us.

The Pilot Certified Training Location and any other locations you open in the AR Development Area will be credited towards your Mandatory Development Schedule.

Refunds, Different Fees, and Financing

The fees described in this Item are fully earned by us when paid and are not refundable under any circumstances. We may reduce, finance, defer or waive the Area Representative Fee if and when we determine, it is warranted by a unique or compelling situation. We generally do not provide financing for the Area Representative Fee. We may do so if and when we determine it is warranted by a unique or compelling situation.

ITEM 6. OTHER FEES

TYPE OF FEE	AMOUNT ¹	DUE DATE	REMARKS
Local Advertising Requirement	A minimum of \$1,500 per month within your Development Area	The first day of the month following the Effective Date of the Agreement	See Note 2
Transfer Fee	\$25,000	Upon Submitting a Request for Transfer	See Note 3
Renewal Fee	\$10,000	Upon Renewal	You must also satisfy certain conditions described in the Area Representative Agreement to renew
Insurance	Cost of insurance. If you fail to maintain your insurance as required, we have the right to procure insurance on your behalf and charge an 18% administrative fee in addition to the cost of the insurance	As Required	See Note 4

TYPE OF FEE	AMOUNT ¹	DUE DATE	REMARKS
Additional/Ongoing Training	Our then-current tuition fee; current fee is \$1,000 per person per week plus expenses for you, your employees, and our expenses	At Time of Additional and/or Ongoing Training	See Note 5
Audit/Inspection Costs	Cost of audit and/or inspection	As Required	See Note 6
Financial Records and Reports	Cost of preparing financial statements	As Required	See Note 7
Indemnification	Amount of claim or judgment	When Incurred	See Note 8
Post-Termination and Post-Expiration Expenses	Costs and expenses associated with your ceasing and de-identification of your Area Representative Business	When Incurred	See Note 9
Collection Costs, Attorneys' Fees, Interest	18% on overdue amounts; actual attorneys' fees and costs incurred	When Incurred	See Note 10
Taxes on Payments to Us	Amount of tax or assessment	When imposed by taxing authority	If any taxing authority, wherever located, imposes any future tax, levy, or assessment on any payment you make to us, in addition to all payments due to us, you must pay the tax, levy or assessment

Notes:

1. Unless otherwise indicated below, all of the fees listed below are imposed by, payable to, and collected by us and are non-refundable.
2. Local Advertising Requirement. You must spend a minimum of \$1,500 each month on marketing and promotional programs directed at recruiting potential franchisees within your AR Development Area (the “AR Advertising Requirement”). You must spend the AR Advertising Requirement in accordance with our standards and specifications, which may include, without limitation, requirements that you place a certain number and/or type(s) of media advertisements. You may spend any additional sums you wish on local advertising.
3. Transfer Fee. We have the right to condition our approval of any proposed sale or transfer of any interest in your Area Representative Business or the Area Representative Agreement on various factors, including your payment of a transfer fee amounting to \$25,000. Generally, we do not charge a transfer fee if you transfer your interest in the Area Representative Agreement to a wholly owned corporation or limited liability company formed by you solely for the purpose of operating the Area Representative Business. However, if you attempt such a transfer 180 or more days after you sign an Area Representative Agreement, we retain the right to charge a fee of \$7,500 for the transfer.
4. Insurance. You must maintain certain amounts and types of insurance in connection with your Area Representative Business, and we reserve the right to obtain this insurance on your behalf if you fail to do so, and charge you a service fee of 18% for obtaining your required insurance in addition to reimbursement of the costs

incurred in connection with your premiums.

5. Additional/Ongoing Training. We do not charge a fee for initial training for the first three attendees. Subject to the availability of our training personnel, we will train your additional and/or replacement managers at our then-current tuition fee. We may also provide you with ongoing training and/or refresher training, at our sole discretion, at our then-current tuition fee. You shall be responsible for the costs of meals, lodging, and transportation associated with attending additional/ongoing training. We may provide you with additional on-site assistance, subject to the availability of our personnel, at our then-current tuition fee. You must also pay for any travel, meal, lodging, and payroll expenses we incur in connection with providing on-site assistance.

6. Audit and Inspection Costs. You must maintain accurate business records, reports, accounts, books and data relating to the operation of the Area Representative Business. We and our designees have the right to inspect and/or audit your business records at any time during normal business hours. If any audit reveals that you: (a) improperly allocated revenues and expenses between any Certified Training Location or the Area Representative Business and any other business; (b) understated royalty or worldwide creative fee payments, or local advertising expenditures, by more than 2% for any Certified Training Locations; or (c) failed to submit timely reports and/or remittances for any two reporting periods within any 12-month period, you must pay the reasonable cost of such audit and/or inspection, including the cost of outside auditors and attorneys (to the extent we incur such costs), together with amounts due for royalty and other fees as a result of such underreporting and/or failure to submit reports, along with all late fees and interest which may otherwise be due under the Area Representative Agreement.

7. Financial Records and Reports. You must maintain all of the records and reports required under the Area Representative Agreement, as well as the records and reports of System franchisees in your AR Development Area. All reports required under the Area Representative Agreement must be prepared by a designated bookkeeper that is approved by us.

8. Indemnification. You and your principals agree to indemnify, defend and hold us, our affiliates, and our respective shareholders, directors, officers, employees, agents, successors and assignees (“Indemnitees”) harmless against and to reimburse the Indemnitees for all claims, including any and all taxes, directly or indirectly arising out of, in whole or in part: (a) your solicitation of prospective franchisees and the provision by you of ongoing services to AR Development Area franchisees; (b) the operation of the Area Representative Business and any Franchised Business(s), including the use, condition, construction and buildout, equipping, decorating, maintenance, or operation of any training facility or Area Representative-owned Franchised Businesses you may operate now or in the future; (c) your advertising; (d) the use of the Proprietary Marks and other proprietary material; (e) the transfer of any interest in this Agreement your Franchised Business(s) in any manner not in accordance with this Agreement; (f) the infringement, alleged infringement, or any other violation or alleged violation by you or your principals of any patent, mark, or copyright, or other proprietary right owned or controlled by third parties; or (g) libel, slander or any other form of defamation of Franchisor, the System, other area representatives or developers operating under the System, by you or any of your principals or employees (the “Claims”). We shall have the right to defend any Claim against us in the manner as we deem appropriate or desirable in our sole discretion. Our defense of any action will not diminish your and each of your principals’ obligation to indemnify the Indemnitees and to hold them harmless. This indemnity shall continue in full force and effect subsequent to and regardless of the expiration or termination of the Area Representative Agreement.

9. Post-Termination and Post-Expiration Expenses. Upon termination, expiration, non-renewal, and/or transfer of the Area Representative Agreement for any reason, you must pay for all costs and expenses associated with ceasing operations and de-identifying yourself with the Area Representative Business and our System.

10. Collection Costs, Attorneys’ Fees, and Interest. Any late payment or underpayment of fees due to us under the Area Representative Agreement, and any other charges or fees you owe us, will bear interest from the due date until paid at the lesser of 18% interest per year or the highest lawful interest rate which we may charge for commercial transactions in the state in which your Area Representative Business is located. If you are in breach or default of any monetary or non-monetary material obligation under the Area Representative Agreement or any

related agreement between you and us, and we engage an attorney to enforce our respective rights (whether or not we initiate formal judicial proceedings), you must pay all reasonable attorneys' fees, court costs and litigation expenses we incur. If you institute any legal action to interpret or enforce the terms of the Area Representative Agreement and your claim is denied or the action is dismissed, you must reimburse us our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against the action. We are entitled, under the Area Representative Agreement, to have the costs listed above awarded as part of the judgment in the proceeding.

**ITEM 7.
ESTIMATED INITIAL INVESTMENT**

A. YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is to be
	Low Estimate	High Estimate			
Initial Area Representative Fee ¹	\$80,000	\$400,000	Lump sum	Upon signing Area Representative Agreement	Us
Accounting System ²	\$0	\$375	As incurred	As incurred	Suppliers
MIS System Fee ³	\$100	\$1,200	As incurred	As incurred	Us
Furniture, Fixtures, and Equipment ⁴	\$0	\$7,500	Lump sum	As incurred	Suppliers
Signage ⁵	\$0	\$200	Lump sum	As incurred	Suppliers
Business Licenses ⁶	\$100	\$1,000	Lump sum	As incurred	State and local agencies
Insurance ⁷	\$500	\$3,000	Lump sum	As incurred	Insurance company
Training Lodging & Travel Expenses ⁸	\$5,000	\$10,000	As incurred	As incurred	Third parties
Vehicle Lease ⁹	\$500	\$3,000	Prior to opening	As incurred	Third parties
Professional Fees ¹⁰	\$1,000	\$2,500	As agreed	As incurred	Third parties
Additional Funds – 3 months ¹¹	\$7,500	\$25,000	As incurred	As incurred	Third parties
TOTAL¹²	\$94,700	\$453,775			

Notes:

*Unless otherwise noted below, the expenses listed above are non-refundable.

1. Initial Area Representative Fee. You must pay an Area Representative Fee upon signing the Area Representative Agreement, which will generally range from \$80,000 to \$400,000, depending on the population contained in your AR Development Area. The Area Representative Fee is calculated based on population at \$0.08 per person in the AR Development Area. See Item 5 for further information.

2. Accounting System. This estimate is for the cost of an accounting system for you to track revenue and expenditures related to your Area Representative Business.

3. MIS System Fee. The annual MIS System Fee is \$1,200 and is prorated for the first year. The low end is for an Area Representative Agreement signed in December and the high end is for an Area Representative Agreement signed in January. It is calculated as follows: for an Area Representative Agreement signed in

December, the first year MIS fee is \$100; and for an Agreement signed in January the first year MIS fee is \$1,200. The next annual MIS System Fee of \$1,200 is due in January for the following year. The MIS System is our data management system used to manage the flow of information such as point-of-sale data, logistics, inventory and internal communication.

4. Furniture, Fixtures, and Equipment. The costs of these items are dependent on the size and configuration of your Area Representative Business. This estimate includes those items required in addition to the items required in your training store; i.e. computers, POS System, a phone system and fax machine that meets our specifications and standards, a desk, filing cabinets, and related office supplies. The low end is based on the assumption that you already have all of these items in your training store.

5. Signage. The signage referred to is for any separate signage on a door to a separate office that might be included in your required Restaurant.

6. Business Licenses. This estimate includes any costs of registering as a broker or salesperson with any state agency and the costs of business license you are required to obtain for the operation of your Area Representative Business, if any. This estimate does not include the cost of business licenses for your Pilot Certified Training Location, which are set forth in a separate disclosure document.

7. Insurance. Insurance must be obtained to meet the minimum requirements established by the System Standards.

8. Training, Lodging, and Travel Expenses. We provide initial training to you (and 2 personnel) without charge, but you are responsible for all compensation, travel, and living expenses. This estimate is for the cost for you and up to 2 of your personnel to attend initial training in Florida. The actual cost will depend on your point of origin, method of travel, class of accommodations, and dining choices.

9. Vehicle Lease. An Area Representative will need a vehicle to provide site selection checks, meet with prospects, assist in franchisee opening, maintain periodic contacts with the franchisees, etc. The low estimate assumes you already have a vehicle. The high end estimates the costs of leasing and operating one vehicle to use in the Area Representative Business. The cost varies depending on the type of vehicle, gas mileage, maintenance, used or new, lease or purchase, financing rates, and other variables. We do not require you to have any signage on your vehicle. We do not place any restrictions on the age, make, or model of your vehicle, but reserve the right to do so in the future.

10. Professional Fees. If you obtain legal and accounting services to help with business formation, review of contracts, financing documents and leases, setting up of books and records and other services. This amount varies greatly depending on the services performed and rates prevailing in your market.

11. Additional Funds – 3 months. This item estimates your initial startup expenses during the first three months after opening your Area Representative Business. These estimates include the Local Advertising Requirement and payroll costs during your first three months of operation. The low estimate assumes you will operate as the Area Representative and will not incur additional payroll costs for any employees. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business.

12. TOTAL. We relied on our experience and the experience of our existing Area Representatives to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer financing directly or indirectly for any part of the initial investment for your Area Representative Business. The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions for which you may request a loan.

ITEM 8.
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Area Representative Business in strict conformance with our methods, standards, and specifications which we prescribe in our Area Representative Agreement, as well as our confidential operating manual and various other confidential manuals and writings prepared for use by you (collectively the “Operations Manual”). We may change our methods, standards, and specifications at our sole discretion. The Operations Manual covers nearly all aspects of your Restaurant’s operations, such as food preparation and presentation techniques, employee training, and Restaurant management. You must ensure your compliance with all federal, state, and local laws and regulations and must obtain our prior written consent before changing any of our standards or specifications for establishing and operating a Restaurant to comply with applicable laws and regulations.

You must operate your Area Representative Business in a manner that will enhance the image intended by us for the System. We reserve the right to formulate and modify our standards and specifications for operating an Area Representative Business. Our standards and specifications are described in the Area Representative Agreement, the Operations Manual, and other written documents. We have the right, under the Area Representative Agreement, to change the standards and specifications applicable to operation of the Area Representative Business by written notice to you or through changes in the Operations Manual. You may incur an increased cost to comply with these changes at your own expense; however, no change will materially alter your fundamental rights under the Area Representative Agreement.

We may require you to use a designated supplier for general marketing production and services. In addition, the terms of the Franchise Agreement and the Item 8 disclosures of the form of disclosure document that contains the single-unit franchise offering will apply to all Restaurants that you open and operate as part of your Area Representative Business.

Though we do not anticipate that there will be required purchases from approved suppliers as a result of the operation of your Area Representative Business, we reserve the right to derive revenue from any required purchases from approved suppliers. As of our fiscal year ended December 31, 2022, we earned \$683,745 in total revenue but did not derive any revenue from required area representative purchases or leases. We do not presently receive rebates from vendors as a result of area representative purchases. If we receive any rebates or allowances from suppliers, these sums will not reduce any amounts owed to the suppliers by you. If we do receive rebates, there are no restrictions on how we can use these rebates. No franchisor officer owns an interest in any supplier.

We have established negotiated pricing arrangements for the benefit of our franchisees with U.S. Foods, Inc. Your franchisees may be able to purchase certain items from this supplier at a reduced rate as a result of this negotiated purchase arrangement. We do not receive any material benefits as a result of franchisee purchases with this supplier. We and our affiliates do not presently and have not in the past received consideration from negotiating any purchasing arrangements with suppliers on behalf of franchisees, but we may do so in the future.

Advertising

We must approve all advertising before first publication or use. Our advertising requirements are discussed more fully in Item 11 of this Disclosure Document.

Insurance

You will be required to procure and maintain insurance in the amounts we prescribe. You agree to provide us with proof of coverage on demand. Currently, our Area Representatives must have a minimum of: (i) comprehensive general liability insurance, including broad form contractual liability, broad form property damage, personal injury, advertising injury, dram shop liability, completed operations, products liability and fire damage coverage, in the minimum amount of two million dollars (\$2,000,000) combined single limit; (ii) “All Risks” coverage for the full cost of replacement of the Area Representative Business premises and all other property in which Area Representative may have an interest, with no coinsurance clause for the Area Representative Business premises;

(iii) crime insurance for employee dishonesty in the amount of ten thousand dollars (\$10,000) combined single limit; (iv) automobile liability coverage, including coverage of owned, non-owned and hired vehicles, with coverage in the minimum amount of two million dollars (\$2,000,000) combined single limit; (v) workers compensation insurance, as required by applicable law; and (vi) such other insurance as may be required by Franchisor, Area Representative’s lessor, or the state or locality in which any Restaurant is located.

All insurance policies must be written by an insurance company with a Best’s Insurance Guide minimum rating of A-VIII or better. All policies must include a waiver of subrogation in favor of us. In addition to the information listed above, you agree to carry such insurance as may be required by the lease of your location, by any lender or equipment lessor you select, and such workers’ compensation insurance as may be required by applicable law. You must add us, and any parties we may designate, to all insurance contracts as additional insureds under your insurance policies at your cost.

**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 disclosure document.

OBLIGATION	SECTION IN AREA REPRESENTATIVE AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	1.6	Items 7, 11 and 12
b. Pre-opening purchases/ leases	5.2	Items 7 and 8
c. Site development and other pre-opening requirements	4.1 and 5.2	Items 6, 7, 8 and 11
d. Initial and ongoing training	1.7.6, 4.1, 4.6, 5.2, 5.8, 5.9 and 5.14	Item 11
e. Opening	1.6, 5.2, and 5.9	Item 11
f. Fees	Data Sheet, 1.6, 2, 3.5, 4.10, 5.14, 5.2, 5.11, 6.2, 6.3, 8.1, 8.2, 8.3 and 8.5	Items 5 and 6
g. Compliance with standards and policies/operations manual	1.1, 3.3, 3.4, 4.2, 4.3, 4.4, 5.3, 5.4, 5.5, 5.6, 5.7, 5.9, 5.10, 5.12, 6.1, 7.1, and 16	Item 8 and 11
h. Trademarks and proprietary information	1.1, 1.3, 1.5, 4.7, 7 and 14	Items 13 and 14
i. Restrictions on products/ services offered	1.5, 5.5 and 5.9	Item 8, 12 and 16
j. Warranty and customer service requirements	5.9.11	Item 15
k. Territorial development and sales quotas	1.2, 1.6 and 3	Items 12 and 17
l. Ongoing product/service purchases	5.9	Item 8 and 11
m. Maintenance, appearance, and remodeling requirements	5.9 and 10	Item 6, 8 and 11

OBLIGATION	SECTION IN AREA REPRESENTATIVE AGREEMENT	DISCLOSURE DOCUMENT ITEM
n. Insurance	11	Items 6 and 8
o. Advertising	5.4, 5.9, 6, 10, 12.3.4, and 15.1.2	Items 6 and 11
p. Indemnification	10	Item 6
q. Owner’s participation/management/staffing	5.3, 5.9.8 and 13.2	Items 11 and 15
r. Records and reports	5.9.10, 5.17, 8.4, 8.5, 8.7, and 13.10	Item 6
s. Inspections and audits	4.11, 5.9, 5.12, 5.17, 8.7, and 12.3	Items 6 and 11
t. Transfer	12.1.3 and 13	Item 17
u. Renewal	1.7	Item 17
v. Post term obligations	15	Item 17
w. Noncompetition covenants	14	Item 17
x. Dispute resolution	18	Item 17
y. Personal Guaranty	21	Item 15 and 17

**ITEM 10.
FINANCING**

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

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

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

Pre-Opening Obligations

Before you begin to develop your AR Development Area, we will:

1. Designate your exclusive AR Development Area. (Section 1.2 of the Area Representative Agreement (“ARA”).)
2. Provide you, as we deem necessary in our sole discretion, with access to promotional materials developed by us or designated third parties used by other franchisees and corporate stores. (Section 4.2 of the ARA).
3. Provide a tuition-free training program for you and up to two additional persons that covers certain aspects of our System, franchisee training techniques, as well as other subjects we deem appropriate, at our headquarters or another location we designate. You must complete these training sessions in accordance with the AR Mandatory Development Schedule. Notwithstanding anything to the contrary contained in this Section, if there are existing franchisees within the Development Area, Franchisor may require Area Representative to complete all initial training described in this Section within thirty (30) days of executing this Agreement. All trainees whom you designate must attend the training course at the same time. All training related expenses, including you and your

additional trainees' transportation to and from the training site, lodging, meals, and salaries during training, are your sole responsibility. (Section 4.1 of the ARA).

Our Area Representative Training Program is described below:

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Selling Franchises	4	0	Sarasota, FL or other as designated by us
Franchisee Training	4	0	Sarasota, FL or other as designated by us
Marketing	4	0	Sarasota, FL or other as designated by us
Supervising Franchisees	4	0	Sarasota, FL or other as designated by us
Total Training Hours	16 hours	0 hours	

Our Area Representative training program does not take place on specific dates, but instead will be held subject to the availability of you and our instructors. Our training supervisors and their years of experience with us and within in the restaurant industry are listed below.

If you elect to open a Pilot Certified Training Location, you will receive additional training for the operation of your Pilot Certified Training Location as further described in the disclosure document for System franchises.

Dave Baer, our COO, will oversee and supervise the training program. Mr. Baer is a professional with over twenty years of experience training for quick-serve and fast casual food establishments, including franchises.

Dave Wood, our CEO and Founder, whose experience is described above in Item 2, is also likely to assist in training. The Operating Manual is used as the principal instruction material.

The training supervisors may utilize our employees and other individuals for various aspects of training. Training is conducted primarily utilizing our Manuals (described below) and other proprietary handouts we provide at training.

4. Loan you our Operations Manual, one copy of any additional manuals we provide to System franchisees, and any manuals we may have with respect to the operation of an Area Representative Business (collectively, the Operations Manual and all other manuals provided to Area Representative will be referred to collectively as the "Manuals"). The Table of Contents of the Operations Manual is included as Exhibit B to this Franchise Disclosure Document. The Operations Manual is presently 28 pages long and is subject to ongoing modifications and changes as we make changes to our procedures. We may provide the Manuals to you in hard copy or electronic format, and these Manuals may be transmitted to you via our intranet, website and/or via email. The Manuals are a proprietary and a confidential trade secret owned by us, and you must take all reasonable steps to maintain the Manuals as confidential, restrict and prohibit unauthorized access to the Manuals, and prohibit any copying, duplication or recording of any information contained therein. We may from time-to-time update and revise the contents of the Manuals and distribute supplements containing these updates, and you must comply with each new or changed standard with respect to each Restaurant operated within the AR Development Area. (Section 4.3 of the ARA).

Post-Opening Obligations

1. Upon request by you, we may review your operations and techniques in the area of franchise sales and support services and may suggest methods of improvement. We may provide you, from time to time, as we deem appropriate in our sole discretion, such merchandising, marketing, and other information and advice as may from time to time be developed by us and deemed by us to be helpful in the management and operation of an Area

Representative Business. (Section 4.4 of the ARA).

2. We will reasonably prepare and keep current our form of Franchise Disclosure Document for your AR Development Area. We will also file our franchise documents in those states requiring pre-sale franchise registration. You must complete and keep current the salesman disclosure forms to be submitted with our registration applications, register yourself as a sales agent in those states requiring sales agent registration; and comply with any other federal, state, or local law governing your Area Representative Business. (Section 4.5 of the ARA).

3. You are required to spend not less than \$1,500 each month on advertising for the purpose of generating leads for franchises within your AR Development Area (the “AR Local Advertising Requirement”). We may require you to provide us an annual plan for your expenditure of the AR Local Advertising Requirement. An advertising and promotional program budget will be submitted by you each quarter and we will work with you to mutually agree upon a budget at least 15 days prior to the beginning of each calendar quarter. You must also submit to us for prior approval all sales, promotional, advertising, and other materials relating to recruiting new franchisees. We will notify you of our approval of the proposed materials and programs within 15 business days after our receipt of the materials, but if we fail to respond within this time period, such materials shall be deemed disapproved. We will provide written permission, as we deem appropriate, prior to your attending any trade shows and prior to your engaging in any solicitations outside of your Development Area. We are not required to spend any amount on advertising in your Development Area but reserve the right to do so in our sole discretion. (Section 6.2 of the ARA).

4. We retain the sole right to negotiate with prospects and to formulate and make policy decisions concerning every aspect of sales, promotions, advertising, and other programs. You may not make any statement, projection, or other description of potential earnings, costs, or profits to any third party other than as stated in our then-current form of Franchise Agreement and Franchise Disclosure Document for the Development Area. (Sections 5.4 and 5.4.1 of the ARA).

5. You must submit to us written and completed applications of all qualified prospective franchisees together with any additional information and comments, including credit and criminal background information, which we may specify. We shall use best efforts to promptly process all prospective franchisee applications forwarded to us by you and shall not unreasonably withhold our approval of any prospective franchisee, provided such prospect meets the educational, professional, managerial, business, financial and other qualifications as we may from time to time prescribe for new franchisees. Our determination, over which we will have complete discretion, will be final and binding. (Sections 4.8, 5.4.7, and 5.5 of the ARA).

6. We may provide you with assistance in all matters relating to the operation of an Area Representative Business, as we deem necessary in our sole discretion. Our advice and consultation may include addressing issues such as marketing and sales, management of multiple Franchised Businesses, operational problems, and providing you with an analysis of your performance in such areas. This operating assistance may be made available via telephone, email, or another method of communication selected by us. We may require you and your employees’ attendance at additional or ongoing training programs. Such programs will be provided at our then-current tuition rate for such training. (Section 4.6 of the ARA).

7. We may, but are not required to, design and provide to you one webpage for the promotion of the Area Representative Business on our website. If we choose to create such a website, we will be the web master, either directly or through a third party, and will have sole discretion and control over such site. We will review and execute, subject to our approval, requested changes to your webpage. You are prohibited from conducting the following activities without our prior written approval: (i) maintaining an individual website related in any respect to the System; (ii) establishing a URL incorporating any variation of our name or the Proprietary Marks; or (iii) promoting or otherwise listing your Area Representative Business, the Proprietary Marks, or System on any social media or networking site, including without limitation, Facebook, LinkedIn, Plaxo, Instagram, Twitter or YouTube. We reserve the right to modify our policies and procedures regarding your use of social media and the Internet, as we deem appropriate for the best interests of the System and Proprietary Marks. (Section 4.7 of the

ARA).

8. We retain the right to designate any area, including your Development Area under an Area Representative Agreement, for the purposes of establishing a Cooperative (as defined above). You must, at our option, administer any Cooperative we may create within your Development Area. (Section 6.3 of the ARA).

9. We shall provide for the collection of and distribution to you of your share of initial franchise, royalty, renewal, and transfer fees received from each franchisee operating in the AR Development Area excluding any pre-existing franchisees as described in your Area Representative Agreement. (Section 4.10 of the ARA). Based on your compliance with the Area Representative Agreement, and any other agreements between you and us or our affiliates, we will remit to you:

a) 25% of any initial franchise fees actually received from franchisees in the AR Development Area, after any payments made to brokers, within 15 days of actually receiving such fees from franchises, and an additional 25% of any initial franchise fee, after any payments made to brokers, within 30 days of the franchisee opening its Franchised Business. (Section 8.2.1 of the ARA); and

b) 50% of all royalty fees (as described in the individual Franchise Agreements of each franchisee in your AR Development Area) collected from franchisees within the AR Development Area, which will be calculated based on the amounts we actually collect from these franchisees in the form of ongoing royalty fees, less any broker fees. We will remit these amounts to you on or before the 15th of each month based on the royalties actually collected during the preceding month. You agree and acknowledge that you must pay the full amount of royalty fees owed in connection with your Pilot Certified Training Location and any other locations you open, and that you will not receive 50% of the royalty fees earned by us from that location (Section 8.2.2 of the ARA).

c) Your right to the remuneration described above is conditioned upon your providing all other pre-signing, initial, and ongoing services set forth in the Area Representative Agreement. (Section 8.3 of the ARA). Your right to receive remuneration will end upon termination, expiration, or transfer of the Area Representative Agreement. (Section 8.2 of the ARA). You are not entitled to any share of any other fees paid by franchisees you recruit within your AR Development Area. (Section 8.6 of the ARA). You are not entitled to receive remuneration based on royalties or other fees we receive from franchisees that entered into franchise agreements with us prior to your execution of your Area Representative Agreement. (Section 8.8 of the ARA). We will have sole discretion as to the terms and conditions of collections from System franchisees, including the right to defer or refund initial franchise fees, and any such deferred payments do not become payable to you until and unless such fees are paid to us by System franchisees. In the event we refund any amount collected or if a franchisee for any reason owes an amount to us, we have the right to either deduct from any payments due to you, our portion of any amount so refunded or any amount owed to us, or to require you to remit any such portion of the refunded amount or other amounts to us immediately upon request. We have no liability to Area Representative for payments in the event that any System franchisee, for any reason, fails to pay any fee owed to us (Section 8.10 of the ARA).

10. We will continue our efforts to maintain high standards of quality, professionalism, and service of the Area Representative Business, and to that end, may conduct inspections of any business premises operated hereunder by you in the Area Representative Business, and closely monitor your promotional efforts and service efforts, with may include, without limitation, contacting prospective and existing franchisees and monitoring your sales presentations. (Section 4.11 of the ARA).

11. We and our designees have the right to inspect and/or audit your business records at any time during normal business hours to determine whether you are current with suppliers and are otherwise operating in compliance with the terms of the Area Representative Agreement and the Manuals. (Section 8.7 of the ARA).

12. We have the right to establish regional advertising cooperatives and franchisee advisory councils. As of the issuance date of this Disclosure Document, we have formed an advisory council comprised of our CEO Dave Wood, our COO Dave Baer, certain members of our marketing team, and two franchisees selected by us. Franchisee members are appointed by us for a one-year term and may only be removed for a failure to attend two

consecutive meetings or a total of four meetings prior to the expiration of their term. The advisory council serves in an advisory capacity only and does not have operational or decision-making power. (Sections 6.3 and 6.4 of the ARA).

13. If we determine that we may lawfully require you to charge certain prices for goods or services, certain minimum prices for goods or services, or certain maximum prices for goods or services, you must adhere to our pricing policies as set forth in the Manuals or otherwise in writing from time to time. Otherwise, you are solely responsible for determining the prices that you charge customers and must provide us with your current price list upon our request. (Section 4.6 of the ARA).

Computer System

You must maintain a landline number, an operating fax machine, email address and a laptop computer that can access the internet and is equipped with current versions of Windows, Microsoft Office and any other software required by Franchisor. We do not require you to purchase any specific brand or model of computer, so long as it can access the internet and run the required software programs. (Section 5.16 of the ARA). You, at all times, must give us unrestricted and independent electronic access (including users IDs and passwords, if necessary) to the computer system for the purposes of obtaining the information relating to the Area Representative Business. You must permit us to download and transfer data via a high- speed Internet connection or such other connection that we specify on a real-time basis. There are no contractual limitations on our right to access data stored in the computer system.

ITEM 12. TERRITORY

Approved Location and Relocation

The Area Representative Agreement grants you the right to act as our independent representative to coordinate the development of an exclusive AR Development Area by: (i) recruiting franchisees to operate Restaurants under the Proprietary Marks; (ii) providing initial and continuing operational and supervisory assistance to franchisees within the AR Development Area; and (iii) otherwise administering the System within the AR Development Area. The size of your AR Development Area will vary greatly depending on the Area Representative Fee you agree to pay, as well as factors related to the geographical area of your AR Development Area, including, but not limited to, population density and marketing penetrability (the ability to market and advertise in that area).

For so long as you comply with the terms and conditions of your Area Representative Agreement, including the AR Mandatory Development Schedule discussed below, we will not contract with another third-party to serve as our Area Representative within your AR Development Area.

All Restaurants developed under the Area Representative Agreement will be operated under the terms and conditions of our then-current form of Franchise Agreement. Your Area Representative Agreement grants you no right to enter into any agreements with prospective franchisees. You must sign our then-current form of Franchise Agreement for any Restaurant you wish to operate, whether inside or outside of your AR Development Area.

In order to maintain your territory within the Development Area, you must adhere to the AR Mandatory Development Schedule set forth in the Area Representative Agreement. Your failure to meet the AR Mandatory Development Schedule will be considered a default under the Area Representative Agreement, and will give us a right to terminate you as an Area Representative or terminate your exclusive rights within the AR Development Area. You must also ensure that the total cumulative number of Restaurants required under the AR Mandatory Development Schedule remain open and operating within the AR Development Area throughout the term of your Area Representative Agreement, or we may terminate your Area Representative Agreement. Any franchisees within the AR Development Area that have signed franchise agreements with us before you sign an Area Representative Agreement, or any similar outlets operated by us or our affiliates will not count towards your obligations under the AR Mandatory Development Schedule. You will not be entitled to any portion of the initial

franchise fees paid to us or our affiliates by pre-existing franchisees, licensees, or affiliates within the AR Development Area, and you are not entitled to receive the appropriate portion of the ongoing royalty, transfer, and renewal fees from these pre-existing franchisees, unless we agree otherwise.

Your Area Representative Business must be located within your AR Development Area and we anticipate you will operate your Area Representative Business primarily from your home and/or your Certified Pilot Training Location (if you elect to open one). You may relocate your Area Representative Business with our prior written consent, which we will not unreasonably withhold so long as: (i) the new location is within your AR Development Area; or (ii) the new location is in reasonable proximity to your AR Development Area and we believe you are capable of meeting your obligations under your Area Representative Agreement while operating from the new location. Relocation of your Certified Pilot Training Location is governed by the terms of your Franchise Agreement for the Certified Pilot Training Location.

Because we reserve the right to operate Restaurants at non-traditional sites in your AR Development Area, you will not receive an exclusive territory. You may face competition from outlets that we own or otherwise operate from non-traditional sites, or from alternative channels of distribution or competitive brands we control.

We may not otherwise modify your AR Development Area. Other than meeting the AR Mandatory Development Schedule, you are not required to achieve or maintain any given level of sales. Upon termination or expiration of the Area Representative Agreement, we will have the right to open and operate, or license others to open and operate Restaurants in your AR Development Area without providing any compensation to you.

We retain the right to engage the services of franchise brokers to assist us in franchise sales on a regional or national level. Any sales generated by our franchise brokers within your Development Area will be counted towards your requirements under the AR Mandatory Development Schedule, provided you afford franchisees recruited by our brokers with the initial and ongoing services outlined in the Area Representative Agreement. Your share of initial franchise fees, royalty fees, transfer fees, and renewal will be the net of any brokerage fees or administrative expenses we incur in generating leads in your AR Development Area who eventually become franchisees. You may not engage or otherwise involve any third-party franchise broker in connection with the recruitment of prospective franchisees within your AR Development Area, other than those brokers we approve or designate in writing.

Reservation of Rights under the Area Representative Agreement

Under the Area Representative Agreement, we reserve the right to: (i) sell an Area Representative Business under the System and Proprietary Marks at any location outside of the AR Development Area; (ii) own and operate Restaurants or other businesses at any location(s) outside the AR Development Area under the System and Proprietary Marks; (iii) license to others the right to own and operate Restaurants at any location(s) inside or outside the AR Development Area under the System and Proprietary Marks, provided that you are entitled to receive the compensation described in Item 11 for any Restaurants licensed inside of your AR Development Area; (iv) use the Proprietary Marks and System in connection with distributing and marketing services and products through any alternative channel of distribution, including the sale of products on the Internet or through supermarkets, grocery stores, other retail outlets, mail order catalogs, direct mail advertising, or other distribution methods, without regard to location; (v) own and operate restaurants or businesses, or market similar products and services, at any location(s) inside the AR Development Area under different marks, or to license to others the right to own and operate restaurants or businesses, or market similar products and services at any location(s) inside Area Representative's AR Development Area under different marks; (vi) negotiate and enter into agreements or approve forms of agreement to operate Restaurants under the Proprietary Marks and System in non-traditional venues in any location, including but not limited to train and bus stations, entertainment and sports complexes, pop-up or other temporary locations, amusement parks, grocery stores and educational institutions, both within and outside of the AR Development Area; (vi) offer catering services and mobile units, both within and outside of the AR Development Area; (vii) acquire, merge with, engage in joint ventures with, or otherwise affiliate with, and own and operate and franchise others the right to own and operate, any business of any kind, including businesses that offer products that are similar to those provided by Restaurants, within or outside the AR Development Area, or be

acquired by any business of any kind; and (viii) engage in any other activities not expressly prohibited in the Area Representative Agreement.

Alternative Channels of Distribution

Certain products or services from our affiliates, whether currently existing, in research and development, or developed in the future, may be distributed in your AR Development Area by us or our affiliates, or our franchisees, licensees or designees, in the manner and through such channels of distribution as we determine at our sole discretion. Alternate channels of distribution include, but are not limited to, sale of products on the Internet or through supermarkets, grocery stores, other retail outlets, mail order catalogs, direct mail advertising, or other distribution methods, without regard to location. You are granted no rights: (i) to distribute the products as described in this paragraph; or (ii) to share in any of the proceeds from our activities through alternate channels of distribution.



We have entered into a fulfillment agreement with a third-party service provider for the preparation of “Mahana Fresh” branded menu items and products that are available for order on third-party delivery applications such as “Uber Eats”, “Doordash”, and “Postmates”. Our agreement is an exclusive agreement with the third-party service provider, and we do not intend to enter into any other such arrangements with other service providers. The terms of our agreement permit us to terminate fulfillment through the third-party service provider in any territory in which a Restaurant location provides delivery services through third-party delivery applications. Restaurant owners will not compete with these fulfillment centers once their Restaurant locations are open and operational.

**ITEM 13.
TRADEMARKS**

The principal trademark which we will license to you is the wordmark “Mahana Fresh.”

As Item 1 describes, we have the exclusive licensing and franchising rights we obtained from our parent company, Mahana Fresh Group Holdings, LLC, pursuant to a license agreement executed in March 2019. Under the license agreement, we have the non-exclusive worldwide right to use the Proprietary Marks and license others the right to use the Proprietary Marks in the United States. The license agreement may be terminated (resulting in the loss of our right to use and to sublicense the use of the trademarks to you) by mutual agreement of the parties, or by Mahana Fresh Group Holdings, LLC for a number of reasons, including if we default on any obligations, we are dissolved, make an assignment for the benefit of creditors, become insolvent, consent to appointment of a receiver, or our business is seized.

The following is a description of trademarks that we license to Restaurants, and for which we have a registration on the Principal Register of the United States Patent and Trademark Office:

Mark	Registration Number	Registration Date
MAHANA POKE	5772822	June 11, 2019
	5791778	July 2, 2019
	6548141	November 2, 2021

While we have not yet renewed any registrations, we expect and intend to submit all affidavits and filings necessary to maintain the registrations above.

There are currently no effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court; no pending interference, opposition, or cancellation proceedings; nor any pending material litigation involving the Proprietary Marks.

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including the right to settle the proceedings or litigation. We have the exclusive right, but not the obligation, to affirmatively prosecute actions against third parties for infringement or threatened infringement of the Proprietary Marks.

We have the right, though not the obligation, to defend you against any third-party claim, suit, or demand arising solely out of your use of the Proprietary Marks in a manner expressly authorized by us. If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement and the Operating Manual, we will pay the cost of defending the action, including the cost of any judgment or settlement. If we, in our sole discretion, determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement and the Operating Manual, you will be required to pay for the defense or to reimburse us for costs we incurred in providing the defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Proprietary Marks, you are required to sign all documents and assist us, as we deem necessary, to carry out the defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner not in accordance with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in performing such acts.

We are the lawful and sole owner of the domain name(s) www.MahanaFresh.com. You cannot register any of the Proprietary Marks owned by us or any abbreviation, acronym or variation of the Proprietary Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the System on the Internet and to create, operate, maintain, and modify, or discontinue using of a website using the Proprietary Marks. You may access our website. Except as we may authorize in writing in advance, however, you cannot: (i) link or frame our website; (ii) conduct any business or offer to sell or advertise any products or services on the worldwide web; or (iii) create or register any Internet domain name in connection with your franchise.

You may use only the Proprietary Marks which we designate, and may use them only in the manner we authorize and permit. Any goodwill associated with Proprietary Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our benefit. You may use the Proprietary Marks only for the operation of the Restaurant and only at the Approved Location or in advertising for the Restaurant. You will use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "SM," "TM," "S" or "R," as applicable. You may not use the Proprietary Marks in connection with the offer or sale of any services or products which we have not authorized for use in connection with the System. You may not use the Proprietary Marks as part of your corporate or other legal name. We must approve your corporate name and all fictitious names under which you propose to do business in writing before use. You must use your corporate or limited liability company name either alone or followed by the initials "D/B/A" and the business name "Mahana Fresh." You must promptly register at the office of the county in which your Restaurant is located, or such other public office as provided for by the laws of the state in which your Restaurant is located, as doing business under such assumed business name.

All of your advertising must prominently display the Proprietary Marks and must comply with our standards for using the Proprietary Marks. All such advertising is subject to our prior written approval, which we will not unreasonably withhold. We reserve the right to approve all signs, stationery, business cards, forms, and other materials and supplies bearing the Proprietary Marks. You may use the Proprietary Marks including, without

limitation, trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by the Franchise Agreement or by our prior written consent. You must submit to us, and we must approve, all advertising, publicity, signs, decorations, furnishings, equipment or other materials employing the Proprietary Marks, or related marks, before first publication or use. You must identify yourself as the owner of the Restaurant (in the manner we prescribe) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations as we may designate in writing at the Approved Location.

We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. You must discontinue using all Proprietary Marks which we have notified you, in writing, have been modified or discontinued within 10 days of receiving written notice and must promptly begin using such additional, modified or substituted Proprietary Marks at your expense.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents or copyrights which are material to the franchise, however, we claim common law copyright and trade secret protection for several aspects of the franchise System including our Operating Manual, advertising, and business materials.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware of any unauthorized third party using any of our copyrighted materials, we request that you notify us of such unauthorized use. We may revise our System and any of our copyrighted materials in our discretion, and may require that you cease using any outdated copyrighted materials. You will be responsible for printing any revised or new advertising, marketing, or other business materials.

During the term of the Area Representative Agreement, you will receive information which we consider trade secrets and confidential information. You may not, during the term of the Area Representative Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any trade secrets, copyrighted materials, operating procedures, sources of supply, supplier contracts, advertising materials, equipment specifications, any information contained in the Operating Manual, trade secrets, the proprietary recipes, and other methods, techniques and know-how concerning the operation of the Restaurant, and any and all other information related to your Restaurants or any Restaurant generally that is labeled proprietary or confidential (“Confidential Information”). You acknowledge and agree that certain information, including (i) current customer and prospective customer names and addresses, (ii) information about credit extensions to customers, (iii) customer service purchasing histories, (iv) rates charged to customers, and (v) sources of suppliers and purchasing arrangements with suppliers, also constitute the trade secrets and Confidential Information of us. You may divulge such Confidential Information only to your employees who must have access to it in order to perform their employment obligations. You must require your manager and any personnel having access to any of our Confidential Information to sign an agreement stating that they will maintain the confidentiality of information they receive in connection with their employment and restricting their right to work for a competitor while they are employed by you. Such agreement, which will be in a form that we prescribe, will identify us as a third-party beneficiary to the agreement and will give us independent enforcement rights.

The Area Representative Agreement provides that if you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of the Restaurant, you will promptly notify us and provide us with all necessary related information, without compensation. Any such concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights, and other intellectual property rights related to such new concepts. You and your principals will assign to us any rights you may have or acquire in new concepts you or your employees develop, including the right to modify such concept, process, or improvement, and otherwise will waive and/or release all rights of restraint and moral rights to any new concepts you or your employees develop. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process, or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such

rights. You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process, or improvement. In the event that such provisions of the Franchise Agreement are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process, or improvement to the extent such use or sublicense would, absent the Franchise Agreement, directly or indirectly infringe on your rights to the new concepts.

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

You or the manager you designate (with our approval) must devote best efforts and attention to the day-to-day operations of your Area Representative Business. If you designate a new manager, we reserve the right to approve the new manager and require the new manager to participate in our training programs prior to acting as a manager for you Area Representative Business.

You and your spouse (or if you are a corporation, each of your shareholders and their spouses; or if you are a partnership, each of your general partners and their spouses; or, if you are a limited liability company, each of your members or managers and their spouses) must sign the form of personal guaranty attached as Exhibit B to the Area Representative Agreement.

ITEM 16.
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You agree that you will not offer for sale or sell at the Restaurant any products or services except those authorized by us in writing.

You agree that you will offer for sale and sell at the Restaurant for final consumption and not for resale, all bowls and other authorized food and beverage products that we from time to time authorize; provided, however, you may offer for resale any authorized products for certain programs which may be approved by us in our sole and absolute discretion, considering factors including but not limited to: (i) quality control or assurance; (ii) brand image; and, (iii) such other factors as we determine.

All bowls and other food ingredients, beverage products, cooking materials, containers, packaging materials, other paper and plastic products, utensils, uniforms, menus, forms, cleaning and sanitation materials and other supplies and materials used in the operation of the Restaurant must conform to the specifications and quality standards established by us from time to time. You must use in the operation of the Restaurant boxes, cups, containers and other paper or plastic products imprinted with the Marks as prescribed from time to time by us. We may in our sole and absolute discretion require that ingredients, supplies, and materials used in the preparation, service or packaging of bowls and other authorized food products be purchased exclusively from us, our affiliates or from approved suppliers or distributors. Any ingredient, supply or material not previously approved by us as conforming to our specifications and quality standards must be submitted for examination and/or testing prior to use. We reserve the right from time to time to examine the facilities of any approved supplier or distributor, and to conduct reasonable testing and inspection of the ingredients, materials or supplies to determine whether they meet our standards and specifications. We also reserve the right to charge fees for testing and evaluating proposed suppliers or distributors and examining and inspecting operations and to impose reasonable limitations on the number of approved suppliers or distributors of any product. Approval of a supplier or distributor may be withheld or conditioned on requirements relating to frequency of delivery, standards of service including prompt attention to complaints and the ability to service and supply Restaurants within areas designated by us.

We may change the components of the Mahana Fresh System (and the requirements of the Mahana Fresh System), including, for example, changing the food products, beverages, programs, methods, standards, forms, policies, procedures, and services of the Mahana Fresh System, and adding to, deleting from or modifying the programs,

services and products which we authorize or require you to conduct or offer. You must comply with any of these modifications, additions, deletions, substitutions, and alterations. However, the changes will not materially and unreasonably increase your obligations under the Franchise Agreement.

We may, on occasion, require you to test market products and/or services at your Franchised Restaurant. You must cooperate with us in conducting these test marketing programs and must comply with all rules and regulations established by us.

No vending, gaming machines, payphones, automatic teller machines, Internet kiosks or other mechanical or electrical devices are permitted in your Franchised Restaurant without our prior written consent.

**ITEM 17.
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

THE FRANCHISE RELATIONSHIP

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

	PROVISION	SECTION IN AREA REPRESENTATIVE AGREEMENT	SUMMARY
a.	Length of the franchise term	1.1, 3.1	Ten years. Your obligation to open and operate a certain number of Restaurants within your Development Area varies based on size of AR Development Area and number of Restaurants you are required to open under the Area Representative Agreement.
b.	Renewal or extension of the term	1.7	You may renew the agreement for one additional 10-year term with our approval.
c.	Requirements for you to renew or extend	1.7	We will approve a renewal, which means you and we enter a new area representative agreement, provided that you: (i) give notice of your intent to renew 6-12 months prior to expiration of current term; your compliance with System standards and the Area Representative Agreement during your current term; (ii) are in compliance with the terms of the Area Representative Agreement at the time of renewal and have substantially complied with the terms and conditions of the Area Representative Agreement; (iii) are not in breach of any other agreement with us, our affiliates or approved/designated suppliers; (iv) have satisfied all monetary obligations to us, our affiliates, or our approve/designated suppliers and vendors; (v) execute our then-current form of Area Representative Agreement, which may contain materially different terms and conditions than your first area representative agreement; (vi) complete our then-current training requirements; (vii) execute a general release in favor of us, our affiliates and other related parties; (viii) have satisfied the requirements to open Restaurants required by the Development Schedule; (ix) pay a Renewal Fee of \$10,000; and (x) agree to continue assisting all franchisees in the Development Area in the manner required by Area Representative Agreement.
d.	Termination by you	No provision	Not applicable.
e.	Termination by us without cause	No provision	Not applicable.
f.	Termination by us with cause	12	We have the right to terminate the Area Representative Agreement with cause.
g.	Cause defined – curable defaults	12.3, 12.4, and 3.3.1	The Area Representative Agreement will terminate after we provide you with notice and a fifteen (15) day opportunity to cure if: (i) you

	PROVISION	SECTION IN AREA REPRESENTATIVE AGREEMENT	SUMMARY
			<p>fail to pay any money owed to us or our affiliates; (ii) you improperly allocate funds or fail to submit financial reports or other statements due under the Area Representative Agreement, or if an audit reveals that you have failed to submit timely report and/or remittances or have improperly allocated revenues and expenses between Restaurants or any other business; (iii) you fail to maintain sufficient levels of working capital to adequately meet your obligations under the Mandatory Development Schedule and the Area Representative Agreement; (iv) you fail to obtain our prior written approval for advertising materials or if you violate any of our other System policies set forth in our Manuals; (v) you fail to devote your best efforts to the development of the Development Area or attempt to offer or sell franchises under any other system; (vi) if you fail to complete your duties as set forth Section 5 of the Area Representative Agreement; or (vii) if 75% of the franchisees in the Development Area (provided you have recruited at least four franchisees in the Development Area) submit a written petition to us stating that you are not providing the franchisees with support as outlined in their individual franchise agreements.</p> <p>We have the right to terminate the Area Representative Agreement after providing notice and a 30-day cure period if you fail to perform or comply with any one or more term or condition contained in the Area Representative Agreement.</p> <p>The Area Representative Agreement will terminate with notice and a 120-day opportunity to cure if you otherwise fail to meet the Mandatory Development Schedule in Section 3.1 of the Area Representative Agreement. This is a one-time cure period that shall be applied to your first breach of the Mandatory Development Schedule, and any subsequent breaches shall subject you to immediate termination, as described below.</p>
h.	Cause defined – non-curable defaults	12.1	<p>The Area Representative Agreement shall automatically terminate without notice or an opportunity to cure if: (i) you file a voluntary petition for bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under federal or state bankruptcy or insolvency law, or consent or acquiesce in the appointment of a trustee or receiver for you, the business, or any individual Certified Training Location operated by you; (ii) if proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy law and if such proceedings are not dismissed within 60 days, or if a trustee or receiver is appointed for you or the business without your consent, and the appointment is not vacated within 60 days; (iii) if you make an unauthorized transfer; (iv) if a final judgment against you remains unsatisfied or of record for 30 calendar days unless supersedeas bond is filed; or (v) if you are dissolved and not reformed within 30 calendar days;</p> <p>We have the right to terminate with notice if: (i) you plead guilty or no contest or are convicted of a crime or offense relating to the operation of the Area Representative Business; (ii) you or any of your principals commit any fraud or misrepresentation; (iii) you or any of your principals make any material misrepresentation or omission in connection with your application including any misrepresentation about your financial or managerial capacity; (iv)</p>

	PROVISION	SECTION IN AREA REPRESENTATIVE AGREEMENT	SUMMARY
			<p>you fail to complete training; (v) you receive two or more notices of default of the Area Representative Agreement and/or any Franchise Agreement in any twelve month period; (vi) you fail to keep the cumulative number of Restaurants required in the development schedule open and operating during the term of the agreement; (vii) you or your principals materially breach or threatens to materially breach any of your franchise agreements or any other agreement with us or our affiliates or suppliers and fail to cure such breach within the cure period; (viii) you misuse or make any unauthorized use of the Proprietary Marks or confidential information; (ix) you violate your in-term covenant not to compete in any manner; (x) a levy of writ of attachment or execution or any other lien is placed against you, your principals, or any of their assets, which is not released or bonded against within 30 days; (xi) if you or any of your principals become insolvent; (xii) you fail, within 15 calendar days after notification of non-compliance by federal, state or local government authorities, to comply with any law or regulation applicable to the Area Representative Business or an individual Restaurant; (vii) you make any unauthorized earnings or other claims in the process of recruiting franchisees; (xiii) if any government action is taken against you that results in any obligation upon us which in our sole judgment is uneconomical, not in the best interests of us, or would result in us having an unintended relationship or obligation; (xiv) you fail to comply with the anti-terrorist provisions of the Area Representative Agreement; (xv) you advise, guide or otherwise provide information to any franchisee that causes the franchisee to breach any term, covenant or other obligation under its individual franchise agreement; (xvi) you fail to obtain our prior written approval or consent for any occasion when such approval or consent is required; (xvii) you cease to operate and/or support any of the Restaurants opened pursuant to the terms of this Agreement; (xviii) you open any Restaurant for business before a franchise agreement for such Restaurant has been fully executed and the initial franchise fee due to Franchisor has been paid; (xix) you fail to apply for, obtain and maintain any required permits, licenses or state approvals associated with being a franchise broker and/or franchise sales agent under any state or federal law applicable within any portion of the Development Area; (xx) you attempt to promote or sell franchises for any other system or business entity other than Mahana Fresh; (xxi) you create an alternative profit center; or (xxii) you make any financial misrepresentation or illegal disclosure in the solicitation of prospective franchisees that would violate any federal, state or local law governing franchise sales and/or disclosure.</p>
i.	Your obligations on termination/ non-renewal	15	<p>Cease using the Proprietary Marks; return all signs, Manuals, brochures, advertising materials, forms, invoices and other materials containing the Proprietary Marks or otherwise identifying or relating to the System and allow us to remove all such items from your offices and Restaurants without liability; cancel any and all fictitious or assumed names relating to your use of the System or any Proprietary Marks; cease using all telephone numbers and listings and transfer all such numbers and listings of the business to us; within 5 days, turn over all lists, names and other data relating to all third parties that you solicited or contacted regarding the purchase or potential purchase of a franchised business, including current franchisees; furnish evidence of compliance with these obligations within 30 days of termination;</p>

	PROVISION	SECTION IN AREA REPRESENTATIVE AGREEMENT	SUMMARY
			and pay us what you owe us, including any damages, costs and expenses.
j.	Assignment of contract by us	13.11	Fully transferable by us.
k.	“Transfer” by you - definition	13.1 & 13.5	You shall not sell, transfer, or assign your interest without our prior written consent. A sale, transfer or assignment requiring our prior written consent occurs: (i) if you are a corporation, upon any assignment, sale, pledge or 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 in ownership; (ii) if you are a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; (iii) if you are a limited liability company, upon any assignment, sale, pledge or transfer of any fractional portion of any interest in the limited liability company; or (iv) upon the sale or transfer of any portion of your rights under the Area Representative Agreement.
l.	Our approval of transfer by franchisee	13.1	Our approval of any transfer is required before you transfer the Franchise to a third party.

	PROVISION	SECTION IN AREA REPRESENTATIVE AGREEMENT	SUMMARY
m.	Conditions for our approval of transfer	13.7	We may condition our approval of a proposed transferee based on whether: (i) all of your accrued monetary obligations to us, our affiliates, and designated suppliers/vendors are satisfied; (ii) you have cured all existing defaults under all agreements with us, your landlords, and our designated suppliers/vendors and you have substantially complied with such agreements; (iii) you or your principals and the transferee have signed a general and mutual release; (iv) you or the transferee provide us with a copy of the purchase agreement relating to the proposed transfer not less than thirty (30) days prior to the anticipated closing date of the transaction; (v) the transferee meets our standards as to character, financial resources, and willingness to assume the existing obligations under the Area Representative Agreement; (vi) you and/or the transferee provides any additional or substitute personal guaranties as we deem necessary; (vii) the transferee signs our then-current form of Area Representative Agreement; (viii) you or the transferee pays us a transfer fee of \$25,000; (ix) transferee satisfactorily completes our training program; (x) you and, if applicable, your principals and family members, agree to comply with the post-termination provisions of the Area Representative Agreement; (xi) the transferee obtains all required licenses and permits; (xii) all lessors, creditors, or other parties, to the extent required, have consent to the proposed transfer; (xiii) the transfer is made in compliance with any applicable state and federal laws; (xiv) the purchase price and terms of the proposed transfer are not so burdensome as to impair the future operation of the Area Representative Business; (xv) you request that we provide the prospective transferee with the then-current form of FDD and that we shall not be liable for any representations not included in the FDD; (xvi) you obtain our approval prior to using any materials describing us, the System, the Area Representative Business or the Restaurants in connection with the proposed transfer; (xvii) our approval of the transfer does not constitute a waiver of any claims we may have against you; (xviii) we have the right to disclose to the prospective transferee revenue reports and other financial information concerning you, your Area Representative Business, or the Certified Training Locations and you agree not to make any false or misleading statements in connection with the transfer; and (xix) you train the transferee for the two months preceding and the two months subsequent to the transfer (or as we otherwise specify). The transfer must not occur during the first year of this Agreement, and we may withhold or condition our consent to any transfer as we deem appropriate based on the circumstances.
n.	Our right of first refusal to acquire your business	13.6	If you propose to transfer either the Area Representative Agreement or all, or substantially all, of the assets used in connection with the Area Representative Business or your Restaurants, you must first offer to sell such interest to us on the same terms and conditions as offered by such third party. If we elect not to accept the offer within a 30-day period, you will have a period not to exceed 60 days to complete the transfer offered to us, subject to the conditions for approval outlined in the Area Representative Agreement.
o.	Our option to purchase your business	13.12	We have the option to purchase the assets used in connection with the operation of the Area Representative Business, including but not limited to, all furniture, fixtures, and equipment, if any, and the Area Representative Agreement at any point after the three-year

	PROVISION	SECTION IN AREA REPRESENTATIVE AGREEMENT	SUMMARY
			anniversary of the Area Representative Agreement. If we elect to do so, the purchase price will be either (as selected by us): (a) 250% of the Area Representative Fee; or (b) four times the amount of all remuneration received by you from us in the previous calendar year.
p.	Your death or disability	13.4	Your legal representative shall have the right to continue the area representative business if certain conditions are met. The legal representative must obtain our written permission within forty-five days of your death/disability and must execute the then-current area representative agreement and personal guaranty and completes franchisee training.
q.	Non-competition covenants during the term of the franchise	14.1 & as required under your individual Franchise Agreement	During the term of this Agreement, neither Area Representative, Area Representative's officers, directors, or principals, not any members of the immediate family of Area Representative or Area Representative's officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation: Own, engage in, be employed in sales management or purchasing by, advise, assist, invest in, franchise, make loans to, or have any other interest, whether financial or otherwise, in in any other bowl restaurant business or restaurant business which offers products and services that are the same or substantially similar to the approved products and services that Area Representative and franchisees are authorized to provide, now or in the future, at Restaurant locations (except for other Mahana Fresh Restaurants operated under franchise agreements entered into with us or other Mahana Fresh Restaurants in which you or your owners have an ownership interest) (a "Competing Business"). "Bowls" as used throughout this Agreement means and includes dishes that are comprised of: (i) a base element such as rice, vegetable rice, cruciferous vegetables, salad greens, noodles, or other carbohydrate base; and (ii) a protein component such as fish, steak, chicken, egg, pork, or any plant-based protein alternatives (e.g. tofu, soy protein, seitan, "Beyond Meat", "Impossible", etc.); provided, however, that this Section does not apply to Area Representative's operation of any other Restaurant under the Proprietary Marks and System; Solicit or employ, directly or indirectly, any person who is employed by Franchisor, by any entity controlled by or affiliated with Franchisor or by any other of Franchisor's franchisees if that solicitation or employment results in that person terminating her or her present employment and working for Area Representative, or if that solicitation or employment results in that person working in or for operating a Competing Business.
r.	Non-competition covenants after the franchise is terminated or expires	14.2	For a period of one (1) year after termination or expiration of this Agreement, Area Representative will not, directly or indirectly for the benefit of Area Representative or Area Representative's owners, or through or on behalf of or in conjunction with any other person, partnership or corporation, own, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any other interest, whether financial or otherwise, in any Competing Business located or regularly selling at the premises of the Competing Business or through mobile points of service (e.g., food trucks, kiosks, or tents) or from other Competing Business or fixed location within ten (10) miles of the Development Area or within five (5) miles of any Mahana Fresh Restaurant in any state in which Area Representative operated, excluding ownership of less than ten percent (10%) of the stock of shares in any corporation whose stock is publicly traded;

	PROVISION	SECTION IN AREA REPRESENTATIVE AGREEMENT	SUMMARY
			provided, however, that this Section does not apply to Area Representative's operation of any other System Restaurant; In the event that Franchisor chooses to exercise the Option set forth in Section 13.12 of the Agreement, the parties acknowledge that the transaction will be deemed the sale of a business. Accordingly, the duration of Area Representative's post-term covenants against competition contained in Section 14.2.3 will be extended to five (5) years in consideration for the Purchase Price, as tolled during any period of default by Area Representative.
s.	Modification of the Franchise Agreement	16	Must be in writing signed by the parties, except the Manuals which are subject to change.
t.	Integration/merger clauses	19.1	Only the terms of the Area Representative Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and the Area Representative Agreement may not be enforceable. Nothing in the Area Representative Agreement or any other agreement is intended to disclaim the representations made in this Disclosure Document.
u.	Dispute resolution by arbitration or mediation	18.2 and 18.3	The Area Representative Agreements requires disputes to be submitted first to mediation in Florida and then to binding arbitration in Florida. There is an exception permitting claims for temporary or preliminary injunctive relief to be asserted in state or federal courts in or over Sarasota County Florida to prevent irreparable harm pending arbitration. The arbitrator has no authority to award punitive damages. These provisions are subject to state law.
v.	Choice of forum	18.4	Any mediation, arbitration or litigation must be held and conducted in Sarasota County, Florida or federal courts over Sarasota County, Florida. These provisions are subject to state law.
w.	Choice of law	18.1	The Area Representative Agreement, and the parties' relationship, and all disputes arising from or related to them are governed by the laws of the State of Florida excluding the Florida Franchise Act except with respect to Mahana Fresh Restaurants which are physically located in Florida.. (subject to state law)

**ITEM 18.
PUBLIC FIGURES**

We do not currently use any public figures to promote the sale of our franchises, but we reserve the right to do so in the future.

**ITEM 19.
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we

may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Dave Wood, our CEO, at 650 Golden Gate Point, Suite 401, Sarasota, Florida 34236; or by phone at (941) 257-3663, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20.
OUTLETS AND FRANCHISEE INFORMATION**

**TABLE 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2020 TO 2022**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Area Representative	2020	5	5	0
	2021	5	6	+1
	2022	6	5	-1
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total	2020	5	5	0
	2021	5	6	+1
	2022	6	5	-1

**TABLE 2
TRANSFERS OF OUTLETS FROM AREA REPRESENTATIVES TO NEW OWNERS
(OTHER THAN FRANCHISOR)
FOR FISCAL YEARS 2020 TO 2022**

State	Year	Number of Transfers
Total	2020	0
	2021	0
	2022	0

[Remainder of page intentionally left blank. Item 20 continues next page.]

**TABLE 3
STATUS OF AREA REPRESENTATIVE OUTLETS
FOR YEARS 2020 TO 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Florida	2020	3	0	0	0	0	0	3
	2021	3	0	1	0	0	0	2
	2022	2	0	0	0	0	0	1
Georgia	2020	0	0	1	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New Jersey	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
North Carolina	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Texas	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Total	2020	5	0	0	0	0	0	5
	2021	5	2	1	0	0	0	6
	2022	6	0	1	0	0	0	5

**TABLE 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2020 TO 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Total	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

**TABLE 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2022**

State	Area Representative Agreements Signed But Outlets Not Yet Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
All States	0	0	0
Total	0	0	0

The contact information for our area representatives is attached to this Disclosure Document as Exhibit F. A list of area representatives who have left the System or who have not communicated with us within the 10-week period immediately preceding the effective date of this Disclosure Document is attached to this Disclosure Document in Exhibit F. If you buy this franchise, your contact information may be disclosed to other buyers when you leave

the System.

There is presently no trademark specific franchisee organization associated with the System. No area representatives have signed provisions during our last three fiscal years restricting their ability to speak openly about their experience with us.

**ITEM 21.
FINANCIAL STATEMENTS**

Attached to this Disclosure Document as Exhibit D is our audited financial statements for the periods ending December 31, 2022, and December 31, 2021, and our audited financial statements as of December 31, 2020. Our fiscal year ends December 31 of each year.

**ITEM 22.
CONTRACTS**

Exhibit C of this Disclosure Document contains all contracts proposed for use or in use regarding the offer of our area representatives, including the following agreements:

Location in FDD	Contract
Exhibit C to the FDD	Area Representative Agreement
Exhibit A to the AR Agreement	Single-Unit Franchise Agreement
Exhibit B to the AR Agreement	Personal Guaranty
Exhibit C to the AR Agreement	Transfer of Area Representative Business to Corporation or Limited Liability Company
Exhibit D to the AR Agreement	Conditional Assignment Of Franchisee's Telephone Numbers, Facsimile Numbers And Domain Names
Exhibit E to the AR Agreement	Mandatory Development Schedule
Exhibit F to the AR Agreement	Electronic Fund Withdrawal Authorization

**ITEM 23.
RECEIPTS**

Exhibit I of this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective area representative. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to: Dave Wood, our CEO, at 650 Golden Gate Point, Suite 401, Sarasota, Florida 34236, by phone at (941) 257-3663.

EXHIBIT A

STATE-SPECIFIC ADDENDA

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

OUR WEBSITE (www.MahanaFresh.com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of California:

ITEM 3 – LITIGATION

1. Neither Mahana Fresh, LLC, nor any person identified in Item 2 of the 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. 79a et seq., suspending or expelling such persons from membership in such association or exchange.

ITEM 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

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

3. The Area Representative Agreement contain provisions requiring application of the laws of Florida. This provision may not be enforceable under California law.

4. The Area Representative Agreement require venue to be limited to Florida. This provision may not be enforceable under California law.

5. The Area Representative Agreement contains covenants not to compete which extends beyond the termination or non-renewal of the franchise. These provisions may not be enforceable under California law.

6. THE AREA REPRESENTATIVE AGREEMENT MAY REQUIRE THE FRANCHISEE TO EXECUTE A GENERAL RELEASE OF CLAIMS UPON EXECUTION OF THE AREA REPRESENTATIVE AGREEMENT. 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).

7. California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Corporations before we ask you to consider a material modification of your Area Representative Agreement.

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

9. The Area Representative Agreement requires binding arbitration. The arbitration will occur in Sarasota County, Florida. If we are the substantially prevailing party, we will be entitled to recover reasonable attorney's fees and litigations costs and expenses in connection with the arbitration. Prospective

franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

CONNECTICUT ADDENDUM TO DISCLOSURE DOCUMENT

DISCLOSURES REQUIRED BY CONNECTICUT LAW

The state of Connecticut does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

Illinois law governs the Disclosure Document and Area Representative Agreement(s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a disclosure document and franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a disclosure document and franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

INDIANA ADDENDUM TO DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

1. The Area Representative Agreement will be governed by Indiana law, rather than Florida law, as stated in the Area Representative Agreement and the venue for litigation will not be limited to Florida.
2. The prohibition by Indiana Code 23-2-2.7-1 (7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the Franchise Agreement, shall supersede any conflicting provisions of the Area Representative Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.
3. No release language set forth in the Area Representative Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.
4. Any post-term non-competition covenants will be limited in their geographic scope so as not to extend beyond the Area Representatives exclusive territory.
5. Provisions of the Area Representative Agreement which are in direct conflict with the laws of the State of Indiana concerning franchising will not relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana, and the laws of the State of Indiana supersede such provision of Florida law if such provision is in conflict with Indiana law.
6. You will not be required to indemnify us and the other Indemnities for any liability caused by your proper reliance on or use of procedures or materials provided by us or caused by our negligence.
7. If we receive any payments related to purchases from you that we do not pass on in full to the supplier, we will promptly account for the amount of the payment that we retained and we will transmit the retained amount to you.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document, Franchise Agreement, or Area Representative Agreement, and will apply to all franchises offered and sold under the laws of the State of Maryland:

ITEM 5. INITIAL FEES

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payment owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Area Representative Agreement.

ITEM. 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. No release language in the Franchise Agreement or Area Representative Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Maryland. Any general release required as a condition of renewal, sale and/or assignment or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
2. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
3. A franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within three years after the grant of the franchise.
4. The provision in the Area Representative Agreement or Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Additional Disclosures

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.”

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
PURSUANT TO THE MICHIGAN FRANCHISE INVESTMENT LAW**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits a Franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a Franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the Franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising of other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of Franchisor's intent not to renew the franchise.
- (e) A provision that permits the Franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a Franchisor to refuse to permit a transfer or ownership of a franchise, except for good cause. This subdivision does not prevent a Franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the Franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the Franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the Franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the Franchisor items that are not uniquely identified with the Franchisor. This subdivision does not prohibit a provision that grants to a Franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the Franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the Franchise Agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the Franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual service.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN.: FRANCHISE, 525 WEST OTTAWA ST., LANSING, MICHIGAN 48933, (517) 335-7567.

MINNESOTA ADDENDUM TO THE DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Disclosure Document, or the Area Representative Agreement, the following provisions will supersede and apply:

ITEM 13. TRADEMARKS

1. We will protect your right to use the trademarks, service marks, trade names, logotypes, or other commercial symbols and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit the Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

2. No release language set forth in the Area Representative Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.

3. Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, subdivisions 3, 4, and 5 require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Area Representative Agreement.

4. Under the terms of the Area Representative Agreement, as modified by the Minnesota Addendum, you agree that if you engage in any non-compliance with the terms of the Area Representative Agreement or any Franchise Agreement, or unauthorized or improper use of the MAHANA FRESH System Marks, or Proprietary Materials during or after the period of the Agreements, we will be entitled to seek both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies which we may have at law, and you consent to the seeking of these temporary and permanent injunctions.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT 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, INVESTOR PROTECTION BUREAU, 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:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- a. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- b. No such party has pending actions, other than routine litigation . incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- c. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- d. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust; trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" section 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 Section 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" section 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. Any requirements of the Area Representative Agreement that you consent to the entry of an injunction prohibiting any breach by you of your obligations under the Franchise Agreement are modified in the State of New York to provide only that you consent to the seeking of such an injunction.

NORTH CAROLINA ADDENDUM TO DISCLOSURE DOCUMENT

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

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45-days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Rhode Island.

ITEM 17.

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

§19-28.1.-14 of the Rhode Island Franchise Investment Act provides that “A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Mahana Fresh, LLC, for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 17:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute “reasonable cause” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

INDIANA ADDENDUM TO AREA REPRESENTATIVE AGREEMENT

Notwithstanding anything to the contrary set forth in the Area Representative Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

1. The Area Representative Agreement will be governed by Indiana law, Venue for litigation will not be limited to a venue outside of the State of Indiana, as specified in the Area Representative Agreement
2. The prohibition by Indiana Code 23-2-2.7-1 (7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the Area Representative Agreement, shall supersede any conflicting provisions of the Area Representative Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.
3. No release language set forth in the Area Representative Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.
4. The post-termination non-competition covenants set forth in the Area Representative Agreement shall be limited in time to a maximum of three (3) years and in geographic scope to the designated territory granted by the Agreement.
5. Nothing in the Area Representative Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana, and the laws of the State of Indiana supersede any conflicting choice of law provisions set forth herein if such provision is in conflict with Indiana law.
6. You will not be required to indemnify us and the other Indemnities for any liability caused by your proper reliance on or use of procedures or materials provided by us or caused by our negligence.
7. If we receive any payments related to purchases from you that we do not pass on in full to the supplier, we will promptly account for the amount of the payment that we retained and we will transmit the retained amount to you.
8. This Addendum will only have effect if the Area Representative Agreement, and/or the relationship between you and the Franchisor satisfy all of the jurisdictional requirements of the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act, without considering this Addendum. Except as modified by this Addendum, the Area Representative Agreement remains unmodified and in full force and effect.

FRANCHISEE

[FRANCHISEE]

By:
Name:
Title:
Date:

FRANCHISOR:

MAHANA FRESH, LLC

By:
Name:
Title:
Date:

ILLINOIS ADDENDUM TO AREA REPRESENTATIVE AGREEMENT

This Addendum amends the Area Representative Agreement entered into as of the date listed as the Effective Date below, between Mahana Fresh, LLC, a Florida limited liability company (“Franchisor”) and the party identified below as the franchisee (“Franchisee” or “your”).

Illinois law governs the Disclosure Document and Area Representative Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a disclosure document and franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a disclosure document and franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

This Addendum will only have effect if the Area Representative Agreement, and/or the relationship between you and the Franchisor satisfy all of the jurisdictional requirements of the Illinois Franchise Disclosure Act, without considering this Addendum. Except as modified by this Addendum, the Area Representative Agreement remains unmodified and in full force and effect.

Agreed to by:

FRANCHISEE

[FRANCHISEE]

By:

Name:

Title:

Date:

FRANCHISOR:

MAHANA FRESH, LLC

By:

Name:

Title:

Date:

Franchise Agreement Effective Date:

**MARYLAND ADDENDUM TO FRANCHISE AGREEMENT AND
AREA REPRESENTATIVE AGREEMENT**

With respect to franchisor's right to terminate you upon your bankruptcy as set forth in the Franchise Agreement and the Area Representative Agreement, termination of the Franchise Agreement or Development Agreement for this reason may not be enforceable under federal bankruptcy (11 U.S.C. 101 et. Seq.).

Any general release required by the terms and conditions of the Area Representative Agreement or Franchise Agreement as a condition of renewal, assignment or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Notwithstanding anything to the contrary in the Franchise Agreement or Area Representative Agreement, the Maryland Franchise Registration and Disclosure Law prohibits the Franchisor from precluding the Franchisee from initiating litigation against the Franchisor in Maryland. Accordingly, the Franchise Agreement and Development Agreement are hereby modified to provide that the Franchisee may initiate litigation or sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payment owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Area Representative Agreement.

This Addendum will only have effect if the Area Representative Agreement, Franchise Agreement, Development Agreement, and/or the relationship between you and the Franchisor satisfy all of the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, without considering this Addendum. Except as modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

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."

[SIGNATURE PAGE FOLLOWS]

The undersigned does hereby acknowledge receipt of this addendum.

FRANCHISEE

[FRANCHISEE]

By:

Name:

Title:

Date:

FRANCHISOR:

MAHANA FRESH, LLC

By:

Name:

Title:

Date:

MINNESOTA ADDENDUM TO THE AREA REPRESENTATIVE AGREEMENT

In recognition of the Minnesota Franchise Law, Minn. Stat. §§ 80C.01-80C.22 and the Rule and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, the parties agree to modify the Area Representative Agreement as follows:

1. Releases.

Notwithstanding anything to the contrary set forth in this Agreement, the Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01-80C.22, provided that foregoing shall not bar the voluntary settlement of disputes.

2. Term and Successor Area Representative Agreement, Default and Termination.

Notwithstanding anything to the contrary set forth in this Agreement, Franchisor will comply with Minnesota Statutes Clause 80C.14 Subdivision 3, 4, and 5, which require, except in certain cases, that Minnesota Franchisees be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Area Representative Agreement.

3. Licensed Marks.

Franchisor will protect your right to use the trademarks, service marks, trade names, logotypes, or other commercial symbols and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the same provided that your use is in accordance with the requirements of the Area Representative Agreement and the System..

4. Time Limit on Filing.

Notwithstanding anything to the contrary set forth in this Agreement, any claim or action arising out of or relating to the Minnesota Franchise Law must be commenced within three (3) years from the occurrence of the facts giving rise to the claim or action, or the claim or action is barred.

5. Jurisdiction and Venue.

Nothing in this Agreement will abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction, including the right to submit matters to the jurisdiction of the courts in Minnesota. Minnesota Stat. §80C.21 and Minn. Rule 2860.4400J prohibits us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes.

6. Under the terms of the Area Representative Agreement, as modified by this Addendum, you agree that if you engage in any non-compliance with the terms of the Area Representative Agreement or unauthorized or improper use of the Mahana Fresh System Marks, or Proprietary Materials during or after the period of the Agreements, we will be entitled to seek both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies which we may have at law, and you consent to the seeking of these temporary and permanent injunctions.

7. This Addendum will only have effect if the Area Representative Agreement, and/or the relationship between you and the Franchisor satisfy all of the jurisdictional requirements of Minnesota Statutes §§ 80C.01-80C.22 without considering this Addendum. Except as modified by this Addendum, the Area Representative Agreement remains unmodified and in full force and effect.

[Signature page follows]

The undersigned does hereby acknowledge receipt of this addendum.

FRANCHISEE

[FRANCHISEE]

By:

Name:

Title:

Date:

FRANCHISOR:

MAHANA FRESH, LLC

By:

Name:

Title:

Date:

NEW YORK ADDENDUM TO THE AREA REPRESENTATIVE AGREEMENT

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§200.1 through 201.16), the parties agree to modify the Area Representative Agreement as follows:

1. Any provision in the Area Representative Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 – 695 may not be enforceable.
2. Releases. The release of claims set forth in this Agreement does not release any claim you may have under New York General Business Law, Article 33, Sections 680-695.
3. Assignment by Franchisor. Notwithstanding anything to the contrary set forth herein, Franchisor will not assign its rights under the Area Representative Agreement except to an assignee who in Franchisor’s good faith judgment is willing and able to assume Franchisor’s obligations under the Area Representative Agreement.
4. Termination by Franchisee. Notwithstanding anything to the contrary set forth herein, you may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.
5. Governing Law. Notwithstanding anything to the contrary set forth herein, the New York General Business Law shall govern any claim arising under that law.
6. This Addendum will have effect only if the Area Representative Agreement and/or the relationship between Franchisor and you satisfy all of the jurisdictional requirements of New York General Business Law, without considering this Addendum. Except as expressly modified by this Addendum, the Area Representative Agreement remains unmodified and in full force and effect.

FRANCHISEE

[FRANCHISEE]

By:
Name:
Title:
Date:

FRANCHISOR:

MAHANA FRESH, LLC

By:
Name:
Title:
Date:

RHODE ISLAND ADDENDUM TO AREA REPRESENTATIVE AGREEMENT

Notwithstanding anything to the contrary set forth in the Area Representative Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of Rhode Island.

1. Governing Law. The Area Representative Agreement is amended, in relevant part to reflect the following:

Notwithstanding anything to the contrary set forth herein, Rhode Island law governs any claim arising under the Rhode Island Franchise Investment Act.

2. Jurisdiction and Venue. The Area Representative Agreement is amended, in relevant part to reflect the following:

Notwithstanding anything to the contrary set forth herein, you have the right to file any litigation under the Rhode Island Franchise Investment Act in Rhode Island.

3. This Addendum will have effect only if the Area Representative Agreement, and/or the relationship between you and the Franchisor satisfy all of the jurisdictional requirements of the Rhode Island Franchise Investment Act, without considering this Addendum. Except as expressly modified by this Addendum, the Area Representative Agreement remains unmodified and in full force and effect.

FRANCHISEE

[FRANCHISEE]

By:
Name:
Title:
Date:

FRANCHISOR:

MAHANA FRESH, LLC

By:
Name:
Title:
Date:

VIRGINIA ADDENDUM TO AREA REPRESENTATIVE AGREEMENT

Notwithstanding anything to the contrary set forth in the Area Representative Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of Virginia.

1. **Deferral of Initial Fees.**

Notwithstanding anything to the contrary set forth herein, the Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Area Representative Agreement.

2. This Addendum will have effect only if the Franchise Agreement, Development Agreement, and/or the relationship between you and the Franchisor satisfy all of the jurisdictional requirements of the Virginia Retail Franchising Act, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement and Development Agreement remain unmodified and in full force and effect.

FRANCHISEE

[FRANCHISEE]

By:
Name:
Title:
Date:

FRANCHISOR:

MAHANA FRESH, LLC

By:
Name:
Title:
Date:

EXHIBIT B

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

List of State Regulatory Administrators

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

LIST OF STATE ADMINISTRATORS	
<p><u>CALIFORNIA</u> Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free (866) 275-2677</p>	<p><u>CONNECTICUT</u> State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, Connecticut 06103-1800 (860) 240-8230</p>
<p><u>HAWAII</u> Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p><u>ILLINOIS</u> Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>
<p><u>INDIANA</u> Indiana Secretary of State Franchise Section 302 Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p><u>MARYLAND</u> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360</p>
<p><u>MICHIGAN</u> Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933 (517) 373-7117</p>	<p><u>MINNESOTA</u> Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600</p>
<p><u>NEW YORK</u> New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222</p>	<p><u>NORTH DAKOTA</u> North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505 (701) 328-4712</p>
<p><u>OREGON</u> Department of Business Services Division of Finance and Corporate Securities Labor and Industries Building 350 Winter Street, NE Room 410 Salem, Oregon 97310 (503) 378-4387</p>	<p><u>RHODE ISLAND</u> Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p><u>SOUTH DAKOTA</u> Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563</p>	<p><u>VIRGINIA</u> State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051</p>
<p><u>WASHINGTON</u> Department of Financial Institutions Securities Division, P.O. Box 9033 Olympia, Washington 98507 (360) 902-8760</p>	<p><u>WISCONSIN</u> Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139</p>

List of Agents for Service of Process

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

LIST OF STATE AGENT FOR SERVICE OF PROCESS	
<p><u>CALIFORNIA</u> Commissioner Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free (866) 275-2677</p>	<p><u>CONNECTICUT</u> Banking Commissioner Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, Connecticut 06103-1800 (860) 240-8230</p>
<p><u>HAWAII</u> Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p><u>ILLINOIS</u> Illinois Attorney General Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>
<p><u>INDIANA</u> Indiana Secretary of State Franchise Section 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p><u>MARYLAND</u> Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360</p>
<p><u>MICHIGAN</u> Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933 (517) 373-7117</p>	<p><u>MINNESOTA</u> Minnesota Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600</p>
<p><u>NEW YORK</u> New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231 (518) 472-2492</p>	<p><u>NORTH DAKOTA</u> North Dakota Securities Commissioner State Capitol 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505 (701) 328-4712</p>
<p><u>OREGON</u> Secretary of State Corporation Division - Process Service 255 Capitol Street NE, Suite 151 Salem, OR 97310-1327 (503) 986-2200</p>	<p><u>RHODE ISLAND</u> Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p><u>SOUTH DAKOTA</u> Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563</p>	<p><u>VIRGINIA</u> Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733</p>
<p><u>WASHINGTON</u> Director, Department of Financial Institutions Securities Division, 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760</p>	<p><u>WISCONSIN</u> Administrator, Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139</p>

EXHIBIT C

**AREA REPRESENTATIVE AGREEMENT
WITH ATTACHMENTS**



AREA REPRESENTATIVE AGREEMENT

BY AND BETWEEN

MAHANA FRESH, LLC

AND

AREA REPRESENTATIVE

MAHANA FRESH, LLC
AREA REPRESENTATIVE DATA SHEET

Effective Date:

Area Representative

Principal Operator:

Address:

Primary Tel #:

Cell #:

Email Address:

Guarantors

Names:

Addresses:

Ownership

Name and Ownership %:

Development Area (write in description):

Area Representative Fee: \$

I hereby warrant and represent that the information provided herein is accurate.

Signed:

Name:

The terms of this Data Sheet are incorporated into the attached Area Representative Agreement.

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MAHANA FRESH, LLC

AREA REPRESENTATIVE AGREEMENT

This MAHANA FRESH, LLC AREA REPRESENTATIVE AGREEMENT (the “Agreement”) is between Mahana Fresh, LLC, a Florida limited liability company with its principal business address at 650 Golden Gate Point, Suite 401, Sarasota, Florida 34236 (“Franchisor”) and the area representative identified in the attached Data Sheet (“Area Representative”). This Agreement is effective as of the date signed by Mahana Fresh or Area Representative, whichever is later (the “Effective Date”).

RECITALS

- A. Franchisor, its principals, and its affiliates have expended time, skill, effort, and money to develop a system for retail outlets specializing in the preparation and sale in a fast casual atmosphere of bowl products and other authorized food and beverage products under the “Mahana Fresh” name and mark (the “Franchised Business” or “Restaurant”).
- B. Restaurants are established and operated using a unique operating system, the distinguishing characteristics of which include, without limitation, specially designed or selected equipment, computer hardware and software; specifications for the preparation and sale of bowls and certain other authorized food and beverage products; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time (the “System”).
- C. The System is identified by various trade names, trademarks, service marks, logos, emblems, trade dress, and indicia of origin, including but not limited to the mark “MAHANA FRESH” and such additional and replacement trade names, service marks, and trademarks as are not designated, and may hereafter be designated by Franchisor for use in connection with the System (the “Proprietary Marks”). The rights to all such Proprietary Marks as are now, or shall hereafter be, designated as part of the System will be owned exclusively by Franchisor or its affiliates and be used for the benefit of Franchisor, its affiliates, and Franchisor’s franchisees to identify to the public the source of the products and services marketed thereunder.
- D. Franchisor offers franchises to qualified individuals for the right to operate a single or multiple Restaurants under the System and Proprietary Marks.
- E. Area Representative desires to obtain the exclusive right to serve as Franchisor’s independent representative and coordinate development of the territory granted hereunder (the “Development Area”) by: (i) advertising for and recruiting franchisees to operate Restaurants in the Development Area under the System and Proprietary Marks; (ii) supporting System franchisees in developing a Restaurant; and (iii) providing franchisees with continuing training, operational and supervisory assistance and otherwise administering the System within the Development Area as specified herein.
- F. Area Representative understands and acknowledges the importance of Franchisor’s uniformly high standards of quality and service, and the necessity of ensuring that Area Representative and the franchisees Area Representative recruits meet Franchisor’s then-current qualifications and operate their Franchised Businesses in strict conformity with Franchisor’s quality control standards and specifications.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing background and the mutual promises, commitments, and understandings contained herein, the parties agree as follows:

1. GRANT

1.1 **Grant.** Franchisor hereby grants to Area Representative for a term of ten (10) years (“Term”) the exclusive right and license to serve as Franchisor’s independent representative in order to develop the Development Area (as defined below) by recruiting prospective franchisees and providing franchisees within the Development Area with certain services (as provided below) in strict accordance with the System and utilizing Franchisor’s Proprietary Marks. The foregoing grant to Area Representative does not include: (i) any right to operate Certified Training Locations (as described below in Section 1.6) within the Development Area without executing a separate franchise agreement; (ii) any right to offer any product or service via e-commerce, except through a website designated by Franchisor; (iii) any right to establish an independent website or to establish a URL incorporating the Proprietary Marks or any variation thereof; (iv) any right to sell merchandise via wholesale or retail distribution; or (v) any right to otherwise distribute, market, or implement Franchisor’s products and services in any channel of distribution not specifically identified in this Agreement.

1.2 **Development Area.** Area Representative’s exclusive right and license to serve as an independent representative of Franchisor to solicit for prospective franchisees and to provide certain services to franchisees is limited to the Development Area, as defined in the Data Sheet, the terms of which are hereby incorporated. For so long as Area Representative complies with the terms and conditions of this Agreement, including the Mandatory Development Schedule defined below, Franchisor will not contract with another third-party to serve as Franchisor’s area representative within the Development Area.

1.3 **Reservation of Rights.** Area Representative expressly understands and agrees that Franchisor and Franchisor’s affiliates shall have the right, in Franchisor’s sole discretion, to: (i) sell an Area Representative Business under the System and Proprietary Marks at any location outside of Area Representative’s Development Area; (ii) own and operate Restaurants or other businesses at any location(s) outside Area Representative’s Development Area under the System and Proprietary Marks; (iii) license to others the right to own and operate Restaurants at any location(s) inside or outside Area Representative’s Development Area under the System and Proprietary Marks, provided that Area Representative is entitled to receive the compensation described in Section 8 of this Agreement for any Restaurants licensed inside of Area Representative’s Development Area; (iv) use the Proprietary Marks and System in connection with distributing and marketing services and products through any alternative channel of distribution, including the sale of products on the Internet or through supermarkets, grocery stores, other retail outlets, mail order catalogs, direct mail advertising, or other distribution methods, without regard to location; (v) own and operate restaurants or businesses, or market similar products and services, at any location(s) inside Area Representative’s Development Area under different marks, or to license to others the right to own and operate restaurants or businesses, or market similar products and services at any location(s) inside Area Representative’s Development Area under different marks; (vi) negotiate and enter into agreements or approve forms of agreement to operate Restaurants under the Proprietary Marks and System in non-traditional venues in any location, including but not limited to train and bus stations, entertainment and sports complexes, pop-up or other temporary locations, amusement parks, grocery stores and educational institutions, both within and outside of Area Representative’s Development Area; (vi) offer catering services, third-party delivery fulfillment locations, and mobile units, both within and outside of Area Representative’s Development Area; and (vii) engage in any other activities not expressly prohibited in this Agreement.

1.4 **Alternative Channels of Distribution.** Area Representative acknowledges and agrees that certain of Franchisor’s or its affiliates’ products and services, whether now existing or developed in the future, may be distributed in the Development Area by Franchisor, Franchisor’s affiliates, or Franchisor’s other area developers, franchisees, licensees, or designees, in such manner and through such alternate channels of

distribution as Franchisor, in its sole discretion, shall determine. Such alternate channels of distribution shall include, but are not limited to, the sale of products through wholesale and retail stores, grocery stores, and convenience stores, or via the Internet and mail order catalog. Area Representative understands that this Agreement grants Area Representative no rights: (i) to distribute such products as described in this Section 1.4; or (ii) to share in any of the proceeds received by any such party therefrom.

1.5 No Right to Operate Franchised Businesses. This Agreement is not a franchise agreement for the license to operate Franchised Businesses under the System, and Area Representative shall have no right to the System and Proprietary Marks in any manner by virtue of this Agreement, other than as necessary to meet the requirements of the mandatory development schedule as set forth in Section 3.1 of this Agreement and Exhibit E of this Agreement (“Mandatory Development Schedule”), as below by recruiting franchisees and/or opening an Area Representative-owned Certified Training Locations, and to manage and supervise said franchises within the Development Area. If Area Representative elects to open a Pilot Certified Training Location or other System Restaurants, Area Representative must execute a separate franchise agreement for each System Restaurant.

1.6 Pilot Certified Training Location and Additional Area Representative-Owned Franchised Businesses.

1.6.1 Pilot Certified Training Location. During the Term, Area Representative may, but is not required to, enter into Franchisor’s then-current form of franchise agreement (attached as Exhibit “A” hereto) to own and operate a Franchised Business within the Development Area (the “Pilot Certified Training Location”). Franchisor will not charge Area Representative an initial franchise fee in connection with the Pilot Certified Training Location.

1.6.2 Additional Area Representative-Owned Franchised Businesses. Area Representative, may, but is not required to, own, and operate additional Franchised Businesses (each, an “Additional Certified Training Location”) within the Development Area, by executing Franchisor’s then-current form of franchise agreement, and paying initial franchise fees, royalty fees, and any other fees due thereunder, for each Additional Certified Training Location opened within the Development Area. Area Representative’s Additional Certified Training Location(s) will have a reduced initial franchise fee equal to fifty percent (50%) of Franchisor’s then-current single unit franchise fee provided, that: (i) such reduced fee shall be paid to Franchisor at the time of signing the franchise agreement with no remuneration due under Section 8.2.1 of this Agreement; and (ii) Area Representative has a direct legal or beneficial interest of not less than fifty-one percent (51%) in each Additional Certified Training Location. Area Representative shall be subject to the same procedures for site approval and subject to the same standards of quality control for each Additional Certified Training Location as other individual franchisees within the Development Area.

1.6.3 Credit Towards Development Obligations. Any Certified Training Locations that Area Representative opens and operates within the Development Area will be credited towards Area Representative’s development obligations set forth in the Mandatory Development Schedule, including the Pilot Certified Training Location.

1.7 Renewal. Area Representative has the right to renew this Agreement for one (1) consecutive, additional ten (10) year period, provided Area Representative has met the following conditions:

1.7.1 Area Representative has notified Franchisor of Area Representative’s intention to renew this Agreement in writing not less than six (6) months nor more than twelve (12) months prior to expiration of the current term;

1.7.2 Area Representative is in compliance with all of the terms and conditions of this Agreement at the time of requesting renewal, and has substantially complied with the terms and conditions of this Agreement and the operating standards and criteria established by Franchisor throughout the initial term and any renewal term of this Agreement;

1.7.3 Area Representative is not in breach of any provision of this Agreement, or any other agreement between Area Representative and Franchisor, Franchisor's affiliates, Franchisor's approved/designated suppliers and vendors, and Area Representative has substantially complied with all such agreements during their respective terms, including any franchise agreements entered into with Franchisor to operate Certified Training Locations within or outside the Development Area;

1.7.4 Area Representative has satisfied all monetary obligations Area Representative owes Franchisor, its affiliates, and/or its approved/designated suppliers and vendors at the time of requesting renewal;

1.7.5 Area Representative executes Franchisor's then-current form of Area Representative Agreement, which may include substantially different provisions, mandatory development schedules, key terms and may require payment of additional fees for additional development areas with the right and obligation to open more Restaurants. All such terms, including the mandatory development schedule outlining the number of Restaurants that Area Representative shall be permitted and/or required to open during any such renewal term, shall be solely determined by Franchisor in its sole discretion;

1.7.6 Area Representative satisfies Franchisor's then-current training requirements for renewing Area Representatives at Area Representative's expense, as of the date of such renewal, if any;

1.7.7 Area Representative and its guarantors sign a general release, in the form Franchisor prescribes, in favor of Franchisor and its affiliates and their respective officers, directors, agents, and employees, for all claims arising out of or related to this Agreement or any related agreements with Franchisor or its affiliates. The release shall not be inconsistent with any applicable state statute regulating franchises;

1.7.8 Area Representative has opened all Restaurants required under the Mandatory Development Schedule attached as Exhibit E to this Agreement;

1.7.9 Area Representative pays Franchisor a renewal fee equal to ten thousand dollars (\$10,000) to offset the expenses Franchisor incurs in effectuating the renewal of this Agreement; and

1.7.10 Area Representative agrees to continue assisting all franchisees in the Development Area acquired under this Agreement in the manner described in this Agreement.

2. AREA REPRESENTATIVE FEES

2.1 **Area Representative Fee.** In consideration of the rights granted under this Agreement, Area Representative agrees to pay Franchisor an area representative fee in the amount set forth on the Data Sheet attached to this Agreement and incorporated herein (the "Area Representative Fee"), upon execution of this Agreement. The Area Representative Fee is deemed fully earned upon payment and is nonrefundable under any circumstances.

2.2 **Method of Payment.** All payments due to Franchisor under this Agreement, will be either: (i) deducted from remuneration due to Area Representative pursuant to Section 8 of this Agreement prior to remission to Area Representative; or, (ii) if there are insufficient initial and ongoing fees collected from franchisees within the Development Area, by an electronic funds transfer program (the "EFT Program") under which Franchisor automatically deducts all payments owed to Franchisor under this Agreement, or any other agreement between Area Representative and Franchisor, from Area Representative's bank account. Franchisor may, with written notice, designate other methods for payment. Area Representative will designate a single bank account for the Area Representative Business, and will deposit all revenue generated by the Area Representative Business into the designated account within two (2) days of receipt,

including cash, checks, and credit card receipts. Area Representative will provide Franchisor with Area Representative's bank name, address, and account number for the designated account; a voided check from the designated bank account; and sign and give to Franchisor any additional documents Franchisor deems necessary to effectuate the EFT Program and Franchisor's ability to withdraw funds from such bank account via electronic funds transfer, including Exhibit F to this Agreement. Area Representative shall immediately notify Franchisor of any change in Area Representative's banking relationship, including changes in account numbers. Franchisor reserves the right to require Area Representative to pay any fees due under this agreement by such other means as Franchisor may specify from time to time. Any payment not received by Franchisor when due will bear interest at a rate of eighteen percent (18%) per annum, or the maximum rate permitted by law. Charges on late payments are intended to partially compensate Franchisor for loss of use of the funds, and for internal administrative costs resulting from late payment, which would otherwise be difficult to measure precisely. Imposing the late payment charge should not be construed as a waiver of Franchisor's right to timely payment.

3. MANDATORY DEVELOPMENT SCHEDULE

3.1. Development Schedule. Immediately following the execution of this Agreement, Area Representative will commence a franchise development program for the Development Area, and will cause a certain number of franchise agreements to be signed and Restaurants to be opened in the Development Area, as described more fully in the Data Sheet and Mandatory Development Schedule attached hereto. The Mandatory Development Schedule attached as Exhibit E hereto must be completed contemporaneously with the execution of this Agreement, and the terms of said Mandatory Development Schedule are hereby incorporated.

3.2 Cumulative Number of Units. Area Representative will cause to be opened a cumulative number of Restaurants in the Development Area, as specified in the Mandatory Development Schedule. Area Representative agrees that it will ensure that all Restaurants remain open and operating throughout the term of this Agreement. Any Restaurants closed during the Term will be subtracted from the cumulative totals in determining compliance with the Mandatory Development Schedule. Failure of the prescribed cumulative number of Restaurants to be open and operating in the Development Area will be deemed a material default of this Agreement, and grounds for termination, as specified in Section 12.2.6 of this Agreement.

3.3 Compliance Mandatory. If Area Representative fails to comply with the Mandatory Development Schedule described in this Section 3, Franchisor has the right to terminate this Agreement immediately upon notice from Franchisor to Area Representative. In the event that Area Representative fails to comply with the Mandatory Development Schedule and Franchisor elects to terminate this Agreement, Area Representative will retain the right to develop and operate Restaurants for which Area Representative has signed a franchise agreement, but Area Representative will lose the right to receive the ongoing payments described in Section 8 of this Agreement. In such a situation, Franchisor shall have the right to develop the Development Area itself, or through its franchisees, licensees, or otherwise, at its sole discretion.

3.3.1 One-Time Cure Period. Notwithstanding the foregoing, on the first occasion Area Representative fails to meet the Mandatory Development Schedule, Franchisor will grant a one-time opportunity to cure the default during the term of this Agreement. Area Representative shall have a one-hundred twenty (120) day period to cure any failure to meet the Mandatory Development Schedule. Such a cure period will not affect Area Representative's other obligations under the Mandatory Development Schedule. The cure period described in this Section shall only be available on the first occasion Area Representative fails to meet the Mandatory Development Schedule, and any subsequent failure of the Area Representative to meet the Mandatory Development Schedule shall be grounds for termination of this Agreement pursuant to Section 3.3 above.

3.4 **Reasonableness of Development Schedule.** Area Representative hereby acknowledges and agrees that the Mandatory Development Schedule contained herein is a fair and reasonable time frame for the development of Restaurants within the Development Area and is an accurate reflection of Area Representative's financial, managerial, and administrative capabilities. The parties further acknowledge and agree that the Mandatory Development Schedule is an accurate reflection of market demand without over- saturation of Franchisor's services and products offered under the System.

3.5 **Pre-Existing Franchisees.** Area Representative further acknowledges and agrees that any franchisees within the Development Area who have signed agreements with Franchisor prior to the date of this Agreement, or any similar outlets operated by Franchisor, Franchisor's affiliates, or Franchisor's designees shall not count towards Area Representative's obligations under this Agreement. Unless Area Representative and Franchisor separately agree that Area Representative will provide ongoing services to these franchisees, as described in Section 5 of this Agreement, Area Representative will not be entitled to any initial, royalty, transfer, or renewal fees from such franchisees.

4. DUTIES OF FRANCHISOR

Franchisor will furnish the following services, information, and personnel to Area Representative:

4.1 **Training.** Franchisor will provide a tuition-free training program for Area Representative and up to two (2) additional persons that covers certain aspects of Franchisor's System, franchisee training techniques, as well as other subjects Franchisor deems appropriate, at Franchisor's headquarters or another location Franchisor designates. Area Representative must complete these training sessions, as well as the initial training requirements under Area Representative's franchise agreement with respect to the Pilot Certified Training Location, in accordance with the Mandatory Development Schedule. Notwithstanding anything to the contrary contained in this Section, if there are existing franchisees within the Development Area, Franchisor may require Area Representative to complete all initial training described in this Section within thirty (30) days of executing this Agreement. All trainees whom Area Representative designates must attend the training course at the same time. All training related expenses, including Area Representative and Area Representative's additional trainees' transportation to and from the training site, lodging, meals, and salaries during training, are Area Representative's sole responsibility.

4.2 **Promotional Materials.** Franchisor may furnish to Area Representative templates of promotional materials, layouts, business cards, stationery, and Franchisor's franchise disclosure document as filed with the state agencies and amended from time to time (the "FDD"), as well as other promotional items which Franchisor believes are necessary to attract new franchisees and promote the Area Representative Business and goodwill of the System, at its sole discretion. Area Representative agrees to copy these materials in quantities sufficient to efficiently operate the Area Representative Business, at Area Representative's expense.

4.3 **Manuals.** Franchisor will loan to Area Representative three (3) copies of its proprietary and confidential operations manual, as amended from time to time, which shall include standards and specification for equipment, inventory, supplies, and operation of a Franchised Business (collectively the "Operations Manual"). Franchisor will also provide one copy of any additional manuals it provides to System franchisees, as well as any manuals Franchisor may have with respect to the operation of an Area Representative Business (collectively, the Operations Manual and all other manuals provided to Area Representative will be referred to collectively as the "Manuals"). Franchisor may provide the Manuals to Area Representative in hard copy or electronic format, and these Manuals may be transmitted to Area Representative via Franchisor's intranet, website and/or via email. Area Representative acknowledges and agrees that the Manuals are a proprietary and confidential trade secret owned by Franchisor, and Area Representative must take all reasonable steps to maintain the Manuals as confidential, restrict and prohibit unauthorized access to the Manuals, and prohibit any copying, duplication or recording of any information contained therein. Franchisor may from time-to-time update and revise the contents of the Manuals and distribute supplements thereto, and Area Representative expressly agrees to comply with each new or changed standard with respect to each Restaurant operated within the Development Area.

4.4 **Ongoing Supervision.** Upon request by Area Representative, Franchisor may review Area Representative's operations and techniques in the area of franchise sales and support services, and may suggest methods of improvement. Franchisor may provide Area Representative, from time to time, as it deems appropriate in its sole discretion, such merchandising, marketing and other information and advice as may from time to time be developed by Franchisor and deemed by Franchisor to be helpful in the management and operation of an Area Representative Business. Franchisor's obligations under this Agreement shall benefit only Area Representative, and no other party is entitled to rely on, enforce, benefit from or obtain relief for breach of such obligations, either directly or by subrogation.

4.5 **Disclosure Documents.** Franchisor will reasonably prepare and keep current the necessary FDD related to the offer and sale of Franchised Businesses in Area Representative's Development Area. Franchisor shall also take the necessary steps to file or register the FDD with those state authorities within Area Representative's Development Area requiring pre-sale registration. Area Representative will be solely responsible for completing, registering, and keeping current all broker or sales agent disclosure registrations, franchise seller disclosure forms, and any other documents required under federal, state, or local law in connection with its Area Representative Business.

4.6 **Ongoing Assistance.** Franchisor may provide Area Representative with assistance in all matters relating to the operation of an Area Representative Business, as Franchisor deems necessary in its sole discretion. Franchisor's advice and consultation may include addressing issues such as marketing and sales, management of multiple Franchised Businesses, operational problems, and providing Area Representative with an analysis of its performance in such areas. This operating assistance may be made available via telephone, email, or another method of communication selected by Franchisor. Franchisor may require Area Representative and its employees' attendance at additional or ongoing training programs. Such programs will be provided at Franchisor's then-current tuition rate for such training.

4.7 **Internet.** Franchisor may, but is not required to, design and provide to Area Representative one webpage for the promotion of the Area Representative Business on Franchisor's website. If Franchisor chooses to create such a website, Franchisor will be the web master, either directly or through a third party, and will have sole discretion and control over such site. Franchisor will review and execute, subject to Franchisor's approval, requested changes to Area Representative's webpage. Area Representative is prohibited from conducting the following activities without Franchisor's prior written approval: (i) maintaining an individual website related in any respect to the System; (ii) establishing a URL incorporating any variation of Franchisor's name or the Proprietary Marks; or (iii) promoting or otherwise listing its Area Representative Business, the Proprietary Marks, or System on any social media or networking site, including without limitation, Facebook, TikTok, LinkedIn, Plaxo, Twitter or YouTube. Franchisor reserves the right to modify its policies and procedures regarding Area Representative's use of social media and the Internet, as Franchisor deems appropriate for the best interests of the System and Proprietary Marks.

4.8 **Processing of Applications.** Franchisor shall use its best efforts to promptly process all prospective franchisee applications forwarded to Franchisor by Area Representative and shall not unreasonably withhold Franchisor's approval of any prospective franchisee, provided such prospect meets the educational, professional, managerial, business, financial and other qualifications as Franchisor may from time to time prescribe for new franchisees.

4.9 **Authority.** NOTHING IN THIS AGREEMENT SHALL BE INTERPRETED TO PROVIDE AREA REPRESENTATIVE WITH THE POWER OR AUTHORITY TO NEGOTIATE CONTRACT TERMS WITH ANY PROSPECTIVE FRANCHISEE, TO GRANT FRANCHISES OR TO EXECUTE ANY FRANCHISE AGREEMENT WITH A FRANCHISEE ON FRANCHISOR'S BEHALF. FRANCHISOR SHALL HAVE THE OPTION, IN ITS SOLE DISCRETION, TO APPROVE OR DENY A FRANCHISE TO ANY PROPSECTS PROPOSED BY AREA REPRESENTATIVE, AND FRANCHISOR WILL HAVE THE SOLE AUTHORITY TO EXECUTE FRANCHISE AGREEMENTS WITH FRANCHISEES.

4.10 **Distribution of Fees.** Franchisor shall provide for the collection of and distribution to Area Representative of its share of initial franchise, royalty, renewal, and transfer fees received from each franchisee operating in the Development Area (as described more fully in Section 8 of this Agreement), excluding any pre-existing franchisees as described in Section 3.5 of this Agreement.

4.11 **Franchisor Inspection.** Franchisor shall continue its efforts to maintain high standards of quality, professionalism, and service of the Area Representative Business, and to that end, may conduct inspections of any Certified Training Location or any other Franchised Businesses located in the Development Area, and may also closely monitor Area Representative's promotional efforts and service efforts, which may include, without limitation, contacting prospective and existing franchisees and monitoring Area Representative's sales presentations.

4.12 **Liability.** Franchisor shall not, by virtue of any approvals, advice, or services provided to any System franchisee, assume responsibility for or liability to Area Representative, System franchisees, or any third parties to which Franchisor would not otherwise be liable.

5. DUTIES OF AREA REPRESENTATIVE

5.1 **Acknowledgment.** Area Representative understands and acknowledges that every detail of the Franchised Business is important to Area Representative, Franchisor, other area representatives and System franchisees, in order to develop and maintain high and uniform operating standards, to increase the demand for System franchisees and the demand for services and products sold by System franchisees, and to protect Franchisor's reputation and goodwill. Area Representative further understands and acknowledges that Area Representative's primary obligations pursuant to this Agreement include growth of the System within the Development Area through franchise sales and supporting the franchisees in all aspects of developing and operating a Restaurant.

5.2 **[Omitted]**

5.3 **Employment Requirements.** Area Representative (or at least one of Area Representative's principals if Area Representative is a corporation or partnership) must personally supervise the day-to-day operations of the Area Representative Business and shall refrain from any other employment and/or conducting any other business. Area Representative (or at least one of Area Representative's principals if Area Representative is a corporation or partnership) must devote Area Representative's personal full-time attention and best efforts to the management and operation of the Area Representative Business. Area Representative shall maintain a sufficient number of qualified employees to provide pre-signing, initial, and ongoing services to System franchisees within the Development Area.

5.4 **Recruitment.** In recruiting prospective franchisees, Area Representative will make every effort to locate persons of good standing, professional competence, experience, reputation, ability, and financial responsibility. Area Representative shall refrain from making misrepresentations to Franchisor and franchisees and from conducting itself or the Area Representative Business in a manner likely to impair the reputation, business or profitability of Franchisor, its employees or officers, or any System franchisee. Franchisor will have the sole right to formulate and make policy decisions concerning every aspect of sales, promotions, advertising, and other programs, as well as negotiations with individual prospects. Area Representative shall:

5.4.1 Know, understand, and comply with all applicable federal, state, and local laws, rules, and regulations governing the advertising, promotion, and sale of franchises, including, without limitation, those relating to franchise registration, disclosure, and unfair or deceptive practices. In particular and without limiting the foregoing, Area Representative shall strictly adhere to Franchisor's instructions and neither Area Representative nor Area Representative's principals or employees shall make any statement, projection, or other description of potential earnings, costs, or profits to any third party unless it is disclosed in Item 19 of the FDD, and Area Representative expressly agrees to indemnify and hold harmless Franchisor and its affiliates for any Claims (as

defined in Section 10 herein) arising from such representations;

5.4.2 Deliver to each prospective franchisee, at or before the time required by law, a copy of Franchisor's then-current FDD, and obtain from each prospective franchisee the original, signed acknowledgment of receipt, and promptly furnish to Franchisor said acknowledgment;

5.4.3 Not permit any employee to engage in the promotion of Franchised Businesses unless Franchisor has given Franchisor's prior written consent to such person's involvement, and, upon Franchisor's request, Area Representative shall immediately discontinue the involvement of any person in the solicitation of prospective franchisees;

5.4.4 Promptly provide Franchisor (or Franchisor's counsel) with such information and materials as Franchisor may reasonably request in order to enable Franchisor to comply with laws regulating the offer and sale of franchises and/or franchise relationship laws;

5.4.5 Not prepare, modify, or register with any governmental authority any document in connection with the offer and sale of Franchised Businesses, unless so directed in writing by Franchisor;

5.4.6 Conduct both credit and criminal background checks on prospective franchisees before submitting their applications and qualifications to the Franchisor or providing a prospective franchisee with any of Franchisor's confidential information;

5.4.7 Submit to Franchisor written and completed applications of all qualified prospective franchisees together with such additional information and comments, including credit and background information, as specified by Franchisor; and

5.4.8 Bear all costs, including but not limited to attorneys' fees, in obtaining full acknowledgements and releases from franchisees in Area Representative's Development Area, as required by Franchisor.

5.5 Franchisor's Acceptance. Franchisor will notify Area Representative and the prospective franchisee of Franchisor's acceptance or rejection of the prospective franchisee's application. Franchisor's determination, over which it will have complete discretion, will be conclusive, final, and binding. Regardless of whether or not an application is approved by Franchisor, Area Representative must: (i) follow up with all third parties within the Development Area that submitted applications that Area Representative is responsible for; or (ii) otherwise refer these applications to Franchisor's approved third-party broker for assistance.

5.5.1 Once an application is approved by Franchisor, Area Representative must provide Franchisor with periodic status reports on the approved application at least once every two (2) weeks in a form and manner prescribed by Franchisor.

5.5.2 Area Representative must also provide Franchisor with periodic status reports in writing no less than once every two (2) weeks with respect to all prospective franchisees that have been contacted and the prospect pipeline generally, in a form and manner prescribed by Franchisor.

5.5.3 All reports required under this Agreement, including the reports required under this Section, must be prepared by a designated bookkeeper approved by Franchisor.

5.6 Franchisor's Approval of an Application and Timeline for Execution. Within fifteen (15) days of Franchisor's notification of approval of a prospective franchisee, Franchisor and the prospective franchisee shall execute Franchisor's then-current form of franchise agreement for franchisees within the Development Area. If such agreement is not executed within fifteen (15) days, or such longer period as Franchisor may permit, or if any condition of approval specified by Franchisor is not satisfied, Franchisor

may, at its sole discretion, withdraw, suspend or condition its approval of said franchisee.

5.7 **Ethical Standards.** Area Representative will cause all sales efforts made by it or under its direction to be courteous and dignified, and such efforts shall be conducted in a professional, ethical, and responsible manner. Area Representative must not violate any federal, state, or local law in connection with the offer or sale of franchises. Area Representative must specifically abide by any applicable laws, rules, and regulations governing Area Representative's business and sales activities.

5.8 **Area Representative Training.** Unless Franchisor waives this requirement based on previous experience, Area Representative and up to two (2) additional persons shall attend and complete, to Franchisor's satisfaction, Franchisor's initial area representative training program, and Area Representative, Area Representative's manager or other employees, as Franchisor may designate, shall attend and complete, to Franchisor's satisfaction, such other training sessions as Franchisor may reasonably require from time to time. For any training session, Franchisor shall only pay for the instructors, training facilities, and training materials, and Area Representative shall pay for all other expenses incurred by Area Representative and Area Representative's manager or other employees, including, without limitation, the costs of travel, room, board, and wages. See Section 4 of this Agreement for more information about the parties' obligations with respect to initial and ongoing training.

5.9 **Post-Sale Support.** Area Representative will act as Franchisor's third-party designee to provide the following services to franchisees that have executed Franchise Agreements to operate a Restaurant within the Development Area:

5.9.1 **Franchisee Training.** Area Representative will be responsible for providing franchisees within the Development Area with certain training as prescribed in Franchisor's then-current form of franchise agreement for the Development Area, which may include Franchisor's initial training program and additional ongoing assistance. Area Representative expressly agrees to provide ongoing training or training upon a material change to the System as Franchisor may require.

5.9.2 **Pre-Opening Assistance.** Area Representative must communicate with all new franchisees within the Development Area regarding: (i) site selection of their Franchised Businesses; (ii) site development and the construction/build-out of their Franchised Business; and (iii) each franchisee's grand opening advertising budget and expenditures, as well as other grand opening programs/plans required under Franchisor's current form of franchise agreement. Area Representative must provide Franchisor with bi-weekly reports on these activities for each franchisee within the Development Area, and ensure that such franchisees are complying with the standards and specifications set forth in the Manuals and Franchisor's franchise agreement.

5.9.3 **On-Site Support upon Opening.** Area Representative must provide on-site support for new franchisees within the Development Area during the three (3) days prior to the initial opening of each franchisee's respective Franchised Business, as well as during the first five (5) open days. Area Representative will provide, at its expense, a qualified and trained field representative to give advice to franchisees upon the opening of their Restaurants in the Development Area and give additional training to franchisees and their employees in accordance with Franchisor's standards. This support will vary based on the franchisee at issue and includes, but is not limited to: (i) assisting with the set-up of the Franchised Business to comply with the System's standards and specifications; (ii) ensuring all of franchisee's employees are sufficiently trained; (iii) ensuring the grand opening advertising plan is being properly implemented; and (iv) ensuring that franchisees and their employees are performing their duties in a manner consistent with the Manuals and each franchisee's respective form of franchise agreement.

5.9.4 **Franchise Development.** Franchisor has created and developed special procedures, standards, and methods for operating and maintaining a Franchised Business, which standards are incorporated in the Manuals. Area Representative shall ensure that each Franchised Business within the Development Area is developed and operated solely in accordance with Franchisor's

requirements and specifications as set forth in the Manuals, including by means of inspections and reviews as required by Franchisor's policies and procedures, which may be changed from time to time. Area Representative shall bear all costs in providing support and assistance to franchisees in the development of Restaurants.

5.9.5 Operations Manual Updates. Area Representative shall distribute to Development Area franchisees the updated Manuals, any amendments or updates to the Manuals, and any other written materials Franchisor may designate in the form and manner prescribed by Franchisor (which may include electronic transmission). Franchisor shall provide, at its expense, copies of such written materials to be distributed, but Area Representative will be required to reproduce such materials at its own expense.

5.9.6 General Supervision. Area Representative, or its duly authorized representative, must provide supervision to all Franchised Businesses within the Development Area as directed by Franchisor. Such supervision may include, but is not limited to: on-site supervision during the period of time prior to the opening of a Franchised Business; general assistance, advice and consultation to franchisees with regard to entering into negotiations and agreements within the Development Area for franchisees' services; review of proposed leases and contracts; consultation and assistance with regard to the grand opening of a Franchised Business; providing supplemental training and assistance on all material aspects of the operation of a Franchised Business, as needed, in accordance with Franchisor's requirements; periodic and regular telephone calls or visits to monitor operations of Franchised Businesses within the Development Area; continuous advisory services to franchisees; and ongoing training and updates for all Franchised Businesses within the Development Area. Area Representative agrees to perform such duties pursuant to Franchisor's requirements herein described and in accordance with the System, the Manuals, Franchisor's then-current form of franchise agreement for the Development Area, or otherwise as prescribed by Franchisor in writing. Area Representative agrees to be available during regular business hours to answer franchisee questions or concerns.

5.9.7 Operational Assistance and Support. Area Representative must advise all Franchised Businesses within the Development Area with respect to problems arising out of the operation of any Franchised Business as disclosed by periodic reports submitted to Area Representative or Franchisor by a franchisee, or by inspections conducted by Area Representative or Franchisor of Franchised Businesses within the Development Area. Area Representative must provide each Franchised Business within the Development Area with such assistance in connection with the operation of such Franchised Business as is determined to be necessary by Franchisor. Operational assistance may consist of advice and guidance with respect to:

5.9.7.1 Proper utilization of procedures developed for a Franchised Business;

5.9.7.2 Additional products or services authorized by Franchisor for sale by a Franchised Business;

5.9.7.3 The purchase of equipment, products, inventory, materials, and supplies;

5.9.7.4 The institution of proper administrative bookkeeping, accounting, inventory control, supervisory, and general operating procedures for the effective operation of a Franchised Business;

5.9.7.5 Advertising and promotional programs;

5.9.7.6 Marketing and negotiating techniques to be employed when dealing with vendors;

5.9.7.7 The proper maintenance of the premises of franchisees' Restaurants; and

5.9.7.8 The proper use of the Proprietary Marks and any other ancillary signs, symbols, or indicia used in connection with said Proprietary Marks.

5.9.8 Franchisee Contact. Area Representative must make contact with all Franchised Businesses within the Development Area for the purposes of consultation, assistance and guidance of franchisees and managers of each Franchised Business, and Area Representative or its representatives will prepare, for the benefit of both Area Representative and Franchisor, written reports regarding these regular contacts, outlining any suggested changes or improvement in the operations of the Franchised Business, and detailing any defaults in such operations which become evident as a result of any such contacts. A copy of each such written report must be provided to both the franchisee or its manager and Franchisor. Area Representative must return all franchisee phone calls within twenty-four (24) hours and must personally meet with each franchisee at the franchisee's Restaurants no less than every three (3) months for a minimum of two (2) hours to discuss the Franchised Business. This meeting is in addition to inspections, but may take place directly before or after a Restaurant inspection.

5.9.9 Quality Control. Area Representative will ensure that each Franchised Business's signage, equipment, inventory, and supplies conform to the standards and specifications set forth in the Manuals. Area Representative will take all necessary steps to enforce the terms of each individual franchise agreement executed for a Franchised Business within its Development Area and the provisions of the Manuals, as amended from time to time. If Area Representative fails to enforce the terms of any individual franchise agreement and Franchisor incurs expenses to enforce or defend any individual franchise agreement or to commence eviction of franchisees within the Development Area, Franchisor may charge Area Representative fifty percent (50%) of such expenditures. Franchisor shall assure that each Restaurant operating within the Development Area purchases all designated products and supplies directly from Franchisor or Franchisor's designated supplier(s). At Franchisor's request, Area Representative shall provide Franchisor with reasonable assistance in the collection of delinquent accounts from franchisees.

5.9.10 Transaction Records. Area Representative must keep accurate records concerning all transactions and communications between Franchisor, Area Representative, and franchisees relating to the operation of any Franchised Business in the Development Area, and Franchisor's duly authorized representative shall have the right at all reasonable hours to examine all such records, and shall have full and free access thereto. All such records shall be available for at least three (3) years after the termination or expiration of this Agreement for any reason whatsoever. Area Representative shall maintain the accounts of all Certified Training Locations fully or partially owned by Area Representative with no unpaid balances owed to either Franchisor or its affiliates.

5.9.11 Financial Reviews and Franchisee Inspections. Not less than once every three (3) months, Area Representative must conduct management and financial reviews of each Franchised Business in the Development Area. As a part of these reviews an evaluation form, which form will be mutually approved by Franchisor and Area Representative, will be completed to determine if Area Representative is satisfactorily performing its duties and obligations under the terms of this Agreement. Area Representative will remit the required management and financial review information, together with the Area Representative evaluation form, to Franchisor within ten (10) days after the close of each three-month period during the Term of this Agreement. In addition, Area Representative will perform routine inspections of franchisee's Franchised Businesses within the Development Area approximately once a month, using Franchisor's prescribed inspection form, to ensure strict compliance with the standards and specifications designated by Franchisor, and must submit the completed inspection forms to Franchisor within ten (10) days of the applicable inspection date. Such form will at least include the following information: (i) any apparent deficiencies and problems concerning the uniformity and quality of service provided at the Restaurant; (ii) any apparent opportunities for the Restaurant to improve its performance; (iii) any apparent deviations from Franchisor's operating procedures, standards, and specifications; and (iv) any apparent violations of applicable laws, rules, or regulations.

5.9.12 **Post-Agreement Obligations.** Area Representative will also ensure that franchisees within the Development Area that have their franchise agreement terminated, or which otherwise exit Franchisor's System for any reason, comply with their post-termination obligations under such franchise agreement(s) in a timely manner. Franchisor may direct Area Representative to retrieve certain proprietary materials that franchisees are required to return to Franchisor upon termination, as well as assist Franchisor in any other manner connected to ensuring that franchisees are complying with their post-term obligations.

5.10 **Ongoing Requirements.** Throughout the Term of this Agreement, Area Representative shall: (i) furnish to Franchisor Area Representative's articles of incorporation, by-laws, other governing documents, and any other documents Franchisor may reasonably request, and any amendments thereto; and maintain a current list of all of Area Representative's owners of record and all beneficial owners of any class of voting securities or securities convertible into voting securities of Area Representative, and shall furnish such list to Franchisor upon request.

5.11 **Ownership of Certified Training Locations.** As described in Section 1.6.2, Area Representative may, but is not required to own, operate, and maintain at least one (1) Certified Training Location which must be located within the Development Area..

5.11.1 Area Representative must maintain two levels of certification:

5.11.1.1 Area Representative must have a fully functioning Certified Training Location that meets or exceeds Franchisor's specifications; and

5.11.1.2 Area Representative must also be certified in order to train Area Representative's franchisees, which may include the successful completion of Franchisor's annual qualification test.

5.11.2 It is Area Representative's responsibility to meet or exceed the performance requirements of the Mandatory Development Schedule and maintain Area Representative's aggregate number of units at all time. Area Representative is responsible for any and all functions relating to recruiting new franchisees and having each franchisee properly open and operate their Franchised Business, including but not limited to, real estate, business/strategic planning, supply line, training, new and/or other functions specified by Franchisor.

5.12 **Franchisor's Right of Inspection.** Area Representative shall grant Franchisor and Franchisor's agents the right to enter any Franchised Business in the Development Area, including any Certified Training Location, for the purposes of conducting inspections and monitoring Area Representative's operations. Area Representative shall cooperate with Franchisor's representatives in such steps as may be necessary to immediately correct any deficiencies detected during such inspections or monitoring.

5.13 **Regional Meeting.** Not less than once every six (6) months, Area Representative will arrange for and conduct regional meetings for all Franchised Businesses within the Development Area at a location within the Development Area. Such meetings shall include training and general advisory assistance for the Franchised Businesses within the Development Area. Area Representative shall notify Franchisor in writing at least three (3) weeks prior to conducting such regional meetings. Franchisor may, as it deems necessary in its sole discretion, provide its instructors to assist Area Representative in conducting seminars. Area Representative shall be responsible for the cost of travel, food, lodging, etc. for each of Franchisor's representatives in attendance.

5.14 **Ongoing Training.** In addition to the initial training program described in Section 5.8 of this Agreement, Area Representative, and its appointed designee, as required, must attend any Area Representative seminars or training sessions held by Franchisor. Area Representative shall be responsible for travel, food, lodging, payroll, and other expenses related to such training sessions. Franchisor may also

charge its then- current training tuition fee for such additional training, as Franchisor deems necessary in its sole discretion.

5.15 Compliance with Laws and Regulations. Area Representative shall ensure that all franchisee solicitations by Area Representative and any acts incident thereto are in strict accordance with the Federal Trade Commission’s Rule on Franchising, any applicable state laws, and the FDD prepared by Franchisor. Area Representative will have sole authority and control over the day-to-day operations of the Area Representative Business and Area Representative’s employees and/or independent contractors. Area Representative agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Area Representative Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Area Representative or Area Representative’s employees be deemed to be employees of Franchisor or Franchisor’s affiliates.

5.16 Electronic Equipment and Services. Area Representative shall maintain a dedicated mobile telephone line for the purposes of performing its obligations under this Agreement, which must be used exclusively in connection with its Area Representative Business and not for any other purpose (including operation of the Pilot Certified Training Location or any other Certified Training Location owned or operated by Area Representative). Area Representative shall also maintain a landline number, an operating fax machine, email address and a laptop computer with current versions of Windows, Microsoft Office and any other software required by Franchisor. Area Representative shall give the mobile phone number, the landline number, the fax number and email address to Franchisor and to each franchisee in the Development Area.

5.17 Permits, Licenses and Certificates. Area Representative shall timely obtain any and all permits, certificates, licenses, and bonds necessary for the full and proper operating and management of the Area Representative Business. Copies of all subsequent inspection reports, warnings, certificates and ratings issued by any governmental entity during the Term of this Agreement in connection with the conduct of the Area Representative Business which indicate Area Representative’s failure to meet or maintain the highest governmental standards or less than full compliance by Area Representative with any applicable law, rule or regulation, shall be forwarded to Franchisor by Area Representative within three (3) days of receipt thereof.

6. ADVERTISING

6.1. Standards and Value. The parties hereto recognize and acknowledge the value of advertising and promotion in locating and soliciting individuals to become franchisees, and the importance of consistency of such advertising and promotion to the furtherance of the goodwill and public image of the Area Representative Business and System. Area Representative shall conduct all advertising in any medium in a dignified manner, shall conform to standards and requirements prescribed by Franchisor, and shall comply with all applicable laws, rules and regulations relating to advertising of franchises.

6.2. Local Advertising. Beginning on the first day of the month following the Effective Date of this Agreement, Area Representative agrees to spend not less than one thousand five hundred dollars (\$1,500) each month on advertising for the purpose of generating leads for franchises within the Development Area (the “Local Advertising Requirement”). Area Representative must obtain Franchisor’s written permission prior to attending any trade shows and prior to engaging in any solicitations outside of Area Representative’s Development Area. Area Representative must spend the Local Advertisement Requirement as Franchisor prescribes in the Manuals or otherwise in writing, which may include, without limitation, requirements for placing a certain number and/or type(s) of media advertisements, including direct mailing, internet, or other solicitations, to prospects within Area Representative’s Development Area. Area Representative acknowledges and agrees that Area Representative’s local advertising obligation must be expended regardless of the amount(s) spent by other System area representatives on local advertising. Area Representative may spend any additional sums Area Representative wishes on local advertising. Area

Representative must use only such advertising and promotional materials as have been previously approved by Franchisor. Franchisor may require Area Representative to provide Franchisor an annual plan for Area Representative's expenditure of the Local Advertising Requirement. Area Representative must provide Franchisor with invoices or other evidence of these expenditures on a monthly basis in any manner Franchisor may specify. An advertising and promotional program budget will be submitted by Area Representative each quarter and will be mutually agreed upon fifteen (15) days prior to the beginning of each calendar quarter. Area Representative shall submit to Franchisor for prior approval all sales, promotional, advertising, and other materials relating to recruiting new franchisees. Franchisor will notify Area Representative of its approval of the proposed materials and programs within fifteen (15) business days after receipt thereof. Franchisor shall use reasonable efforts to respond within the said fifteen (15) business day period and shall not unreasonably withhold or delay approval, but if Franchisor fails to respond within said period, such materials shall be deemed disapproved. Area Representative shall affix the Proprietary Marks in the manner prescribed by Franchisor to all stationery, cards, signs, and other advertising materials used in connection with Area Representative's operations hereunder.

6.3. **Cooperative Advertising.** Franchisor will have the right to establish regional advertising and promotional cooperatives (each, a "Cooperative") and solicit contributions to these Cooperatives from franchisees within the Development Area. Area Representative-owned Certified Training Locations will be subject to the Cooperative contribution requirements. At Franchisor's request, Area Representative hereby agrees to manage any Cooperative within its Development Area and assist Franchisor in ensuring that individual franchisees comply with the Franchisor's or the Cooperative's requirements regarding contributions to the Cooperative and the use of advertising, promotional, and other materials.

6.4. **Advisory Councils.** Upon Franchisor's request, Area Representative must participate in any advisory councils Franchisor may establish, within the Development Area or otherwise, regarding advertising plans/expenditures and any other aspects of the System Franchisor may designate.

7. USE OF SYSTEM AND MARKS

7.1. **No Right to Marks.** This Agreement does not grant Area Representative any right to use the Proprietary Marks. Area Representative acknowledges that the mark "MAHANA FRESH" and all other Proprietary Marks licensed hereunder or subsequently developed are owned by Franchisor, and that only Franchisor, Franchisor's affiliates, and their respective franchisees, licensees, and designees have the right to use such Proprietary Marks and such other trade names, trademarks, service marks and copyrights as may presently exist or be acquired and licensed for use by Franchisor, along with ancillary signs, symbols or indicia used in connection or conjunction with said Proprietary Marks. Area Representative further acknowledges that valuable goodwill is attached to such trade names, trademarks, and service marks and that it will use such Proprietary Marks only in the manner and to the extent specifically licensed by this Agreement and Area Representative's individual franchise agreements. All goodwill resulting from Area Representative's use of the Proprietary Marks pursuant to Area Representative's individual franchise agreements and otherwise will inure to the benefit of Franchisor, and Area Representative hereby waives any right to compensation for such goodwill.

7.2. **No Contest or Infringement.** Area Representative acknowledges, and will not contest, infringe, or harm Franchisor's exclusive ownership and rights to each and every aspect of the System, including the Proprietary Marks. Area Representative's right to market the System is specifically limited to the Development Area, and is subject to the supervision and control of Franchisor as provided herein. Area Representative acknowledges that the Proprietary Marks constitute a significant aspect of the System and Area Representative agrees that such Proprietary Marks will not be used as the name, or part of the name, of any corporation, partnership or any entity under which Area Representative or any entity formed to operate a Restaurant within the Development Area transacts any business. Area Representative's use of the Proprietary Marks is subject to the control and approval of Franchisor in every other respect.

7.3. **Rights to Proprietary Marks upon Termination.** Area Representative's rights to use the Proprietary Marks will immediately terminate upon the expiration or termination of this Agreement for any reason whatsoever.

7.4. **Identification of Area Representative Business.** Area Representative must conspicuously display a sign that states that "WE ARE AN INDEPENDENTLY OWNED AND OPERATED AREA REPRESENTATIVE OF MAHANA FRESH, LLC". Area Representative's business cards, stationery, purchase order forms, invoices, leases, tax returns, and other documents used in Area Representative's business dealings with prospective franchisees, suppliers, lessors, government agencies, employees, and customers must clearly identify Area Representative as an independent legal entity.

7.5. **Goodwill.** Any and all goodwill arising from Area Representative's use of the Proprietary Marks and other of Franchisor's proprietary materials shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Area Representative's use of the System, the Proprietary Marks, or any other proprietary materials.

8. REMUNERATION OF AREA REPRESENTATIVE

Area Representative's principal source of income under this Agreement will be derived from its share of the revenues generated by the sale and operation of Franchised Businesses within the Development Area.

8.1. **Revenue Flow.** All initial franchise fees due from both Additional Certified Training Locations (owned by Area Representative) and franchisee-owned Restaurants within the Development Area are due and payable to Franchisor under the terms of individual franchise agreements. Area Representative shall pay any and all federal, city, state, or local taxes, fees, fines, or assessments arising out of the operation of the Certified Training Locations or the Area Representative Business. Area Representative agrees to comply with all federal, state, and local laws, ordinances and orders, and codes applicable to the Area Representative Business. In connection with Area Representative's share of any receipts collected by Franchisor from the Development Area, Area Representative agrees to pay any applicable excise or gross receipts taxes, or other charges payable under applicable law for its share of the fees collected from any Restaurant located within the Development Area.

8.2. **Remuneration.** Area Representative expressly acknowledges that Franchisor retains the right to employ the services of franchise brokers to assist Franchisor in generating franchise sales on a regional or national basis, both within and outside of Area Representative's Development Area. In the event that: (i) Franchisor or its affiliates discover a prospect within the Development Area and such prospect signs a franchise agreement; (ii) Franchisor's brokers present a prospect within the Development Area and such prospect signs a franchise agreement; or (iii) Area Representative provides a lead and facilitates the sale of a franchise in the Development Area and such prospect signs a franchise agreement, Franchisor will remit to Area Representative, up until the termination, expiration, or transfer of this Agreement:

8.2.1 **Initial Fees, Renewal Fees, and Transfer Fees.** Area Representative shall receive twenty-five percent (25%) of any initial franchise fees, after any payments made to brokers, within fifteen (15) days of actually receiving such fees from franchisees, and an additional twenty-five percent (25%) of any initial franchisee fee actually received by Franchisor, after any payments made to brokers, within thirty (30) days of the franchisee opening its Franchised Business. Area Representative shall also receive fifty percent (50%) of any renewal fees and transfer fees actually received from franchisees, less any broker fees or other costs incurred by Franchisor or its affiliates in generating the lead or effectuating the renewal or transfer, within fifteen (15) days of receiving such fees; and

8.2.2 **Ongoing Fees.** Area Representative will receive an amount equal to fifty percent (50%) of all royalty fees (as described in the individual franchise agreements of each franchisee operating in Area Representative's Development Area) collected from franchisees within the Development

Area, which will be calculated based on the amounts Franchisor actually collects from these franchisees in the form of ongoing royalty fees, less any broker fees. Franchisor will remit these amounts to Area Representative on or before the fifteenth (15th) of each month based on the royalties actually collected during the preceding month. You must pay the full amount of royalty fees owed in connection with your Pilot Certified Training Location and any other locations you open, and you will not receive 50% of the royalty fees earned by us from locations that you own.

8.2.3 Prohibition on Use of Non-Approved Brokers. Area Representative may not use any third-party brokers in connection with the recruitment of prospective franchisees within the Development Area, except for the broker(s) that Franchisor approves or designates in writing.

8.3 Remuneration Conditioned Upon Compliance. Area Representative acknowledges and agrees that Area Representative's share of any fees due under Section 8.2 above is conditioned upon its provision of the pre-signing, initial, and ongoing services set forth in Section 5 of this Agreement and its fulfillment of its obligations under the Mandatory Development Schedule set forth in Section 3 and Exhibit E of this Agreement.

8.4 Franchisor's Reporting Requirements. Franchisor shall provide a monthly report on or before the fifteenth (15th) day of each month describing the Gross Sales reported from each franchisee in the Development Area, the royalty fees received from each franchisee in the Development Area, and the monies payable to Area Representative.

8.5 No Share of Other Fees. Area Representative agrees and acknowledges that it shall not be entitled to any portion of advertising contributions/fees of any kind, training fees, or any other fees collected by Franchisor (or its affiliates) from franchisees within the Development Area, other than those specified in Section 8.2 above. Area Representative further acknowledges and agrees that its rights to receive the amounts contemplated by this Section 8 are conditioned on Area Representative's full, prompt and complete performance of its duties and obligations under the terms of this Agreement. The responsibility for collection of all payments due under the individual franchise agreements from franchisees rests with Franchisor, but Area Representative shall use its best efforts to ensure that all payments and reports are submitted to Franchisor on a timely basis.

8.6 Financing and Impounds. In the event that Franchisor, in its sole discretion, provides financing, through a commercial note or otherwise, of any portion of an initial franchise fee paid by a franchisee within the Development Area, or if an impound condition is imposed by any state regulatory agency, Area Representative acknowledges and agrees that it shall receive its portion of the initial franchise fee when the Franchisor has collected the initial franchise fee in full. Area Representative shall not be entitled to remuneration based on any interest collected by Franchisor in connection with extending such financing.

8.7 Inspection of Books and Records. Area Representative must maintain accurate business records, reports, accounts, books and data relating to the operation of the Area Representative Business. Franchisor and Franchisor's designees have the right to inspect and/or audit Area Representative's business records at any time during normal business hours, whether announced or unannounced, to determine whether Area Representative is current with suppliers and is otherwise operating in compliance with the terms of this Agreement and the Manuals. If any audit reveals that Area Representative has: (a) improperly allocated revenues and expenses between any Certified Training Location or the Area Representative Business and any other business; (b) understated royalty or local advertising expenditures, by more than two percent (2%) for any Certified Training Locations; or (c) failed to submit timely reports and/or remittances for any two (2) reporting periods within any 12-month period, Area Representative must pay the reasonable cost of such audit and/or inspection, including the cost of outside auditors and attorneys (to the extent Franchisor incurs such costs), together with amounts due for royalty and other fees as a result of such underreporting and/or failure to submit reports, along with all late fees and interest which may otherwise be due under this Agreement.

8.8 **Pre-Existing Franchisees and Franchisor-Owned Restaurants.** Notwithstanding anything contained in this Section 8, Area Representative acknowledges and agrees that Area Representative shall not be entitled to any portion of initial franchise fees from any franchisees within the Development Area who have signed agreements with Franchisor prior to the effective date of this Agreement, or any Restaurants operated by Franchisor, Franchisor's affiliates, or Franchisor's designees. Furthermore, Area Representative acknowledges and agrees that any such Restaurants shall not count toward any of Area Representative's obligations under this Agreement, including the Mandatory Development Schedule.

8.9 **Right of Set-Off.** Area Representative grants Franchisor the irrevocable right of set-off against any fees or accounts payable to Area Representative from any and all fees or other monies collected by Franchisor for which a portion is to be paid to Area Representative as remuneration under this Section 8.

8.10 **Refunds.** Franchisor shall have sole discretion as to the terms and conditions of collections from System franchisees, including the right to defer or refund initial franchise fees or royalty fees. In no event shall any such deferred payments become payable to Area Representative until and unless such fees are paid to Franchisor by System franchisees. In the event Franchisor refunds any amount collected, Franchisor shall have the right, as it deems appropriate, to either deduct from any payments due to Area Representative its portion of any amount so refunded, or to require Area Representative to remit any such portion of the refunded amount to Franchisor immediately upon request. Franchisor shall have no liability to Area Representative for payments under this Section in the event that any System franchisee, for any reason, fails to pay any fee owed to Franchisor.

9. RELATIONSHIP OF THE PARTIES

9.1 **Independent Contractor Status.** The appointment of Area Representative pursuant to this Agreement does not make Area Representative an agent, partner, legal representative or employee of Franchisor and the parties expressly agree that Area Representative is an independent contractor. Area Representative does not have the right to bind Franchisor, to transact any business or make any promises or representations on behalf of Franchisor, or to incur any indebtedness on behalf of Franchisor, except as expressly provided herein. Area Representative will at all times represent himself only as an independent contractor who has been appointed and licensed as an Area Representative. Neither this Agreement nor the relationship between the parties hereto constitutes a partnership or a joint venture between Area Representative and Franchisor. It is understood, acknowledged, and agreed by the parties hereto that they do not intend to create by this Agreement any type of franchise relationship. The relationship that exists between the parties is one of contracting for the services of Area Representative as an independent representative for franchise sales and support. This Agreement is strictly a method to develop a program to sell franchises and coordinate the provision of ongoing services to franchisees. This Agreement is not a franchise agreement, master franchise, subfranchise, or any other type of franchise relationship of any kind or nature. If any state regulatory agency deems Area Representative to be a subfranchisee, Area Representative shall assume responsibility for all necessary franchise registration filings and shall assume all costs for such necessary filing with appropriate state agencies.

9.2 **Operation of Certified Training Locations.** Subject to any provisions contained in this Agreement to the contrary, the relationship of Franchisor and Area Representative with respect to the ownership and operation by Area Representative of Certified Training Locations within the Development Area, if applicable, will be governed by the individual franchise agreement(s) executed in connection therewith.

9.3 **Maintenance of Independent Contractor Status.** Franchisor will not violate Area Representative's status as an independent salesman and will provide only such supervision and training as is necessary and essential to protect the goodwill, reputation, Proprietary Marks, copyrights, trade secrets, confidential information, and standards of quality of the System, and as may be necessary to enable Area Representative to operate its own Certified Training Locations, and to support franchisees within its Development Area. Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that

Franchisor is the employer of Area Representative's employees and/or independent contractors, nor vice versa.

10. INDEMNIFICATION

Area Representative and Area Representative's principals agree to indemnify, defend, and hold Franchisor, Franchisor's affiliates, and their respective shareholders, directors, officers, employees, agents, successors and assignees ("Indemnitees") harmless against and to reimburse them for all claims, obligations, liabilities and damages ("Claims"), including any and all taxes, directly or indirectly arising out of, in whole or in part: (i) Area Representative's solicitation of prospective franchisees and the provision by Area Representative of ongoing services to franchisees in the Development Area; (ii) the operation of the Area Representative Business and any Certified Training Locations, including the use, condition, construction and buildout, equipping, decorating, maintenance, or operation of any training facility or Certified Training Locations Area Representative may operate now or in the future; (iii) Area Representative's advertising; (iv) the use of the Proprietary Marks and other proprietary materials; (v) the transfer of any interest in this Agreement or Area Representative's Franchised Business(es) in any manner not in accordance with this Agreement; (vi) the infringement, alleged infringement, or any other violation or alleged violation by Area Representative or any of Area Representative's principals of any patent, mark, or copyright, or other proprietary right owned or controlled by third parties; or (vii) libel, slander or any other form of defamation of Franchisor, the System, or other area representatives or franchisees operating under the System, by Area Representative or by any of Area Representative's principals or employees. For purposes of this indemnification, "Claims" shall include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through Area Representative to Franchisor.

Franchisor shall have the right, though not the obligation, to defend any such Claim against it in such manner as Franchisor deems appropriate or desirable in Franchisor's sole discretion. Such an undertaking by Franchisor shall, in no manner or form, diminish Area Representative's and each of Area Representative's principals' obligations to indemnify the Indemnitees and to hold them harmless. Area Representative will be responsible for all loss or damage originating from or arising in connection with the operation of Area Representative's headquarters and individual Restaurants, and for all Claims related to damages to property or for injury, illness or death of persons, directly or indirectly, resulting from said operation, and agrees to indemnify and hold Franchisor harmless against and from any such Claim. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration, termination, or transfer of this Agreement.

11. INSURANCE

Area Representative agrees to purchase/procure and maintain the following types of insurance covering the operation and location of the Area Representative Business: (i) comprehensive general liability insurance, including broad form contractual liability, broad form property damage, personal injury, advertising injury, dram shop liability, completed operations, products liability and fire damage coverage, in the minimum amount of two million dollars (\$2,000,000) combined single limit; (ii) "All Risks" coverage for the full cost of replacement of the Area Representative Business premises and all other property in which Area Representative may have an interest, with no coinsurance clause for the Area Representative Business premises; (iii) crime insurance for employee dishonesty in the amount of ten thousand dollars (\$10,000) combined single limit; (iv) automobile liability coverage, including coverage of owned, non-owned and hired vehicles, with coverage in the minimum amount of two million dollars (\$2,000,000) combined single limit; (v) workers compensation insurance, as required by applicable law; and (vi) such other insurance as may be required by Franchisor, Area Representative's lessor, or the state or locality in which any Restaurant is located. Insurance carriers must be approved by Franchisor in advance and in writing. All insurance policies shall be issued by insurance companies with a financial rating of at least "A" status or better as rated in the most recent edition of Best's Insurance Reports. Franchisor's acceptance of an insurance carrier

does not constitute Franchisor's representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. Area Representative expressly agrees to carry such insurance as may be required by the lease of any Restaurant or office space, or by any of Area Representative's lenders or equipment lessors and such workers compensation insurance as may be required by applicable law. Area Representative shall add Franchisor to all insurance contracts as an additional insured under the insurance policies, the cost of which will be paid by Area Representative. No insurance policy must be subject to cancellation, termination, nonrenewal or material modification, except upon at least thirty (30) calendar days' prior written notice from the insurance carrier to Franchisor. Area Representative must submit a certification of insurance which demonstrates compliance with this Section. If Area Representative fails to comply with the minimum insurance requirements set forth herein, Franchisor has the right to obtain such insurance and keep same in force and effect, and Area Representative shall pay Franchisor, on demand, the premium cost thereof and administrative costs of eighteen percent (18%) in connection with Franchisor's obtaining the insurance. Franchisor has the right to increase or otherwise modify the minimum insurance requirements upon thirty (30) calendar days prior written notice to Area Representative, and Area Representative shall comply with any such modification within the time specified in said notice.

12. DEFAULT AND TERMINATION

The rights, licenses and territorial exclusivity granted to Area Representative under this Agreement have been granted in reliance on Area Representative's representations and assurances, among others, that the conditions and obligations set forth in this Agreement will be met and performed in a timely manner.

12.1 **Automatic Termination.** This Agreement shall automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

12.1.1 **Voluntary Bankruptcy.** If Area Representative makes an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Area Representative, the Area Representative Business, or any individual Certified Training Location operated by Area Representative.

12.1.2 **Involuntary Bankruptcy.** If proceedings are commenced to have Area Representative adjudicated bankrupt or to seek Area Representative's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Area Representative or the Area Representative Business without Area Representative's consent, and the appointment is not vacated within sixty (60) days.

12.1.3 **Unauthorized Transfer.** If Area Representative purports to sell, transfer or otherwise dispose of its interest in the Area Representative Business in violation of Section 13 hereof.

12.1.4 **Final Judgment.** If a final judgment against Area Representative remains unsatisfied or of record for thirty (30) calendar days or longer (unless supersedeas bond is filed).

12.1.5 **Dissolution of Area Representative.** If Area Representative is dissolved and not reformed within thirty (30) calendar days thereafter.

12.2. **With Notice and Without Opportunity to Cure.** Franchisor has the right to terminate this Agreement upon notice without providing Area Representative an opportunity to cure for any of the following breaches or defaults:

12.2.1 **Criminal Acts.** If Area Representative or Area Representative's principals are convicted of or plead guilty or no contest to any felony, or take part in any criminal misconduct related to the operation of the Area Representative Business.

12.2.2 **Fraud.** If Area Representative or Area Representative's principals commit any fraud or misrepresentation.

12.2.3 **Misrepresentation.** If Area Representative or Area Representative's principals make any material misrepresentation or omission in connection with Area Representative's application, including but not limited to any misrepresentations regarding Area Representative's financial and managerial capability to operate and support Restaurants pursuant to the Mandatory Development Schedule set forth in Section 3 and Exhibit E to this Agreement. The term "application" includes any information or materials provided to Franchisor or Franchisor's agents and third-party designees in connection with Area Representative's purchase of the Area Representative Business.

12.2.4 **Failure to Complete Training.** If Area Representative fails to complete initial training as required under Area Representative's individual franchise agreement(s) or this Agreement.

12.2.5 **Repeated Breaches.** If Franchisor sends Area Representative two (2) or more written notices to cure pursuant to Sections 12.3 or 12.4 hereof within any given twelve (12) month period.

12.2.6 **Failure to Maintain Cumulative Number of Restaurants Open.** If Area Representative fails to keep the cumulative number of Restaurants required under the Mandatory Development Schedule open and operating during the term of this Agreement, subject to the cure period described in Section 3.3.1 of this Agreement.

12.2.7 **Breach of Other Agreements.** If Area Representative or Area Representative's principals materially breach any of Area Representative's franchise agreements, or any other agreement with Franchisor or any of Franchisor's affiliates or designated suppliers, or threaten any material breach of any such agreements and fail to cure such breach within any permitted period for cure.

12.2.8 **Misuse of the Proprietary Marks or Confidential Information.** If Area Representative or Area Representative's principals materially violate any provision hereof pertaining to the Proprietary Marks or Confidential Information (as defined in Section 14.3.1 of this Agreement) or otherwise misuse the Proprietary Marks or Confidential Information.

12.2.9 **Violation of In-term Restrictive Covenant.** If Area Representative violates the in-term restrictive covenant contained in Section 14.1 of this Agreement, or the respective in-term restrictive covenants of Area Representative's individual franchise agreements.

12.2.10 **Liens.** If a levy of writ of attachment or execution or any other lien is placed against Area Representative or any of Area Representative's principals or any of their assets, which is not released or bonded against within thirty (30) days.

12.2.11 **Insolvency.** If Area Representative or any of Area Representative's principals become insolvent.

12.2.12 **Government Regulations.** If Area Representative fails, within fifteen (15) calendar days after notification of non-compliance by federal, state or local government authorities, to comply with any law or regulation applicable to the Area Representative Business or an individual Restaurant.

12.2.13 **Government Actions.** If any government action is taken against Area Representative that results in any obligation upon Franchisor which in Franchisor's sole judgment is uneconomical, not in the best interests of Franchisor, or would result in Franchisor having an unintended relationship or obligation.

12.2.14 **Anti-Terrorist Activities.** If Area Representative fails to comply with the provisions of Section 20.5 of this Agreement.

12.2.15 **Improper Guidance.** If Area Representative advises, guides, or otherwise provides information to any franchisee that causes the franchisee to breach any term, covenant or other obligation under its individual franchise agreement.

12.2.16 **Failure to Obtain Written Consent.** If Area Representative fails to obtain Franchisor's prior written approval or consent for any occasion when such approval or consent is required.

12.2.17 **Cease to Operate.** If Area Representative ceases to operate and/or support any of the Restaurants opened pursuant to the terms of this Agreement.

12.2.18 **Opening Prior to Execution of Agreement.** If Area Representative opens any Restaurant for business before a franchise agreement for such Restaurant has been fully executed and the initial franchise fee due to Franchisor has been paid.

12.2.19 **Failure to Obtain or Maintain Required Licensing, Permits or State Approvals.** If Area Representative fails to apply for, obtain and maintain any required permits, licenses or state approvals associated with being a franchise broker and/or franchise sales agent under any state or federal law applicable within any portion of the Development Area.

12.2.20 **Promotion of Alternate Franchise Entities.** If Area Representative attempts to promote or sell franchises for any other system or business entity other than Franchisor.

12.2.21 **Alternative and Unapproved Profit Centers.** If Area Representative creates an alternative profit center, or otherwise derives revenue from the System in a manner that is not specifically described herein or otherwise has been expressly approved in writing by Franchisor. If Area Representative wishes to derive revenue in any previously-unapproved manner, Area Representative must request to do so in writing, and Franchisor may withhold or subsequently revoke its approval at any time for any reason.

12.2.22 **Failure to Comply with Disclosure Laws.** If Area Representative makes any financial misrepresentation or illegal disclosure in the solicitation of prospective franchisees that would violate any federal, state, or local law governing franchise sales and/or disclosure.

12.3 Upon 15 Days' Notice to Cure. Franchisor has the right to terminate this Agreement if any of the following defaults remains uncured following notice and the expiration of a fifteen (15) day cure period:

12.3.1 **Nonpayment.** If Area Representative fails to pay as and when due any sums owed to Franchisor, any of Franchisor's affiliates, or any of Franchisor's major suppliers or vendors.

12.3.2 **Improper Allocations, Failure to Submit Reports.** If any audit reveals that Area Representative has (a) improperly allocated revenues and expenses between any Certified Training Location or the Area Representative Business and any other business; (b) understated royalty or worldwide creative fee payments, or local advertising expenditures, by more than two percent (2%) for any Certified Training Locations; or (c) failed to submit timely reports and/or remittances for any two (2) reporting periods within any 12-month period.

12.3.3 **Failure to Maintain Sufficient Working Capital.** If Area Representative fails to maintain sufficient levels of working capital to adequately meet its obligations under the Mandatory Development Schedule and this Agreement.

12.3.4 **Failure to Obtain Approval of Advertising.** If Area Representative fails to obtain Franchisor's prior written approval for any and all advertising, marketing, or promotional plans and

materials used by Area Representative in connection with its promotion of the System and the recruitment of franchisees, or if Area Representative otherwise violates any provision of this Agreement relating to advertising.

12.3.5 Failure to Devote Best Efforts. If Area Representative fails to devote its best efforts to the development of the Development Area.

12.3.6 Failure to Comply with Section 5. If there is substantial noncompliance with Section 5 of this Agreement relating to duties of an Area Representative.

12.3.7 Failure to Service Franchisees. If seventy-five percent (75%) of the franchisees in the Development Area (provided Area Representative has recruited at least four franchisees in the Development Area) submit a written petition to Franchisor stating that Area Representative is not providing the franchisees with support as outlined in their individual franchise agreements.

12.4 Upon 30 Days' Notice to Cure. Except as provided for in Sections 12.1, 12.2, and 12.3 above, Franchisor has the right to terminate this Agreement after providing notice and after expiration of a thirty (30) day cure period if Area Representative fails to perform or comply with any one or more of the terms or conditions of this Agreement or any other agreements between Area Representative and Franchisor or Franchisor's affiliates.

12.5 Additional Grounds. The events of default and grounds for termination described in this Section 12 will be in addition to any other grounds for termination and remedies contained elsewhere in this Agreement or in any individual franchise agreement executed between Franchisor and Area Representative.

12.6 Development Area Rights upon Termination. Upon termination of this Agreement, Area Representative will not have further rights to receive any portion of any remuneration described in Section 8 above, and Franchisor will have complete and exclusive rights to all fees collected from each Franchised Business within the Development Area, including Certified Training Locations owned by Area Representative.

12.7 Nonwaiver. Franchisor's delay in exercising or failing to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due hereunder shall not constitute a waiver of any of Franchisor's rights or remedies against Area Representative.

12.8 Post Termination Obligations. Upon termination of this Agreement, Area Representative's rights to any Restaurants for which Area Representative and Franchisor have not executed a franchise agreement, as well as Area Representative's exclusivity in the Development Area, will terminate immediately. In the event this Agreement is terminated, Area Representative will retain the right to develop and operate Restaurants for which Area Representative has signed a franchise agreement, provided that this Agreement was not terminated as a result of Area Representative's failure to comply with the terms of Area Representative's existing franchise agreement(s). Upon termination, Franchisor shall have the right to develop the Development Area itself, or through its franchisees, licensees, or otherwise, at its sole discretion.

13. TRANSFERABILITY

13.1 Ownership and Transfer. Area Representative shall not sell, transfer, assign or encumber Area Representative's interest in the Area Representative Business without Franchisor's prior written consent, which consent will not be unreasonably withheld or delayed. Any sale, transfer, assignment, or encumbrance made without Franchisor's prior written consent shall be voidable at Franchisor's option and shall subject this Agreement to termination as specified herein. Prior or contemporaneously with the execution of this Agreement, Area Representative must provide a completed Data Sheet, the terms of which are incorporated herein by reference, stating the name, address, and percentage ownership of all of Area Representative's present partners, shareholder(s), or member(s), as applicable. In addition, before entering Mahana Fresh, LLC

into any note or loan agreement with any party pursuant to which the debt is convertible into an ownership interest impacting Area Representative's present owners' voting rights or control over Area Representative, Area Representative will submit to Franchisor the name and address of the lender, as well as the terms of the loan agreement.

13.2 Rights Personal to Area Representative. Area Representative understands and acknowledges that the rights and duties set forth in this Agreement are personal to Area Representative and are granted in reliance upon the individual or collective character, skill, aptitude, business, and financial capacity of Area Representative and its principals. Area Representative has represented to Franchisor that Area Representative is entering into this Agreement with the intention of complying with its terms and conditions, and not for the purpose of resale of its rights and obligations hereunder.

13.3 Effectiveness of Transfer. Area Representative acknowledges and agrees that the restrictions on transfer imposed herein are reasonable and necessary to protect Franchisor's System and Proprietary Marks, as well as Franchisor and Franchisor's affiliates, franchisees, and other area representatives. Any assignment or transfer permitted by this Section shall not be effective until Franchisor receives a completely executed copy of all transfer documents and Franchisor consents in writing thereto.

13.4 Death or Disability.

13.4.1 Representative's Right to Continue as Area Representative. In the event of Area Representative's death, disability or incapacitation (or the death, disability or incapacitation of Area Representative's principals or personal guarantors), Area Representative's legal representative, or Area Representative's principal's or guarantor's respective legal representative, as applicable, shall have the right to continue the operation of the Area Representative Business as Area Representative under this Agreement if: (i) within forty-five (45) days from the date of death, disability or incapacity (the "45 Day Period"), such person has obtained Franchisor's prior written approval and has executed Franchisor's then-current form of area representative agreement for the unexpired term of this Agreement, or has furnished a personal guaranty of any partnership, corporate or limited liability company Area Representative's obligations to Franchisor and Franchisor's affiliates; and (ii) such person successfully completes Franchisor's training program, if any, which Franchisor will provide at Franchisor's then-current tuition rate. Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by Franchisor's area representative agreement and are acceptable to Franchisor. In the event that Area Representative's legal representative, or Area Representative's principal's or personal guarantor's respective legal representative, as applicable, is unable to comply with subsections (i) or (ii) herein, such person shall have six (6) months within which to transfer its interest pursuant to the conditions listed in Section 13.7 below, or to find a party approved of by Franchisor to manage such party's interest on the legal representative's behalf.

13.4.2 Area Representative Business Operation During and After 45-Day Period. Franchisor is under no obligation to operate the Area Representative Business, or incur any obligation on behalf of any incapacitated Area Representative, during or after the 45-Day Period. If necessary, Area Representative (or Area Representative's legal representative, as applicable) shall appoint a previously approved acting interim manager to operate the Area Representative Business during the 45-Day Period or any subsequent period in which Area Representative's legal representative, or Area Representative's principal's or guarantor's respective legal representative, as applicable, attempts to transfer such person's interest or find a party approved of by Franchisor to manage such person's interest. In the event of Area Representative's death, disability, absence or otherwise, Franchisor may (but is not required to) operate the Area Representative Business on Area Representative's behalf and at Area Representative's expense for such period of time (and under such terms and conditions) as Franchisor determines, including transferring title to or liquidating the Area Representative Business's assets and/or paying out the revenues of the Area Representative Business to cover any or all past, current and/or future obligations of the Area Representative Business (including any amounts owed to Franchisor and/or any affiliate) in such

priorities as Franchisor determines from time-to-time in Franchisor's sole and absolute discretion. Franchisor may pay itself a reasonable amount to reimburse Franchisor for Franchisor's management services and other costs. Franchisor may obtain approval of a court or mediator for any such arrangements, the attorneys' fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of the Area Representative Business. Area Representative (and/or Area Representative's estate) will indemnify Franchisor against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of the Area Representative Business; provided, however, such indemnity shall not apply to any costs and/or liabilities that result from Franchisor's gross negligence or intentional misconduct.

13.5 Change in Ownership. A sale, transfer or assignment requiring Franchisor's prior written consent shall be deemed to occur: (i) if Area Representative is a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Area Representative's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership; (ii) if Area Representative is a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if Area Representative is a limited liability company, upon the assignment, sale, pledge or transfer or any interest in the limited liability company. Any new owner, partner, shareholder, or member or manager of Area Representative will be required to personally guarantee Area Representative's obligations under this Agreement. A transfer pursuant to (i) and (iii) above in accordance with Section 13.8 below shall not be subject to Franchisor's right of first refusal as set forth in Section 13.6.

13.6 Franchisor's Right of First Refusal. If Area Representative proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Area Representative Business or Area Representative's Restaurants, Area Representative shall first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Area Representative shall obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Area Representative, of the terms of the offer ("Letter of Intent"). If Franchisor elects not to accept the offer within a thirty (30) day period, Area Representative shall have a period not to exceed sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth herein. Area Representative shall effectuate no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section 13.6. Any material change in the terms of the offer shall be deemed a new proposal subject to Franchisor's right of first refusal. So long as Area Representative has obtained Franchisor's prior written consent, which shall not be unreasonably withheld, a transfer as a result of the death, disability or incapacitation of a shareholder or partner, or a transfer to a corporation or limited liability company for purposes of convenience of ownership, in accordance with Section 13.4 or Section 13.8 respectively, is not subject to Franchisor's first right of refusal.

13.7 Conditions for Approval. Franchisor may condition Franchisor's approval of any transfer as described in this Section 13 upon satisfaction of the following occurrences:

13.7.1 All of Area Representative's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's designated/approved suppliers and vendors are satisfied;

13.7.2 Area Representative must cure all existing defaults under this Agreement, all franchise agreements, Area Representative's leases or other agreements with landlords for Area Representative's Certified Training Locations, and any other agreement between Area Representative and Franchisor, Franchisor's affiliates, or Franchisor's designated/approved suppliers and vendors, within the period permitted for cure, and Area Representative must have substantially complied with such agreements during their respective terms;

13.7.3 Area Representative and Area Representative's principals (if Area Representative is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates), must execute a general and mutual release,

pursuant to which Area Representative and Franchisor agree to release each other and their respective officers, directors, agents, and employees, from all claims arising out of or related to this Agreement or any related agreements between the Area Representative and Franchisor or their affiliates; provided, the mutual release shall not be inconsistent with any applicable state statute regulating franchises;

13.7.4 Area Representative or transferee shall provide Franchisor with a copy of the purchase agreement relating to the proposed transfer with all supporting documents and schedules not less than thirty (30) days prior to the anticipated closing date of the transaction. The purchase agreement must be satisfactory to Franchisor in its reasonable judgment and include transferee's assumption of, and agreement to faithfully perform all of Area Representative's obligations under this Agreement;

13.7.5 The transferee will demonstrate to Franchisor's satisfaction that he or she meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the financial and managerial aptitude and ability to conduct the Area Representative Business and to develop Restaurants pursuant to the Mandatory Development Schedule; has adequate financial resources and capital; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other restaurant or chain which is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee or area representative of Franchisor. Franchisor retains the right to disapprove any existing franchisee or area representative who does not have the financial or managerial capability to take on the additional responsibility of operating the Area Representative Business;

13.7.6 Area Representative and/or transferee will provide any additional or substitute personal guaranties deemed necessary by Franchisor to ensure Area Representative's obligations are met under this Agreement;

13.7.7 The transferee will execute Franchisor's then-current form of area representative agreement, which will contain the Mandatory Development Schedule described and set forth in this Agreement hereto;

13.7.8 Area Representative or the transferee will pay Franchisor a transfer fee of twenty-five thousand dollars (\$25,000);

13.7.9 The transferee will satisfactorily complete Franchisor's training program for area representatives, if any, at the transferee's expense within the time frame Franchisor sets forth;

13.7.10 Area Representative (and Area Representative's principals if Area Representative is a partnership, corporation, or limited liability company), and the members of their respective families must agree to comply with the post-termination provisions of this Agreement;

13.7.11 The transferee must obtain, within the time limits set forth by Franchisor, and maintain thereafter, all permits and licenses required for the operation of the Area Representative Business and all Certified Training Locations;

13.7.12 To the extent required by the terms of any leases, loans, notes, or other agreements, all lessors, creditors, or other parties, as applicable, must have consented to the proposed transfer;

13.7.13 The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises and any bulk sales laws or regulations;

13.7.14 The purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Area Representative Business and performance under any individual franchise agreements transferred hereunder;

13.7.15 Area Representative must request that Franchisor provide the prospective transferee with Franchisor's then-current form of franchise disclosure document, and Franchisor shall not be liable for any representations not included in said franchise disclosure document;

13.7.16 Area Representative must obtain Franchisor's approval prior to using any materials describing Franchisor, the System, the Area Representative Business, or any Restaurants, in connection with any purported transfer. Franchisor's approval of any such materials will not be deemed to be Franchisor's recommendation or approval of any proposed sale, or Franchisor's avowal that Franchisor has verified all of the information regarding Area Representative contained in any such materials;

13.7.17 Franchisor's approval of the transfer shall not constitute a waiver of any claims Franchisor may have against the transferring party;

13.7.18 Franchisor shall have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Area Representative, the Area Representative Business, or Area Representative's Certified Training Locations that Area Representative has supplied Franchisor hereunder, and Area Representative agrees to make no false or misleading statements in connection with any purported transfer;

13.7.19 The transfer does not occur during the first year of this Agreement;

13.7.20 Area Representative trains the transferee for two months prior to the transfer and another two months after the transfer, or for another period of time specified by Franchisor at the time of transfer (this is in addition to the requirement that the transferee completes Franchisor's training); and

13.7.21 In any event, Franchisor may withhold or condition Franchisor's consent to any transfer as Franchisor deems appropriate based on the circumstances of the transfer or otherwise.

13.8 Transfers to a Corporation or Limited Liability Company. If Area Representative is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without assessing the transfer fee set forth in Section 13.7.8 above, and such assignment will not be subject to Franchisor's right of first refusal:

13.8.1 The corporation or limited liability company is newly organized, and its activities are confined to operating the Area Representative Business;

13.8.2 Area Representative is, and at all times remains, the owner of 51% or more of the outstanding shares of the corporation, or a 51% or greater interest in the limited liability company;

13.8.3 The corporation or limited liability company agrees in writing to assume all of Area Representative's obligations hereunder;

13.8.4 All shareholders of the corporation, or members and managers of the limited liability company, as applicable, personally guarantee the corporation or limited liability company's obligations to Franchisor and Franchisor's affiliates, under this Agreement and any other agreement between Area Representative and Franchisor and/or Franchisor's affiliates, and execute a non-compete agreement as set forth in Section 14 hereof; and

13.8.5 If Area Representative chooses to transfer Area Representative's interest in the Area Representative Business to a corporation or limited liability company more than one-hundred eighty (180) days after executing this Agreement, Franchisor reserves the right to charge a seven thousand five-hundred dollar (\$7,500) fee to approve of the transfer, payable upon request for transfer.

13.9 **Subsequent Transfer of Voting Rights in Corporate Entity.** If Area Representative is a corporation, or if Area Representative's rights hereunder are assigned to a corporation, the individuals disclosed in the Data Sheet attached hereto must be the legal and beneficial owner(s) of at least fifty-one percent (51%) of the outstanding equity of said entity. Any subsequent transfer of voting rights of the equity of the entity or assignee entity, and any transfer or issuance of equity of the entity or assignee entity shall be subject to Franchisor's prior written approval. Franchisor will not unreasonably restrict the issuance or transfer of equity, provided that Area Representative complies with the provisions of this Section 13, and provided that in no event shall any equity of such corporate entity or assignee corporate entity be sold, transferred, or assigned to a business competitor of Franchisor's. The articles of organization and governing documents (including bylaws, operating agreement, or partnership agreement) of the entity or assignee entity shall reflect that the issuance and transfer of equity is restricted, and all certificates shall bear the following legend, which shall be legibly and conspicuously on each certificate: "The transfer of this certificate is subject to the terms and conditions of an Area Representative Agreement with Mahana Fresh, LLC, dated [Effective Date]. Reference is made to said Area Representative Agreement and related franchise agreements and to restrictive provisions of the governing documents of the entity."

13.10 **Public Offering.** The entity or assignee entity's records shall indicate that a stop transfer order be in effect against the transfer of any equity, except for transfers permitted by this Section 13. In addition to the foregoing, the equity of such entity or assignee entity shall not be publicly sold or traded without Franchisor's prior express written consent, which shall be provided at Franchisor's sole discretion. In the event that Franchisor approves a public offering of Area Representative, Area Representative shall present the applicable disclosure document or prospectus to Franchisor for review within a reasonable time prior to such offering becoming effective. In no event shall Area Representative offer its securities by use of the name "Mahana Fresh" or any name deceptively similar thereto; provided, however, that Area Representative may make appropriate reference to the fact that Area Representative has an Area Representative Agreement with Franchisor; nor shall Area Representative relinquish control of the new public company. Area Representative agrees to indemnify and hold Franchisor harmless for and against any and all claims, suits, actions, or otherwise which arise out of or from such public offering.

13.11 **Franchisor's Right to Transfer.** Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion. Area Representative further agrees and affirms that Franchisor may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to such sales, assignments, and dispositions, Area Representative expressly and specifically waives any and all other claims, demands or damages arising from or related to the loss of Franchisor's name, Proprietary Marks (or any variation thereof) and System and/or the loss of association with or identification with Franchisor under this Agreement. Area Representative specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing.

13.12 **Franchisor's Purchase Option.** Area Representative hereby grants to Franchisor an option (the "Option") to purchase the assets used in connection with the operation of the Area Representative Business, including but not limited to, all furniture, fixtures, and equipment, if any, and this Agreement (the "Assets"). The parties acknowledge and agree that the Option set forth herein is independent of Franchisor's option to purchase contained in any individual franchise agreement Area Representative may execute pursuant to this Mahana Fresh, LLC

Agreement.

13.12.1 **Option Period.** Franchisor may exercise the Option at any point after the three (3) year anniversary of this Agreement. The Option shall remain open during the term of this Agreement.

13.12.2 **Purchase Price.** In the event that Franchisor elects, at its sole discretion, to exercise the Option, the purchase price (the “Purchase Price”) will be either of the following, whichever is greater:

- (a) 250% of the Area Representative Fee specified in Section 2.1 of this Agreement; or
- (b) four times (4x) the amount of all remuneration received by Area Representative from Franchisor pursuant to Section 8 of this Agreement in Area Representative’s previous Calendar Year. For purposes of this Section 13.12.2, a “Calendar Year” is the twelve (12) complete months prior to the month in which Franchisor chooses to exercise the Option.

13.12.3 **Exercise of Option and Closing.** Franchisor will notify Area Representative in writing pursuant to the notice provision set forth in Section 17 below of Franchisor’s intent to exercise the Option. Thereafter, Franchisor will have a one-hundred twenty (120) day period within which to conduct its due diligence upon the Assets. In the event that Franchisor elects to purchase the Assets after the satisfactory conclusion of Franchisor’s due diligence, Franchisor will have an additional sixty (60) days from the completion of its due diligence investigation within which to tender the Purchase Price and close on the transaction (“Closing”). At Closing, Area Representative agrees to deliver possession and title to the Assets to Franchisor, free and clear of all liens and encumbrances. Franchisor may elect to rescind its election to exercise the Option at any time prior to Closing. Franchisor’s failure to exercise the Option on one or more occasions will not preclude Franchisor from exercising the Option at a later date.

13.12.4 **Right of Offset.** Franchisor will not be obligated to assume any liabilities in connection with Franchisor’s purchase of the Assets. Franchisor shall be entitled to offset the Purchase Price by (i) any amounts owed by Area Representative to Franchisor; and (ii) any liabilities (contingent or otherwise) which Franchisor agrees, at its absolute discretion, to undertake in connection with exercising the Option.

13.12.5 **Representations and Warranties.** Franchisor will be entitled to all customary warranties and representations in connection with Franchisor’s purchase of the Assets, including, without limitation, representations, and warranties as to ownership and condition of and title to the Assets; liens and encumbrances on the Assets; validity of contracts and agreements; and liabilities affecting the Assets, contingent or otherwise.

13.12.6 **Post Term Obligations.** In the event Franchisor elects to repurchase the Area Representative Business pursuant to this Section 13.12.2, this Agreement will be deemed terminated, and Area Representative agrees to comply with the confidentiality provisions set forth in Section 14.3 of this Agreement, as well as its post-term obligations set forth in Section 15 of this Agreement and the covenants against competition set forth in Section 14.2 of this Agreement.

13.12.7 **Reasonableness.** The parties acknowledge and agree that the Option and the Purchase Price set forth herein are fair and reasonable.

14. RESTRICTIVE COVENANTS & CONFIDENTIALITY

Area Representative acknowledges that as a participant in the System, Area Representative will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore to protect Franchisor and all of Franchisor’s

other Area Representatives and franchisees, and in addition to any restrictive covenants against competition and confidentiality agreements contained in Area Representative's individual franchise agreements, Area Representative agrees as follows:

14.1 Restrictive Covenants During the Term of This Agreement. During the term of this Agreement, neither Area Representative, Area Representative's officers, directors, or principals, nor any members of the immediate family of Area Representative or Area Representative's officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

14.1.1 Own, engage in, be employed in sales management or purchasing by, advise, assist, invest in, franchise, make loans to, or have any other interest, whether financial or otherwise, in any other bowl restaurant business or restaurant business which offers products and services that are the same or substantially similar to the approved products and services that Area Representative and franchisees are authorized to provide, now or in the future, at Restaurant locations (except for other Mahana Fresh Restaurants operated under franchise agreements entered into with us or other Mahana Fresh Restaurants in which you or your owners have an ownership interest) (a "Competing Business"). "Bowls" as used throughout this Agreement means and includes dishes that are comprised of: (i) a base element such as rice, vegetable rice, cruciferous vegetables, salad greens, noodles, or other carbohydrate base; and (ii) a protein component such as fish, steak, chicken, egg, pork, or any plant-based protein alternatives (e.g. tofu, soy protein, seitan, "Beyond Meat", "Impossible", etc.); provided, however, that this Section does not apply to Area Representative's operation of any other Restaurant under the Proprietary Marks and System;

14.1.2 Solicit or employ, directly or indirectly, any person who is employed by Franchisor, by any entity controlled by or affiliated with Franchisor or by any other of Franchisor's franchisees if that solicitation or employment results in that person terminating her or her present employment and working for Area Representative, or if that solicitation or employment results in that person working in or for or operating a Competing Business.

14.2 Restrictive Covenants After the Term of This Agreement. For a period of one (1) year after termination or expiration of this Agreement, Area Representative will not, directly or indirectly for the benefit of Area Representative or Area Representative's owners, or through or on behalf of or in conjunction with any other person, partnership or corporation, own, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any other interest, whether financial or otherwise, in any Competing Business located or regularly selling at the premises of the Competing Business or through mobile points of service (e.g., food trucks, kiosks, or tents) or from other Competing Business or fixed location within ten (10) miles of the Development Area or within five (5) miles of any Mahana Fresh Restaurant in any state in which Area Representative operated, excluding ownership of less than ten percent (10%) of the stock of shares in any corporation whose stock is publicly traded; provided, however, that this Section does not apply to Area Representative's operation of any other System Restaurant;

14.2.1 In the event that Franchisor chooses to exercise the Option set forth in Section 13.12 of this Agreement, the parties acknowledge that the transaction will be deemed the sale of a business. Accordingly, the duration of Area Representative's post-term covenants against competition contained in this Section 14.2.3 will be extended to five (5) years in consideration for the Purchase Price, as tolled during any period of default by Area Representative.

14.3 Confidentiality.

14.3.1 **Nondisclosure.** During the term of this Agreement, Area Representative will receive information which Franchisor considers its trade secrets and confidential information, including, but not limited to, standards and specifications for food preparation, standards and specifications for the buildout of a Restaurant, information about proprietary merchandise, any proprietary software Franchisor may now or in the future create, and Franchisor's Manuals ("Confidential

Information”). Area Representative shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information, which shall also include, without limitation, trade secrets; price marketing mixes related to the sale of food and beverage items and any other goods or services offered or authorized for sale by System franchisees; Franchisor’s copyrighted materials; and methods and other techniques and know-how concerning the of operation of a Franchised Business which may be communicated to Area Representative or of which Area Representative may be apprised by virtue of Area Representative’s operation of the Area Representative Business or any Certified Training Locations. Area Representative may divulge such Confidential Information only to such of Area Representative’s employees as must have access to it in order to operate the Area Representative Business or a Restaurant. Area Representative also acknowledges and agrees that certain information, including (i) current customer and prospective customer names and addresses, (ii) information about credit extensions to customers, (iii) customer service purchasing histories, (iv) rates charged to customers, and (v) sources of suppliers, also constitute the trade secrets and Confidential Information of Franchisor. Any and all information, knowledge, know-how, techniques, and other data which Franchisor designates as confidential will also be deemed Confidential Information for purposes of this Agreement.

14.3.2 New Concepts. If Area Representative, Area Representative’s employees, or principals develop any new concept, process or improvement in the operation or promotion of the Area Representative Business or a Restaurant, Area Representative shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process or improvement shall become Franchisor’s sole property and Franchisor shall be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. Area Representative and Area Representative’s principals hereby assign to Franchisor any rights Area Representative may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Area Representative and Area Representative’s principals agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide Franchisor with all necessary documentations for obtaining and enforcing such rights. Area Representative and Area Representative’s principals hereby irrevocably designate and appoint Franchisor as Area Representative’s agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that the foregoing provisions of this Section 14.3.2 are found to be invalid or otherwise unenforceable, Area Representative and Area Representative’s principals hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Area Representative’s rights therein.

14.4 Employees. Area Representative shall ensure that Area Representative’s principals, employees and members of their immediate families who have access to Franchisor’s Confidential Information, including all of Area Representative’s managers and other key employees, execute confidentiality and non- compete agreements, in the form attached to Area Representative’s first franchise agreement, or as Franchisor, in Franchisor’s sole discretion, otherwise prescribes. Area Representative must furnish Franchisor a copy of each executed confidentiality and noncompetition agreement.

14.5 Intent and Enforcement. It is the parties’ intent that the provisions of this Section 14 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 14 by Area Representative, any of Area Representative’s principals, or any member of the immediate family of Area Representative or Area Representative’s principals, Franchisor shall be entitled to an injunction

restraining such person from any such actual or threatened breach. Area Representative agrees that in the event of the actual or threatened breach of this Section 14, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. Area Representative acknowledges and agrees on Area Representative's own behalf and on behalf of the persons who are liable under this Section 14 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 14 in no way prevent any such person from earning a living. Area Representative further acknowledges and agrees that the time limitations of Section 14.2 shall be tolled during any default under this Section.

14.6 No Defense. Area Representative hereby agrees that the existence of any claim Area Representative may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 14. Area Representative agrees to pay all costs and expenses (including reasonable attorneys' fees) which Franchisor incurs in connection with the enforcement of this Section 14.

15. RIGHTS AND OBLIGATIONS OF THE PARTIES UPON TERMINATION

15.1 Post-Term Obligations. Area Representative agrees that after the termination or transfer of this agreement, for any reason, it shall:

15.1.1 De-identify. Not directly or indirectly at any time or in any manner identify itself or any business as a current or former Area Representative, franchisee, or licensee of, or as otherwise associated with, Franchisor, or directly or indirectly use any of Franchisor's Proprietary Marks, any colorable imitation thereof or other indicia of a Restaurant in any manner or for any purpose, or utilize for any purpose any trade name, trademark, service mark or other commercial symbol that suggests or indicates a connection or association with Franchisor or its affiliates, franchisees, or area representatives;

15.1.2 Return Proprietary Materials. Promptly return to Franchisor all signs, the Manuals, brochures, advertising materials, forms, invoices and other materials containing any Proprietary Marks or otherwise identifying or relating to the System or the operation of a Restaurant, and allow Franchisor, without liability, to remove all such items from the Area Representative's offices and Restaurants;

15.1.3 Cancel Fictitious Name. Promptly take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to Area Representative's use of the System or any Proprietary Marks;

15.1.4 Telephone Number and Listing. Immediately cease using all telephone numbers and listings, facsimile numbers and listings, and Internet listings used in connection with the operation of the Area Representative Business, and direct the applicable company to transfer all such numbers and listings to Franchisor or Franchisor's designee pursuant to the Conditional Assignment of Telephone Numbers, Facsimile Numbers, and Domain Names attached hereto as Exhibit D or, if Franchisor directs, to disconnect the numbers and delete or remove the listings;

15.1.5 Turnover of All Prospect Lists and Other Proprietary Information. Within five days of the termination or expiration of this Agreement, Area Representative must turn over all lists, names and other data (including contact information) with respect to all third parties that Area Representative solicited, contacted or otherwise communicated with during the term of this Agreement regarding the purchase or potential purchase of a Franchised Business, including, without limitation, all information for those third parties that ultimately entered into a franchise agreement with Franchisor (collectively, the "Prospect Information");

15.1.6 **Furnish Proof of Compliance.** Furnish to Franchisor, within thirty (30) days after the effective date of termination or expiration, evidence satisfactory to Franchisor of Area Representative's compliance with the foregoing obligations; and

15.1.7 **Damages, Costs and Expenses.** Area Representative shall pay Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for enforcement of any provisions of this Section.

15.3 **Permission to Continue Agreement.** In the event Area Representative does not fulfill its obligations to develop Restaurants under the Mandatory Development Schedule, Franchisor may, but is not obligated to, permit Area Representative to continue operating under this Agreement with respect to all Certified Training Locations that are under signed leases, under construction or opened and operating within the Development Area, but Area Representative shall no longer have any rights with respect to opening new franchises within the Development Area. As a result of such default, Franchisor shall have the right to open Restaurants, sell franchises or grant area representative rights to any third party with respect to the undeveloped portion of the Development Area.

15.4 **Survival.** All obligations of Area Representative which expressly or by their nature survive the transfer, expiration or termination of this Agreement, including indemnification obligations and the restrictive covenants set forth in Section 14.2 herein, will continue in full force and effect subsequent to and notwithstanding the termination, expiration, or transfer of this Agreement, and until such obligations are satisfied in full or by their nature expire. The franchise agreements Area Representative has executed for its Restaurants shall remain in full force and notwithstanding the termination of this Agreement.

16. CHANGES AND MODIFICATIONS

Franchisor or Area Representative may modify this Agreement only upon the execution of a written agreement by Franchisor and Area Representative. Franchisor reserves and will have the sole right to make changes in the Manuals, System and the Proprietary Marks at any time and without prior notice to Area Representative. Area Representative must promptly alter any signs, products, business materials or related items, at its sole cost and expense, upon written receipt of notice of such change or modification in order to conform to Franchisor's revised specifications. Area Representative expressly understands and agrees that Franchisor may from time to time change the components of the System, including but not limited to, altering the programs, services, methods, standards, forms, policies and procedures of that System; adding to, deleting from or modifying those programs, products and services which Restaurants are authorized to offer; and changing, improving or modifying the Proprietary Marks. Subject to the other provisions of this Agreement, Area Representative expressly agrees to abide by any such modifications, changes, additions, deletions and alterations at Area Representative's expense.

17. NOTICES

All notices and requests to be given under this Agreement are to be in writing, and delivered by either hand delivery or overnight mail by a recognized carrier offering a delivery receipt, to the following addresses (which may be changed by written notice):

Area Representative's Address: As set forth on the Data Sheet

Franchisor's Address:

Mahana Fresh, LLC
Attn: Franchise Services
650 Golden Gate Point, Suite 401
Sarasota, Florida 34236

18. CHOICE OF LAW; DISPUTE RESOLUTION

18.1 **Choice of Law.** This Agreement shall be deemed to have been made in the State of Florida and shall be construed in accordance with the laws of the State of Florida (without reference to its conflict of laws principals and excluding the Florida Retail Franchising Act as to any store not physically located in Florida).

18.2 **Mediation and Arbitration.** Any and all disputes arising from or relating to the parties' relationship, or this Agreement shall be subject to mandatory mediation which shall be conducted and completed in Sarasota, Florida within thirty (30) days of written demand therefore. Any disputes not resolved by mandatory mediation shall be resolved by binding arbitration within 120 days of the initial written demand therefore. The arbitration hearing shall be held in Sarasota County, Florida pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The arbitration award shall be reviewable only by state or federal courts in or having jurisdiction over Sarasota, Florida only for clear error of fact or law and on any additional statutory grounds for vacationing or reversing an arbitration award. Franchisor shall be entitled to recover its reasonable attorneys' fees and litigation costs and expenses including expert witness fees if it is the substantially prevailing party in any arbitration or litigation relating to this Agreement or the parties' relationship. Nothing contained herein shall preclude any party from commencing a suit in court for temporary or preliminary injunctive relief to prevent irreparable harm pending the arbitration decision, provided that any such suit for temporary or preliminary injunctive relief shall be commenced and maintained exclusively in state or federal courts in or having jurisdiction over Sarasota County, Florida.

18.3 **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of this Agreement and the mediation and other dispute resolution provisions contained herein, each having authority to specifically enforce the right to mediate and litigate claims asserted against such person(s) by Area Representative.

18.4 **Injunctive Relief.** Nothing in this Agreement will prevent Franchisor from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause Franchisor loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granting, Area Representative's only remedy will be court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Area Representative expressly waives all claims for damages Area Representative incurred as a result of the wrongful issuance.

18.5 **JURY TRIAL AND CLASS ACTION WAIVER.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR AREA REPRESENTATIVE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES. THE PARTIES AGREE THAT ALL PROCEEDINGS, WHETHER LITIGATION OR MEDIATION, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN AREA REPRESENTATIVE AND AREA REPRESENTATIVE'S PRINCIPALS AND YOU, AND FRANCHISOR OR ITS AFFILIATES OR EMPLOYEES, MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER PERSON OR ENTITY.

18.6 **Limitation on Action.** Area Representative further agrees that no cause of action arising out of or under this Agreement may be maintained by Area Representative unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Area Representative becomes aware of facts or circumstances reasonably indicating that such Area Representative may have a claim against the Franchisor, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off.

18.6.1 Area Representative hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

18.7 **Waiver of Punitive Damages.** Area Representative waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which it may have against Franchisor, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Area Representative's recovery shall be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, Area Representative's waiver of any right to claim any consequential damages.

18.8 **Costs and Attorney's Fees.** If Area Representative is in breach or default of any monetary or non-monetary material obligation under this Agreement or any related agreement between Area Representative and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Area Representative must pay all reasonable attorneys' fees, court costs and litigation expenses Franchisor incurs. If Area Representative institutes any legal action to interpret or enforce the terms of this Agreement, and Area Representative's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

18.9 **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Agreement shall not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement shall be cumulative. Franchisor's election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

18.10 **Release of Prior Claims.** By executing this Agreement, Area Representative, individually and on behalf of its heirs, legal representatives, successors and assigns, and each assignee of this Agreement by accepting assignment of the same, hereby forever release and discharge Franchisor, its officers, directors, employees, agents and servants, including Franchisor's subsidiary and affiliated corporations, their respective officers, directors, employees, agents and servants from any and all claims relating to or arising under any franchise agreement or any other agreement between the parties executed prior to the date of this Agreement, including, but not limited to, any and all claims, whether presently known or unknown, suspected or unsuspected, arising under the franchise, securities or antitrust laws of the United States or of any state or territory thereof.

19. CONSTRUCTION

19.1 **Entire Agreement.** This Agreement contains the entire Agreement of the parties. There are no representations either oral or written, except those contained in this Agreement. This written Agreement includes all representations between the parties. Nothing in the Agreement is intended to disclaim the representations Franchisor made in the FDD that Franchisor furnished to Area Representative.

19.2 **Survival of Terms.** Any provisions of this Agreement which may be reasonably interpreted to impose any obligation after termination or expiration hereof shall survive such termination or expiration and be binding upon the parties.

19.3 **Severability.** The parties agree that if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning, which renders it valid and enforceable. The language of all provisions of this Agreement shall be construed according to fair meaning and not strictly construed against either party. The provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Agreement shall be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Agreement.

19.4 **Construction of Language.** The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Area Representative, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. Reference to Area Representative's "immediate family" means Area Representative's spouse, parents, children and siblings and Area Representative's spouse's parents, children, and siblings. Reference to Area Representative's "principals" means Area Representative's partners, officers, directors, shareholders, members, and managers, as applicable. References to "Franchisor" and "Area Representative" include the party's successors, assigns or transferees.

19.5 **Successors and Assigns.** This Agreement, and any subsequent franchise agreements entered into under this agreement, shall be binding upon the parties and their heirs, executors, personal representatives, successors and assigns. All signatories to this Agreement and all partners of a partnership Area Representative, all officers, directors and shareholders of a corporate Area Representative, and all members and managers of a limited liability company Area Representative, shall be jointly and severally liable for the performance of all terms, covenants and conditions hereof, regardless of any agreements between the Area Representative's owners, shareholders, members or partners (as applicable) addressing the allocation of liabilities among the parties.

19.6 **State Law Applies.** If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which Area Representative's Development Area is located, then the valid law or regulation of that state applicable to the Area Representative Business shall supersede any provision of this Agreement that is less favorable to Area Representative.

19.7 **Additional Documentation.** Area Representative must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreement and take such other action as Franchisor reasonably may require in order to effectuate the transactions contemplated herein. In the event that Area Representative fails to comply with the provisions of this Section, Area Representative hereby appoints Franchisor as Area Representative's attorney-in-fact to execute any and all documents on Area Representative's behalf reasonably necessary to effectuate the transactions contemplated herein.

19.8 **Force Majeure.** Neither Area Representative, Franchisor, nor Franchisor's affiliates will be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause will extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or will excuse performance, in whole or in part, as Franchisor deems reasonable.

20. ACKNOWLEDGEMENTS

20.1 **Receipt of Franchise Disclosure Document.** Area Representative acknowledges that this Agreement and Franchisor's FDD have been in Area Representative's possession for at least fourteen (14) calendar days before Area Representative signed this Agreement and that any material changes to this Agreement were in writing in this Agreement for at least seven (7) calendar days before Area Representative signed this Agreement.

20.2 **No Personal Liability.** Area Representative agrees that fulfillment of any and all of Franchisor's 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 Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Area Representative for any reason. This is an important part of this Agreement. Area Representative agrees that nothing that Area Representative believes Area Representative has been told by Franchisor or Franchisor's representatives shall be binding unless it is written in this Agreement. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

20.3 **Anti-Terrorist Provision.** Area Representative certifies that neither Area Representative, nor Area Representative's owners, principals, Area Representative certifies that neither Area Representative, nor Area Representative's owners, principals, employees or anyone associated with Area Representative is listed in the Annex to Executive Order 13224 (the "Annex"). Area Representative agrees not to hire or have any dealings with a person listed in the Annex. Area Representative certifies that Area Representative has no knowledge or information that, if generally known, would result in Area Representative, Area Representative's owners, principals, employees, or anyone associated with Area Representative being listed in the Annex. Area Representative agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Area Representative certifies, represents, and warrants that none of Area Representative's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Area Representative and Area Representative's owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. Area Representative is solely responsible for ascertaining what actions must be taken by Area Representative to comply with all such Anti-Terrorism Laws, and Area Representative specifically acknowledges and agrees that Area Representative's indemnification responsibilities as provided in Section 10 of this Agreement pertain to Area Representative's obligations under this Section. Any misrepresentation by Area Representative under this Section or any violation of the Anti-Terrorism Laws by Area Representative, Area Representative's owners, principals or employees shall constitute grounds for immediate termination of this Agreement and any other agreement Area Representative has entered into with Franchisor or one of Franchisor's affiliates in accordance with the terms of Section 12.2.14 of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT ACT, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

21. GUARANTEE OF PRINCIPALS

If Area Representative is a corporation, or subsequent to execution hereof, Area Representative assigns this Agreement to a corporation, all shareholders and their spouses (or if Area Representative is a partnership, or subsequent to execution hereof, Area Representative assigns this Agreement to a partnership, all partners and their spouses, or if Area Representative is a limited liability company, or subsequent to execution hereof Area Representative assigns this Agreement to a limited liability company, all members and managers and their spouses) hereby, jointly and severally, personally and unconditionally guarantee without notice, Mahana Fresh, LLC

demand or presentment, the payment of all of Area Representative's monetary obligations under this Agreement and any other agreement between Area Representative and Franchisor and/or Franchisor's affiliates, as if each were an original party to this or any other agreement in his or her individual capacity. All such personal guarantors further agree to be bound by the restrictions upon Area Representative's activities upon transfer, termination, or expiration and nonrenewal of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All such personal guarantors and their spouses must execute a continuing personal guaranty in the form attached hereto as Exhibit B. Additionally, any individual required to execute a personal guaranty under this Section must also, upon Franchisor's request, execute a confidentiality and non-competition agreement, substantially in the form attached to Area Representative's franchise agreement(s).

[SIGNATURE PAGE FOLLOWS]

SIGNATURE PAGE TO THE AREA REPRESENTATIVE AGREEMENT

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

AREA REPRESENTATIVE:

[AREA REPRESENTATIVE ENTITY]

By:

Title:

Date:

FRANCHISOR:

MAHANA FRESH, LLC

By:

Title:

Date:

EXHIBIT A

SINGLE UNIT FRANCHISE AGREEMENT



FRANCHISE AGREEMENT

BETWEEN

MAHANA FRESH, LLC

AND

FRANCHISEE

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ATTACHMENTS

- A. FRANCHISEE-SPECIFIC TERMS
- B. PERSONAL GUARANTY
- C. LEASE RIDER
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- E. CONFIDENTIALITY AGREEMENT
- F. ASSIGNMENT OF PHONE NUMBERS, FAX NUMBERS, AND WEBSITES

MAHANA FRESH, LLC

FRANCHISE AGREEMENT

This Franchise Agreement (this "Agreement") is being entered into between Mahana Fresh, LLC, a Florida limited liability company ("we", "Mahana Fresh" or "us" in this Agreement), and ("you" or "Franchisee" in this Agreement). If you are a corporation, partnership, limited liability company or other entity approved by us to own a Mahana Fresh Restaurant (the "Approved Entity"), the term "owners" in this Agreement shall refer to your shareholders, partners, members, or other interest holders. Unless otherwise approved by Mahana Fresh, the term "Controlling Person" refers to the person who owns forty percent (40%) or more and the largest share of the general partnership interest of such partnership; the equity and voting power of all classes of the issued and outstanding capital stock of such corporation; the membership interests of such limited liability company or the voting and ownership interests of such other entity.

1. INTRODUCTION.

We are in the business of franchising retail outlets specializing in the preparation and sale in a fast casual atmosphere of freshly prepared bowls all prepared with proprietary and chef created marinades and sauces-, and other food products, side dishes, non-alcoholic beverages for on-premises and off-premises consumption and craft beer and wine. These outlets are known as "Mahana Fresh" restaurants and conduct business under a uniform business format, with specially designed or selected equipment, computer hardware and software designated by us, and specifications for the preparation and sale of freshly prepared bowls and certain other authorized food and beverage products (the "Mahana Fresh System"). We have obtained the license to use and the right to sublicense the use of certain valuable trademarks, service marks and commercial symbols in connection with the operation of Mahana Fresh Restaurants including the mark "Mahana Fresh" (the "Marks").

You have applied to us for a franchise to operate a Mahana Fresh restaurant utilizing the Mahana Fresh System and the Marks at the location identified in this Agreement. Your application has been approved by us in reliance upon all of the representations made in your application including those concerning your financial resources, your fast casual dining experience and other business interests and the manner in which the franchise will be owned and operated.

You acknowledge that you have read this Agreement and our Franchise Disclosure Document and have been given an opportunity to obtain clarification of any provision that you did not understand. You also understand and agree that the terms and conditions contained in this Agreement are necessary to maintain our high standards of quality and service and the uniformity of those standards at all Mahana Fresh restaurant.

2. GRANT AND TERM OF FRANCHISE.

2.1. Grant.

Subject to the terms of this Agreement, Mahana Fresh grants to you a franchise to operate a Mahana Fresh restaurant (the "Restaurant") under the Mahana Fresh System and a sublicense to use the Marks in the operation of the Restaurant at the location listed in Schedule 1 of Attachment A to this Agreement. If, no previously selected or approved site is specified herein, then your initial location must be submitted to us in writing and is subject our approval or disapproval in our sole discretion, which shall be provided within thirty (30) days of your location proposal. Despite Mahana Fresh's right of approval or disapproval, Mahana Fresh shall incur no duty or responsibility to Franchisee or its owners for assuring that any site which we approve is viable, beneficial, or profitable.

2.2. Term of Franchise.

The term of this Agreement, unless earlier terminated pursuant to the provisions hereof, shall be for a period of ten (10) years, commencing on the date Mahana Fresh signs and accepts this Agreement (or if this Agreement is being signed in connection with a renewal or transfer of the franchise, commencing on the day following the expiration or termination of the previous franchise agreement, as the case may be).

3. **RENEWAL OF FRANCHISE.**

3.1. Option to Renew.

You may, at your option, renew the franchise for one additional ten (10) year term provided that:

- (a) you are not in material default of any provision of this Agreement or any other agreement with us or our subsidiaries or affiliates or any other creditor or supplier of the Restaurant and have substantially complied with the terms and conditions of these agreements during their terms;
- (b) at least five months prior to renewal, you pay a renewal fee equal to ten percent of Mahana Fresh's then current initial franchise fee for new restaurants;
- (c) you are able to maintain possession of the Restaurant premises or to secure and develop a suitable alternative site approved by us; and
- (d) you refurbish the site as provided in Article 8 and 14 of this Agreement or, if we require, agree to relocate the premises of the Restaurant to a location approved by us and to develop the premises in accordance with our then current requirements. If we require you to relocate the premises of the Restaurant, you will be entitled to credit the costs of developing the new premises toward any refurbishing obligations you may have under the franchise agreement executed in connection with such renewal.

This option to renew may not be exercised unless all of the preceding criteria exist. The option to renew is personal to you and may not be exercised by any other person or entity without our prior written consent.

3.2. Manner of Renewal.

In connection with a renewal of this Agreement, you must execute our then current form of restaurant franchise agreement and all other agreements customarily used by us in the renewal franchises. You understand that the renewal franchise agreement may provide for higher royalty fees and greater expenditures for advertising and promotion than are provided for in this Agreement and may contain other terms materially different from the terms of this Agreement. The Area of Primary Responsibility (defined below) of the Restaurant will not be modified unless such modification is consistent with criteria then in effect for comparable market areas. You may also be entitled to renew the franchise at the end of the renewal term in accordance with the renewal provisions, if any, contained in the franchise agreement executed by you in connection with your renewal of the franchise.

3.3. Notification of Expiration.

Provided you are in compliance with this Agreement, including the provisions of Section 3.1, we will send all agreements relating to any renewal of the franchise for your review and execution approximately six (6) months prior to the expiration of this Agreement along with a notification of the expiration of this Agreement. Your failure to return these agreements to us within thirty (30) days of receipt will be deemed an election by you not to renew this Agreement. Our notice will also state what actions, if any, you must take to correct the deficiencies in your operation of the Restaurant or whether we will require you to relocate or refurbish the premises of the Restaurant as provided in Section 3.1 above. We also will specify the time period in which these deficiencies must be corrected or by which the refurbishing or relocation and development of the new premises must be completed, provided that, in the event that the then current term

of your lease or any renewal lease does not expire concurrently with the expiration of this Agreement, we will not require you to complete a relocation of your Restaurant and development of the new premises until the expiration of the then current term of your lease or any renewal lease. If we require you to relocate the Restaurant, which we may do in our sole and absolute discretion, our notice will identify the reasons for requiring relocation. Any renewal of the franchise will be conditioned on your continued compliance with all the terms and conditions of this Agreement and all other agreements with us and our affiliates and subsidiaries and all other creditors and suppliers of the Restaurant up to the date of expiration.

4. AREA OF PRIMARY RESPONSIBILITY.

4.1. Area of Primary Responsibility.

Subject to the terms of this Agreement, Mahana Fresh grants to you the non-exclusive right to operate a Mahana Fresh™ Restaurant within a 3-mile straight-line radius from your restaurant site which we have approved (the "Area of Primary Responsibility") for so long as you remain compliant and current in all of your financial and other obligations under this Agreement.

4.2. Franchisor's Reservation of Rights.

We and our affiliates will have the right, in our sole discretion, under this Agreement and to: (i) own and operate Restaurants at any location(s) outside your Area of Primary Responsibility under the same or different marks, or to license others the right to own and operate Restaurants at any location(s) outside your Area of Primary Responsibility under the same or different marks; (ii) use the Marks and Mahana Fresh System in connection with services and products, promotional and marketing efforts or related items, or in alternative channels of distribution, including grocery Restaurants, fine dining restaurants, retail restaurants, foodservice wholesalers, catering businesses (including, without limitation, catering businesses established by us) and via the Internet at any location, including within the Area of Primary Responsibility; (iv) own and operate restaurants or businesses, or market similar products and services, at any location(s) inside your Area of Primary Responsibility under different marks, or to license others the right to own and operate restaurants or businesses, or market similar products and services at any location(s) inside your Area of Primary Responsibility under different marks; (v) acquire, or be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere; and (vi) engage and license other parties to engage in any other activities not expressly prohibited by this Agreement.

You further understand, acknowledge, and agree that we and our affiliates alone have the right, both within and outside of the Area of Primary Responsibility, to offer and sell (directly, or through other franchisees or licensees) Restaurants, kiosks, mobile units, concessions or "shop in shops". "Non-Traditional Sites" include, but are not limited to, gas stations; transportation facilities, including airports, train stations, subways and rail and bus stations; military bases and government offices and facilities; sports facilities, including stadiums, arenas; theaters; reports; amusement parks, zoos and convention centers; car and truck rest stops and travel centers; educational facilities; recreational theme parks; hospitals and health care facilities; business or industrial foodservice venues; guest lodging facilities; day care facilities of any type; condominium and cooperative complexes; the premises of any third party retailer which is not a restaurant (including shops, stores and department stores); food retailers (including supermarkets, grocery stores and convenience stores); malls and mall food courts; schools and universities; venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider; Native American reservations; casinos; or any similar captive market or any other location to which access to the general public is restricted. You understand and acknowledge that if any Non-Traditional Site is located within the physical boundaries of your Area of Primary Responsibility, then the premises of this Non-Traditional Site will not be included in your Area of Primary Responsibility, and you will have no rights to this Non-Traditional Site.

4.3. Non-Traditional Sites.

Notwithstanding the foregoing, you hereby understand, acknowledge, and agree that in the event we permit you to operate a Restaurant at a Non-Traditional Site, which we are under no obligation to do, you will not receive any Area of Primary Responsibility.

5. **INITIAL FRANCHISE FEE, ROYALTY FEE, AND OTHER CHARGES.**

5.1. Initial Franchise Fee.

Contemporaneous with the execution of this Agreement, and as a condition precedent to Mahana Fresh's obligations and duties under this Agreement, you, the Franchisee, will pay Mahana Fresh or its designee an initial franchise fee of Forty-nine Thousand Five Hundred Dollars (\$49,500.00), which shall not be refundable under any circumstances (except as may be required by state statutes, regulations, or regulatory actions).

5.2. Royalty Amount and Payment.

During the term of the franchise, you agree to pay us a royalty fee of three percent (3%) of the weekly royalty sales during the first twenty-six (26) weeks of operations, and six percent (6%) of the weekly royalty sales of the Restaurant thereafter. The weekly royalty payment for the week ending on each Sunday will be paid by electronic funds transfer three days later, on Wednesday, by eight pm Eastern Standard Time pursuant to Section 5.5 below.

5.3. Definition of Royalty Sales.

The term "royalty sales" means the total receipts from all sales by the Restaurant of all bowls, other food items, beverages and other products or services authorized for sale at the Restaurant or at any approved off-site location but exclusive of sales or equivalent taxes, coupon and similar discounts, and beverage container deposits approved by us. Premium or similar promotional items must be included in computing royalty sales unless these items have been sold at or below cost by the Restaurant.

5.4. Technology Fee.

You must pay to us, or a third party that we designate, a technology fee for various technology services that we will provide or arrange for third parties to provide, which services are subject to change over time (a "Technology Fee"). Currently, the Technology Fee is Four Hundred Dollars (\$400) per month from the date that you open your Restaurant for business and will be billed monthly in arrears. We reserve the right to increase the Technology Fee by providing you with written notice of any change at least 30 days prior to the implementation of the new fee amount. The Technology Fee currently includes fees related to your maintenance, licensing, access to and usage of our designated software, our intranet, and the system website. We may add, delete, or otherwise modify the products and services that are included in the Technology Fee. In addition to the monthly Technology Fee, you will be responsible for any "per transaction" fee charged by third-party vendors for mobile application or online ordering.

5.5. Interest on Late Payments.

All royalty fees, advertising contributions and all other amounts owed to us pursuant to this Agreement will bear interest after the due date at the rate of one and one-half percent (1.5%) per month or portion thereof at the highest legal rate plus a late fee of ten percent (10%) of all amounts due for open account business credit in the state in which the Restaurant is located, whichever is lower.

5.6. Electronic Funds Transfer.

Mahana Fresh requires you to participate in an electronic funds transfer program under which royalty fees and advertising contribution payments are deducted or paid electronically from your bank account. You shall sign and provide to Mahana Fresh and Franchisee's bank, all documents, including Mahana Fresh's form of EFT Authorization Form attached as Attachment D to this Agreement, necessary to effectuate the electronic funds transfer program and Mahana Fresh's ability to withdraw funds from such bank account via electronic funds transfer. You shall immediately notify Mahana Fresh of any change in your banking relationship, including any change to the electronic funds transfer program account. We may permit you to initiate payments via a system established or approved by us, or at our option, require you to authorize us to initiate debit and/or credit entries and/or credit correction entries to your Restaurant bank operating account (the "Account") for payment of royalty fees and advertising contributions on forms we prescribe. In the event you are required to authorize us to initiate debit entries, you agree to make the funds available in the Account for withdrawal by electronic transfer no later than the due date for payment. The amount actually transferred from the Account to pay royalty fees and advertising contribution will be based on the Restaurant's royalty sales reported to us. If you have not reported royalty sales of the Restaurant to us for any reporting period, we will be authorized to debit the Account in an amount equal to the royalty fee transferred from the Account for the last reporting period for which a report of the royalty sales of the Restaurant was provided to us. If at any time we determine that you have under-reported the royalty sales of the Restaurant or underpaid royalty fees or advertising contributions due us under this Agreement, we will be authorized to initiate immediately a debit to the Account in the appropriate amount in accordance with the foregoing procedure, including interest as provided for in this Agreement. An overpayment will be credited to the Account through a credit effective as of the first reporting date after we and you determine that such credit is due. Our use of electronic funds transfers as a method of collecting royalty fees and advertising contributions due us does not constitute a waiver of any of your obligations to provide us with weekly sales reports as provided in Section 13.2 nor shall it be deemed a waiver of any of the rights and remedies available to us under this Agreement.

5.7. Application of Payments.

When we receive a payment from you, we have the right in our sole discretion to apply it as we see fit to any past due indebtedness of yours due to us or our affiliates, whether for royalties, advertising contributions, purchases, interest, or for any other reason, regardless of how you may designate a particular payment to be applied. In addition, we may offset any amount otherwise due under any discount or rebate program against any amount owed to us.

6. **RESTAURANT LOCATION.**

6.1. Location and Use.

You may operate the Restaurant only at the location specified in Section 2.1 and you may not relocate the Restaurant except with our prior written consent. The Restaurant may only be used for the operation of a Mahana Fresh Restaurant and other related activities approved by us in writing. You shall not allow the premises of the Restaurant to be used for any immoral or illegal purpose, or any other purpose that may bring disrespect or disrepute to the Marks. If no previously selected or approved site is specified in Section 2.1, then your initial location must be submitted to us and is subject our approval or disapproval. You must obtain a location that is acceptable to us within three (3) months of signing this Agreement.

6.2. Relocation, Damage, or Condemnation.

If your lease expires or terminates without your fault or if the site is condemned, destroyed, or rendered unusable ("Closing Event"), we may grant permission for relocation of the Restaurant to a location and site meeting our requirements, policies, and standards. Any relocation will be at your sole expense and the relocated Restaurant must be open and operating no later than six (6) months after the Closing Event. In addition, within ten (10) days of vacating the Restaurant premises, you must make such reasonable

modifications to the exterior and interior of the Restaurant (including signage, menu boards, job aids, product photos and the like) as we require to fully eliminate its identification and appearance as a Mahana Fresh Restaurant. If you fail or refuse to fully de-identify the Restaurant to the extent and in the manner required by this Agreement, we may, at our option and in addition to other rights and remedies we may have, make the modifications that are contemplated by this Agreement on your behalf and you agree to promptly pay and reimburse us on demand for any costs incurred by us including, without limitation, the proportionate compensation of our employees who devote time and render services in the de-identification of the Restaurant.

6.3. Restaurant Lease.

The lease for the site of the Restaurant shall contain such terms as we specify from time to time for all leases of a similar type. Each original lease, renewal leases, and lease addenda and modification of any type must be submitted to us prior to execution for our examination and approval that it contains the terms we require. You must provide us with a copy of the executed lease, any renewal lease, and any addenda and modification within thirty (30) days after execution by you and the landlord. We will condition our approval of your lease upon, among other conditions, your and your landlord's signing of a rider to the lease (which is attached to this Agreement as Attachment C), through which your landlord grants us the rights to assume your rights and obligations under the lease in the event that you breach your lease agreement, or your Franchise Agreement is terminated or expires. By approving any lease, Mahana Fresh does not render any opinion as to whether the lease is fair or equitable or as to whether the lease or the location makes good business sense or will be fair or profitable for the franchisee.

6.4. Assumption of Lease on Termination or Expiration.

Upon the termination or expiration of the franchise for any reason, other than a termination by you for cause, we or our designee shall have the right to assume your status and replace you as lessee. You agree to execute an assignment of your interest in the lease promptly upon our request. Upon exercise of our right to assume your status as lessee, and your compliance with the other provisions of this Article, you will be fully released and discharged from all liability to us for rent and all other future liability to us under the lease (although not from any liability for unpaid rent or any other then existing liability to the lessor under the lease, including, without limitation, any damages to the premises or restoration costs). If we exercise our right to assume your lease, we will indemnify you and hold you harmless against any claim made for future rent or other future liability under the lease. We will also notify you within ninety (90) days of obtaining your written assignment of your interest in the lease of any damages to the premises or restoration costs for which you are liable or responsible.

6.5. Ownership of Restaurant Premises.

If you, or any entity that you own or control, owns any interest in the real estate where the Restaurant is located, you agree to furnish to us upon request, a copy of the deed and any other documents relating to the title to the real estate and a copy of your owner's policy of title insurance.

7. **RESTAURANT DEVELOPMENT.**

7.1. Development and Construction.

You agree that promptly after obtaining possession of the site for the Restaurant you will:

- (a) cause to be prepared and submit for approval by us a site plan and any modifications to our basic architectural plans and specifications for the Restaurant, including requirements for dimensions, exterior design, materials, interior layout, equipment, fixtures, furniture, signs, and decorating. You understand that you may modify our basic plans and specifications only to the extent required to comply with applicable ordinances, building codes and permit requirements and only with our prior written approval;

- (b) obtain all required zoning changes; all required building, driveway, utility, health, sanitation, and sign permits and any other required permits;
- (c) purchase or lease fixtures, furniture and signs meeting our specifications or requirements and, if we so require, from an approved vendor or vendors designated by us;
- (d) acquire through purchase, lease and/or license the Computer System as required by Section 14.8;
- (e) complete the construction and/or remodeling, equipment, fixture, furniture, and sign installation and decorating of the Restaurant in full and strict compliance with plans and specifications approved by us and all applicable ordinances, building codes and permit requirements; and,
- (f) obtain all customary contractors' sworn statements and partial and final waivers of liens for construction, remodeling, decorating and installation services.

7.2. Equipment, Fixtures, Furniture and Signs.

We will provide you with specifications for bowls, any other authorized food and beverage preparation, dispensing, storage and display equipment, other equipment, fixtures, furniture, exterior and interior signs and decorating that we require you to use or install in the Restaurant. We may specify brands, types or models for any of these items. You may purchase items meeting our specifications from any source unless we designate an approved source or sources for any of these items. If you propose to purchase or lease items not previously approved by us as meeting our specifications or from a vendor not approved by us, you must first notify us and we may require submission of sufficient specifications, photographs, drawings and/or other information and samples to determine whether any such item or supplier meets our specifications or our approved vendor criteria. We will advise you within a reasonable time whether any proposed item or vendor meets our specifications or our approved vendor criteria. You agree to use only such items that meet our specifications in the operation of the Restaurant and to purchase them from approved vendors, if we so require. You understand, however, that we or our affiliates or an approved vendor may be the only source for some of these items and that we may otherwise limit the number of approved vendors. We reserve the right to charge you for our reasonable expenses in testing and/or evaluating any proposed item or vendor submitted by you and will require a \$500.00 application fee.

7.3. Restaurant Opening.

You agree to complete development of the Restaurant and have the Restaurant ready to open within a reasonable time after obtaining possession of the site for the Restaurant. If you do not open the Restaurant within nine (9) months from the effective date of this Agreement, we will have the option to terminate this Agreement upon the giving of written notice to you. Within one month after signing this Agreement, you are required to purchase a specified and approved advertising and promotional materials package from Mahana Fresh or our designated or approved supplier.

8. RESTAURANT REFURBISHING.

You have an obligation to maintain the Restaurant in a manner which contributes positively to the then current image of the Mahana Fresh brand. You agree to refurbish the Restaurant (in addition to regular maintenance and repair), within six (6) months of receipt of written notice from us, as we may from time to time require you to maintain or improve the appearance and efficient operation of the Restaurant, to increase its sales potential or to comply with our then current standards, image, or identity. Refurbishing may include:

- (a) replacement of worn out or obsolete equipment, fixtures, furniture, and signs;
- (b) the substitution or addition of new or improved equipment, including safes, fixtures, furniture, and signs, designated by us;

- (c) redecorating;
- (d) renovation of the interior and exterior of the premises and restoration and resurfacing of parking facilities; and
- (e) structural modifications and remodeling of the premises.

You will not be required to make aggregate expenditures for refurbishing of the Restaurant in excess of one percent (1%) of the royalty sales of the Restaurant from the date of its opening to the date of any required refurbishing not to exceed the ten (10) year period prior to the date of any such required refurbishing or, except in connection with a renewal of the franchise, to effect any refurbishing of the Restaurant during the last twelve (12) months of the initial term of the franchise.

For purposes of this Section 8, the term equipment shall not include computer hardware or other components of the Computer System (as defined in Section 14.8). Any additions, substitutions, replacements, or modifications to the Computer System shall be governed by the provisions of Section, 14.8 of this Agreement.

9. TRAINING.

9.1. Initial Training.

If you (or the Controlling Person if you are an Approved Entity) are opening your (or his or her) first Mahana Fresh Restaurant, you (or the Controlling Person) must enroll in and complete all training programs and classes which we require for the operation of a Mahana Fresh Restaurant. These training programs and classes will be furnished at such times and places as we designate. We have the right to charge a reasonable training fee for these training programs or classes. All training programs and classes must be completed to our satisfaction. You will be responsible for the travel, living expenses and any other costs incurred during these training programs and classes. Should you or your employee fail to complete the initial training program to our satisfaction, at our option, the respective person may repeat the course, or in the case of an employee, you may send a replacement (the "Replacement Personnel") to the next available training programs and classes. Failure by you, your employee, manager, or any Replacement Personnel to complete the training programs and classes to our satisfaction is a material breach of this Agreement and we may terminate this Agreement.

9.2. Onsite Training.

You agree you pay us an onsite training fee in the amount of \$10,000 ("Onsite Training Fee") within thirty (30) days of receipt of our invoice. Onsite Training shall begin the week before the opening date of the Restaurant and shall last until a week after the opening date. In the event that you open more than one Restaurant, the Onsite Training Fee shall only be imposed for the first location unless you request onsite training for an additional restaurant.

9.3. Training of Employees.

You agree to implement a training program for employees of the Restaurant and to be solely responsible for training each employee to legally, safely and properly perform his or her duties while inside the Restaurant and while outside the Restaurant for business purposes, including training your employees to follow appropriate procedures for their safety and well-being. You agree not to employ any person who fails or refuses to complete your training programs or is unqualified to perform his or her duties in accordance with the requirements established for the operation of a Mahana Fresh Restaurant. You acknowledge and understand that implementing a training program for employees of the Restaurant and training your employees to follow safe and proper procedures for the operation of the Restaurant will remain your sole responsibility even if, from time to time, you obtain advice or suggestions from us or our affiliates about these topics. You further acknowledge and understand that it is not our responsibility or duty to implement Mahana Fresh, LLC

a training program for your employees, nor do we have the responsibility or duty to instruct your employees about matters of safety and security in the Restaurant or elsewhere. By providing advice or suggestions, we do not assume any of your responsibilities or duties.

9.4. Additional Training.

We may also, at our option, require you (or the Controlling Person if you are an Approved Entity) to attend supplemental or additional training programs which may be offered from time to time by us or our affiliates during the term of the franchise. The fee for such training shall range from between Zero (\$0) and Five Hundred Dollars (\$500.00) per training class. You will be responsible for the reasonable costs of such programs and for the travel and living expenses and any other costs incurred during these programs. You must complete this supplemental or additional training within one (1) year of the time in which it is originally offered by us or our affiliates or designees. If you request us to provide additional training programs for new or replacement personnel after your Restaurant has opened for business, we may offer such additional training programs in our discretion, and you must pay us \$1,000 per week for each of our employees who provide such additional training, plus the travel and living expenses and any other costs incurred by us in providing this additional training.

9.5. Convention.

We may establish and hold a convention for franchisees and if we do so, you will be required to attend. We reserve the right to charge our then-current conference fee for your attendance at any required conference or seminar, regardless of whether or not you attend, and you will be responsible for the travel and living expenses for you and your personnel to attend the conference or seminar.

10. OPERATING ASSISTANCE.

10.1. Advice and Guidance.

We may furnish you with such reasonable operating assistance as we determine from time to time to be necessary for the operation of the Restaurant. You acknowledge and understand that it is not our responsibility or duty to operate the Restaurant and we do not have the legal right to direct your employees in the operation of the Restaurant. Those functions remain your sole responsibility and duty. Further, you understand that the assistance provided to you under this Section 10 does not obligate us to provide the accounting, bookkeeping or marketing services required for the operation of the Restaurant or to otherwise operate the Restaurant. By providing any advice or suggestions, we do not assume any of your responsibilities or duties.

10.2. Operating Problems.

We may advise you from time to time of operating problems of the Restaurant disclosed by reports submitted to or inspections made by us or our designee. We will make no separate charge for any operating or marketing assistance except that we may make reasonable charges for forms and other materials supplied to you and for operating assistance made necessary in our judgment as a result of your failure to comply with any provision of this Agreement or for operating assistance requested by you in excess of that normally provided by us. By providing any advice or suggestions, we do not assume any of your responsibilities or duties.

11. RESTAURANT PRODUCTS.

11.1. Restaurant Menu.

You agree that you will offer for sale and sell at the Restaurant for final consumption and not for resale, all bowls and other authorized food and beverage products that we from time to time authorize, provided, however, you may offer for resale any authorized products for certain programs which may be approved by Mahana Fresh, LLC

us in our sole and absolute discretion, considering factors including but not limited to: (i) quality assurance; (ii) brand image; and, (iii) such other factors as we determine. You also agree that you will not offer for sale or sell at the Restaurant any other products or services except those authorized by Mahana Fresh in writing.

11.2. Ingredients, Supplies, and Materials.

All bowls and other food ingredients, beverage products, cooking materials, containers, packaging materials, other paper and plastic products, utensils, uniforms, menus, forms, cleaning and sanitation materials and other supplies and materials used in the operation of the Restaurant must conform to the specifications and quality standards established by us from time to time. You must use in the operation of the Restaurant boxes, cups, plates, containers and other paper or plastic products imprinted with the Marks as prescribed from time to time by us. We may in our sole and absolute discretion require that ingredients, supplies, and materials used in the preparation, service or packaging of bowls and other authorized food products be purchased exclusively from us, our affiliates or from approved suppliers or distributors.

You agree to request delivery of food products to your Restaurant in quantities and in a manner that is consistent with policies prescribed from time to time by us.

In the event you wish to purchase any ingredient, supply or material not previously approved by us, including inventory, and/or acquire such items from an unapproved supplier, you must provide us the name, address and telephone number of the proposed supplier, a description of the item you wish to purchase, and the purchase price of the item, if known. At our request, you must provide us with a sample of the item you wish to purchase for testing purposes. If we incur any costs in connection with testing a particular product or evaluating an unapproved supplier at your request, you must reimburse our reasonable testing costs, regardless of whether we subsequently approve the item or supplier.

We will use our best efforts to notify you of our approval or disapproval of a particular supplier or product within 30 days of receiving all requested information. If we do not respond within 30 days, the supplier or product is deemed disapproved. We are not required to approve any particular supplier or product. We may base our approval of a proposed item or supplier on considerations relating not only directly to the item or supplier, but also indirectly to the uniformity, efficiency, and quality of operation we deem necessary or desirable in our System as a whole. We have the right to receive payments from suppliers on account of their dealings with you and other franchisees and to use all amounts we receive without restriction (unless instructed otherwise by the supplier) for any purposes we deem appropriate. We will not approve an unreasonable number of suppliers for a given item, which approval might, in our reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers. Our criteria for approval of a particular supplier or product will be made available upon written request. We may revoke our approval of particular products or suppliers when we determine, in our sole discretion, that such products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease purchasing products from such suppliers. You must use products purchased from approved suppliers solely in connection with the operation of your Restaurant and not for any competitive business purpose.

11.3. System Changes.

We reserve the right to supplement, change, alter, modify, or make substitutions for the Mahana Fresh System menu items, product and service offerings, trademarks, business methods, advertising methods and marketing methods in efforts to improve the System and its competitiveness as we see fit in our business judgment, which may be exercised in our sole and absolute discretion. We may change the components of the Mahana Fresh System (and the requirements of the Mahana Fresh System), including, for example, changing the food products, beverages, programs, methods, standards, forms, policies, procedures, and services of the Mahana Fresh System, and adding to, deleting from or modifying the programs, services and products which we authorize or require you to conduct or offer. You must comply with any of these modifications, additions, deletions, substitutions, and alterations. However, the changes will not materially

and unreasonably increase your obligations under the Franchise Agreement.

11.4. Virtual Kitchen Products.

We may permit you offer additional products under marks that we have licensed from third parties as a “ghost kitchen” or “virtual kitchen” (“Virtual Kitchen Products”) but we are under no obligation to do so. Virtual Kitchen Products are food products which are marketed under a name other than the “Mahana Fresh” Marks and are prepared at your Restaurant and made available for delivery to customers through third-party delivery services such as DoorDash, UberEats, PostMates, and similar service providers. You may not offer Virtual Kitchen Products without our prior written approval. We may revoke our approval of any Virtual Kitchen Products at any time, even if we have previously granted you approval. If we permit you to offer Virtual Kitchen Products, revenue generated from the sale of Virtual Kitchen Products will be included in the definition of “Gross Sales” under this Agreement.

12. **ADVERTISING AND PROMOTION.**

12.1. By Mahana Fresh.

We or our designee may from time to time formulate, develop, produce, and conduct advertising and promotional programs in the form and media as we or our designee determines to be most effective. You agree to participate in all national and local and regional advertising and promotions as we determine to be appropriate for the benefit of the Mahana Fresh System. You further agree to honor any maximum pricing we may prescribe from time to time for any such national or local or regional advertising and promotions. We reserve the right, in our sole and absolute discretion, to determine the composition of all geographic territories and market areas for the development and implementation of advertising and promotional programs. All costs of the formulation, development, and production of any such advertising and promotion (including without limitation the proportionate compensation of our employees who devote time and render services in the formulation, development and production of such advertising and promotional programs or the administration of the funds), may be paid from a separate fund administered by a separate not for profit entity (the "Advertising Fund"). You will be obligated to pay a specified percentage of the weekly royalty sales of the Restaurant to the Advertising Fund. The Advertising Fund Contribution will begin at two percent (2%) of weekly royalty sales and may be increased periodically by Mahana Fresh up to a maximum total four percent (4%) of weekly royalty sales. Your contribution to the Advertising Fund must be paid by electronic funds transfer on Wednesday of each week on royalty sales for the week ending on the preceding Sunday as provided in Article 5 of this Agreement. You agree that we shall have the right from time to time to increase your contribution to the Advertising Fund by an amount not to exceed in the aggregate four percent (4%) of the royalty sales of the Restaurant. Mahana Fresh Restaurants owned by us or our affiliates will contribute to the cost of such advertising and promotional programs at least the same rate. We will submit to you upon request an annual statement of monies collected and costs incurred by the Advertising Fund. We reserve the right to engage the services of an advertising source or sources to formulate, develop, produce and conduct the advertising and promotional programs, the cost of such services to be payable from the Advertising Fund. You acknowledge and understand that the Advertising Fund is intended to maximize general public recognition and patronage of the Marks in the manner determined to be most effective by us and our affiliates and that neither we nor our affiliates undertake any obligation in developing, implementing or administering these programs to ensure that expenditures which are proportionate or equivalent to your contributions are made for the market area of the Restaurant or that any Mahana Fresh Restaurant, area developer, or franchisee will benefit directly *or pro rata* from the placement of advertising.

12.2. By Franchisee.

All advertising and promotion by you, including, but not limited to, all advertising and promotion conducted by you in print, or on radio, television, the Internet, and other electronic media, must be completely factual and shall conform to the highest standards of ethical advertising and be consistent with the then current image and policies relating to advertising and promotional programs of a Mahana Fresh Restaurant. You must obtain our advance written approval prior to using or producing any advertising or marketing materials

using any of the Marks, in whole or in part. We will have the final decision on all creative development of advertising and promotional messages. If our written approval is not received within 14 days from the date we received the material, the material is deemed disapproved. We reserve the right to require you to discontinue the use of any advertising or marketing materials.

12.3. Marketing and Advertising Fund.

We have established an Advertising and Marketing Fund for the common benefit of System franchisees. Currently, you must contribute 2% of your royalty sales to the Advertising and Marketing Fund in the manner we prescribe, and participate in Advertising and Marketing Fund programs. We reserve the right to increase your Advertising and Marketing Fund Contribution to up to 4% of royalty sales upon 30 days' notice to you. We have the right to use Advertising and Marketing Fund Contributions, in our sole discretion, to develop, produce, and distribute national, regional and/or local advertising and to create advertising and public relations materials which promote, in our sole judgment, the products offered by System franchisees. We may use the Advertising and Marketing Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising. We are not obligated to expend monies from the Advertising and Marketing Fund in any particular franchisee's market in proportion to the payments to the Advertising and Marketing Fund made by the franchisee in that market. We do not represent that we will spend any particular amount of Advertising and Marketing Funds locally, regionally, or nationally.

We shall administratively segregate all contributions to the Advertising and Marketing Fund on our books and records. All such payments to the Advertising and Marketing Fund may be deposited in our general operating account, may be commingled with our general operating funds, and may be deemed an asset of ours, subject to our obligation to expend the monies in the Advertising and Marketing Fund in accordance with the terms hereof. We may, in our sole discretion, elect to accumulate monies in the Advertising and Marketing Fund for such periods of time, as we deem necessary or appropriate, with no obligation to expend all monies received in any fiscal year during that fiscal year. In the event our expenditures for the Advertising and Marketing Fund in any one fiscal year shall exceed the total amount contributed to the Advertising and Marketing Fund during such fiscal year, we shall have the right to be reimbursed to the extent of such excess contributions from any amounts subsequently contributed to the Advertising and Marketing Fund or to use such excess as a credit against its future contributions. The parties do not intend that the Fund be deemed a trust.

We use Advertising and Marketing Fund Contributions to develop and prepare advertising which we distribute to System franchisees for their placement in the local media. The advertising is prepared by us and by outside sources. If we do not spend all Advertising and Marketing Fund Contributions by the end of each fiscal year, the funds will be carried forward into the next fiscal year. There is no requirement that the Advertising and Marketing Fund be audited. Upon your written request, we will provide you with an unaudited accounting of Advertising and Marketing Fund expenditures.

We have the sole right to determine how to spend the Advertising and Marketing Fund Contributions, or funds from any other advertising program, and the sole authority to determine the selection of the advertising materials and programs, provided, however, that we will make a good faith effort to expend such funds in the general best interests of the System on a national or regional basis. We are not required, under the Franchise Agreement, to spend any amount of Advertising and Marketing Fund Contributions in your Area of Primary Responsibility and not all System franchisees will benefit directly or on a pro rata basis from our expenditures. We have the right to reimbursement from the Advertising and Marketing Fund Contributions for reasonable costs and overhead, if any, as we may incur in activities which are reasonably related to directing and implementing the Advertising and Marketing Fund and advertising programs for franchisees and the System, including costs of personnel for creating and implementing advertising, promotional and marketing programs.

12.4. Local Advertising.

In addition to the Marketing and Advertising Fund Contributions described above, you must spend a minimum of two percent (2%) of royalty sales per month on local advertising and promotion implemented in a format and using materials and designs approved by us as your “Local Advertising, Marketing, and Promotional Expenditure”. You may spend any additional sums you wish on local advertising. You are permitted to use your own advertising materials, so long as you have submitted them to us for approval before your use. We have the right, in our discretion, to require you to submit receipts documenting this marketing activity.

12.5. Cooperatives.

We have the right, in our discretion, to designate any geographic area for purposes of establishing a regional advertising and promotional cooperative (“Cooperative”). All franchisees in the designated geographical area must participate in the Cooperative. Cooperative contributions will be credited towards your Local Advertising, Marketing, and Promotional Expenditure, and will not exceed the Local Advertising, Marketing, and Promotional Expenditure unless a majority of the Cooperative’s members vote to spend an amount greater than the Local Advertising, Marketing, and Promotional Expenditure on advertising. Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to our approval, standardized advertising materials for use by the members in local advertising. No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without our prior approval. All such plans and materials will be submitted to us in accordance with the procedure set forth in Section 12.1 of this Agreement. We may grant to any franchisee, in our sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of such franchisee stating reasons supporting such exemption. Our decision concerning such request for exemption will be final.

12.6. Advertising Council

We reserve the right to establish an advertising council (“Advertising Council”). If we establish an Advertising Council, it will serve in an advisory capacity to us with respect to certain advertising expenditures, including providing advice/guidance on how to administer the Advertising and Marketing Fund. At our discretion, the Advertising Council may be comprised of our management representatives, employees, you and/or other franchisees in the System. We will have the right to modify or dissolve an Advertising Council (if created) at any time.

12.7. Grand Opening Advertising

You must pay us \$20,000 to conduct a grand opening advertising campaign on your behalf. You can expend any additional amounts that you wish on a grand opening advertising campaign, and we estimate that you will do so. If this is your first Franchised Restaurant you open with us, then you will be required to spend a total of at least \$20,000 in the four weeks before and the eight weeks after the opening date. We will require you to deposit \$20,000 (or a higher amount if you agree to a higher grand opening budget) with us upon receipt of an invoice from us. We will invoice you approximately sixty days prior to the planned opening date.

13. RECORDS AND REPORTS.

13.1. Bookkeeping and Recordkeeping.

You agree to establish and retain a bookkeeping, recordkeeping, computer and point of sale system conforming to any requirements which may be prescribed by us, relating, without limitation, to the use and retention of daily sales information, counts of bowl types and other approved menu items sold, coupons, purchase orders, purchase invoices, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, checks and credit card sales, journals and general ledgers,

including any comparable electronically generated information or any supporting records or materials we may require or prescribe. You agree to retain all business records and reports (whether paper or electronically generated) relating to the Restaurant in accordance with record retention policies and guidelines prescribed by us, from time to time, and for the time limits required by all applicable laws, ordinances, and regulations. Upon notice to you, you agree that we shall have full access, either on-site or from a remote location, to all of your computer data, equipment and systems containing any and all of the information, records and reports required by this Section 13.1 or any other provision of this Agreement. In addition, you agree to provide us with access to all such data, equipment and systems to facilitate the exchange of information you are required to provide us under this Agreement. Any information provided by you shall be used by us in a lawful manner.

13.2. Sales Reports and Financial Statements.

You agree to submit to us, in accordance with requirements prescribed by us from time to time (initially in thirteen four-week reporting periods per year) and in a format which we may designate from time to time:

- (a) at the same time the royalty fee is due, a weekly report of the sales of the Restaurant and all other information and supporting records as we may require or request;
- (b) within sixty (60) days of the end of each calendar quarter;
 - (i) a statement of cash flow and cash on hand, an unaudited balance sheet as of the end of each a calendar quarter and an unaudited quarterly statement of profit and loss and financial condition of the Restaurant prepared on an accrual basis;
 - (ii) if you are a corporation, partnership or other approved entity, a cash flow and cash on hand, an unaudited balance sheet as of the end of the quarter and an unaudited statement of profit and loss of the corporation, partnership or approved entity prepared on an accrual basis; and,
 - (iii) if you have additional Mahana Fresh Restaurants, a consolidated statement of profit and loss for all of your operations, including any additional Mahana Fresh Restaurants which you own and all administrative operations. The statements must be prepared in accordance with generally accepted accounting principles by an accountant in the manner prescribed by us;
- (c) promptly upon our request and within twenty (20) days of the end of the month or period, in the manner as we may prescribe, and continuing for such period of time as we may from time to time designate:
 - (i) a statement of cash flow and cash on hand, an unaudited balance sheet as of the end of the month or period and an unaudited statement of profit and loss of the Restaurant prepared on an accrual basis for each month or period;
 - (ii) if you are a corporation, partnership or other approved entity, a statement of cash flow and cash on hand, an unaudited balance sheet as of the end of the month or period and an unaudited statement of profit and loss of the corporation, partnership or approved entity prepared on an accrual basis for each month or period; and,
 - (iii) a consolidated statement of profit and loss for all of your Mahana Fresh Restaurants for each month or period;
- (d) if you are in default under any of the terms or conditions of this Agreement, statements submitted on a quarterly basis affirming that all federal, state, and local taxes have been paid;
- (e) upon our written request, exact copies of your federal, state, and local business income tax returns and state sales tax or equivalent tax returns for any period; and,

(f) such other information as we may reasonably require or request to determine you and your owners' compliance with this Agreement or to assist you in the operation of the Restaurant or to otherwise evaluate the performance of the Restaurant, including information about the sales and receipts of the Restaurant.

13.3. Right to Require Audit.

We reserve the right to audit the sales reports, financial statements, tax returns, information from the Restaurant's computer system, and any other records you are required to retain or submit to us. In the event any audit discloses an understatement of the royalty sales of the Restaurant for any period or periods, you must pay on the amount of such understatement the royalty fee of six percent (6 %), all advertising contributions due under this Agreement and the amount, if any, required to be paid to your local or regional cooperative as provided in this Agreement, plus interest due. Further, in the event such understatement for any period or periods shall be three percent (3%) or more of the royalty sales of the Restaurant or such inspection or audit is made necessary by your failure to furnish reports, supporting records, financial statements or other information required by this Agreement or to furnish these reports, records, information or financial statements on a timely basis, you will be obligated to reimburse us for the cost of the audit, including the charges of any attorney and/or independent certified public accountant used and the travel expenses, room and board and compensation of our employees or anyone we engage to conduct the audit. In the event you dispute the results of any audit conducted by us or our representatives, you will have the right, upon written notice to us within ten (10) days of your receipt of the results of our audit, to have the results verified by an independent certified public accounting firm selected by our outside accounting firm. The expense of this audit shall be borne by you unless this further audit discloses that no deficiency is due in which case we will be obligated to pay for the audit. We will notify you within ten (10) days of our receipt of your notice when the independent audit will commence. You agree to cooperate with all personnel conducting the audit. The results of the independent audit shall be binding upon the parties. You agree to pay any deficiencies within ten (10) days after receipt of our audit or, if applicable, the independent audit requested by you.

14. **OPERATING REQUIREMENTS.**

14.1. Operating Procedures.

You agree to fully comply with all specifications, standards and operating procedures and rules from time to time prescribed for the operation of a Mahana Fresh Restaurant, including, but not limited to, specifications, standards and operating procedures and rules relating to:

- (a) offering all of and only the approved products and services from your Mahana Fresh Restaurant;
- (b) the safety, maintenance, cleanliness, sanitation, function and appearance of the Restaurant premises and its equipment, (including computer hardware, software, peripheral devices, high speed broadband connectivity, high speed broadband monitoring, and methods and means of encryption and access to our network resources), image, fixtures, furniture, decor and signs;
- (c) qualifications, dress, grooming, general appearance and demeanor of you and your employees;
- (d) quality, taste, portion control and uniformity, and manner of preparation and sale, of all bowls and other authorized food and beverage products sold by the Restaurant and of all ingredients, supplies and materials used in the preparation, packaging and sale of these items;
- (e) methods and procedures relating to accepting customer orders or serving customers;
- (f) the hours during which the Restaurant will be open for business;
- (g) use and illumination of exterior and interior signs, posters, displays, menu boards and similar items;

- (h) the handling of customer complaints;
- (i) advertising on the Internet or other electronic media, including websites, home pages and the use of domain names;
- (j) use and limitations on use of Facebook, Twitter, Instagram, and other social media ("Social Media");
- (k) e-mail capabilities of the Restaurant and other electronic communication methods (including high speed broadband connectivity, high speed broadband monitoring, and methods and means of encryption and access to our network resources) and devices to facilitate communication with us or our offices, including the exchange of information between the Restaurant and us; and
- (l) the methods and manners of payments which will be accepted from customers.

By entering into this Agreement, you agree to abide by these specifications, standards, operating procedures, and rules and to fully adopt and implement them.

14.2. Compliance with Laws and Other Business Practices.

You agree to secure and maintain in force all required licenses, permits, and certificates and to operate the Restaurant in full compliance with all applicable laws, ordinances, and regulations, including without limitation workers' compensation insurance and taxation laws. You also agree to pay when due all amounts payable pursuant to any provision of this Agreement or any other agreement with us or our affiliates or subsidiaries or pursuant to any agreement with any other creditor or supplier of the Restaurant. You shall file all tax returns and pay all taxes before they become delinquent. You agree not to permit any levy or warrant to be issued by any taxing authority or other creditor, (excluding mechanics liens and other immaterial liens), against any of your assets, nor allow any of your assets to be seized or frozen by any taxing authority or other creditor. Furthermore, if you are subject to any withholding taxes on royalty fees or other payments due, you shall provide us with quarterly evidence that such tax has been remitted to the appropriate governmental agency on a quarterly basis.

You agree to abide by the Payment Card Industry Data Security Standards enacted by the applicable Card Associations, as applicable to your business. If you know or suspect a security breach which has or may result in instances of identity theft, data breach or any other theft of information involving your employees or customers of your Restaurant (a "Cyber Event"), you shall immediately notify us. You shall promptly identify and remediate the source of the compromise. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning your customers. Without limiting the generality of other provisions of this Agreement, you agree to defend, indemnify and hold us and our affiliates harmless from and against any and all claims, demands, duties, obligations, damages, fines and/or penalties imposed upon you as a result of non-compliance with the Payment Card Industry requirements or any Cyber Event involving your Restaurant.

14.3. Operating Manual.

We will license to you for no charge during the term of the franchise one copy of an operating manual or operational bulletins or similar materials containing mandatory and suggested specifications, standards and operating procedures and rules prescribed from time to time by us and information relative to your other obligations under this Agreement and the operation of the Restaurant (the "Operating Manual"). The entire contents of the Operating Manual will remain confidential and are proprietary to us and our affiliates. We will have the right to add to and otherwise modify the Operating Manual from time to time, if deemed necessary or advisable to improve the standards of service or product quality or the efficient operation of the Restaurant, to protect or maintain the goodwill associated with the Marks, to take advantage of advancements in technology, or to meet competition. No such addition or modification, however, shall alter your fundamental status and rights under this Agreement. The provisions of any Operating Manual as

modified from time to time, including the mandatory specifications, standards and operating procedures and rules prescribed from time to time by us and communicated to you in writing, will constitute provisions of this Agreement as if contained in this Agreement. Additional or replacement copies of the Operating Manual may be licensed for \$250.

14.4. New Concepts.

If you develop any new concept, process or improvement or any slogan in the operation or promotion of the Restaurant, or technology used in connection with the operation of the Restaurant, you agree to promptly notify us and provide us with all necessary information without compensation. You hereby assign to us any such concept, process, improvement or slogan and you acknowledge that they are and shall become our property and that we may utilize or disclose them to our affiliates and other franchisees and that we may patent, trademark or copyright them at our expense.

You agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process, or improvement. In the event that such provisions of this Agreement are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe on your rights to the new concepts.

14.5. Franchisee Must Directly Supervise Restaurant.

You (or the Controlling Person if you are an Approved Entity) are obligated to actively, personally, and frequently monitor and supervise the performance and operation of each Restaurant franchised to you. Each Restaurant must also be under the direct, on-premises supervision of either you directly or of a manager:

- (a) who has been properly trained by you;
- (b) who has been approved by us and whose identity has been disclosed to us; and,
- (c) who shall have executed, upon our request, an agreement in the form provided by us agreeing not to divulge any trade secret or confidential or proprietary information, including without limitation the contents of the Operating Manual, or to engage in or have any interest in any bowls Restaurant business (as "bowls" is defined below in Section 19.1).
- (d) In the event that your Controlling Person resigns or is otherwise terminated, you must hire a replacement approved by us in writing who meets our then current standards for Controlling Person and who is approved by us in writing before hiring, within 30 days after the resignation or termination of the former Controlling Person. You must train the new Controlling Person within 30 days of hiring.
- (e) Your Controlling Person and certain key employees and their spouses will be bound by the confidentiality and non-compete covenants of the Franchise Agreement and will execute the Confidentiality and Restrictive Covenant Agreement attached as Attachment E to this Agreement.

14.6. Insurance.

You shall at all times during the term of the franchise maintain in force at your sole expense:

- (a) property insurance on a replacement cost basis at a minimum limit based on the total value of your assets (including, but not limited to, fire, extended coverage, vandalism, and malicious mischief);

general liability insurance with a minimum limit of \$1,000,000.00 per occurrence (including, but not limited to, coverage for personal injury, products, and contractual liability);

(b) if the franchisee, the Approved Entity, or any of their owners uses any vehicles for business purposes which is owned or leased in whole or in part in the name of your business, automobile liability insurance with a minimum limit of \$500,000.00 per occurrence (including, but not limited to, owned automobiles titled or leased in the name of you or your owners and used at any time, whether principally or occasionally in your business, hired and non-owned coverage). If you or your owners do not use a vehicle owned or leased in the name of you or any of your owners in your business, you must provide written evidence of that fact that is satisfactory to us; and,

(c) workers' compensation insurance (in your name) as required by applicable law. If no such law exists, then you must participate in such other comparable insurance or benefit programs for your employees as required by us. If your state recognizes and permits self-insurer programs, your participation in such a program will satisfy our requirements under this subsection (d). If deductible plans are approved and used in your state, coverage may be purchased on this basis subject to the requirements of your insurance carrier. You agree to comply with applicable state law with respect to workers' compensation reporting and payment and maintenance of workers' compensation taxes and/or insurance premiums.

All liability insurance policies must name us, and any subsidiaries and affiliates which we designate, as additional insureds entitled to the coverage afforded to all named insureds, without regard to any other insurance or self-insured program which we or our affiliates or subsidiaries may have in effect, and also provide that we receive thirty (30) days prior written notice of termination, expiration, cancellation, modification or reduction in coverage or limits of any such policy. The terms and conditions of all such policies, including the amount of any deductibles, shall be consistent with the requirements prescribed from time to time by us. You agree to promptly pay when requested by the insurer the amount of the deductible applicable to, and in the event of, any covered loss.

All insurance policies (excluding workers' compensation policies) must be issued by an insurance carrier rated A- or better by Alfred M. Best & Company, Inc. or meeting such other rating criteria we may establish from time to time. We may also reasonably increase the minimum liability "limit" protection requirement annually and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards in public, product or motor vehicle litigation or other relevant changes in circumstances. You must submit to us annually a copy of the certificate of insurance or evidence of the renewal or extension of each such insurance policy or any modifications to any such insurance policies, which must describe the applicable deductibles for each such policy. If at any time you fail or refuse to maintain in effect any insurance coverage required by us, or to furnish satisfactory evidence of such insurance, we may, at our option and in addition to other rights and remedies we may have, obtain insurance coverage, on your behalf, and you agree to promptly execute any applications or other forms or instruments required to obtain any such insurance and pay to us on demand any costs and premiums incurred by us. Your obligation to obtain and maintain the insurance described in this Agreement shall not be limited in any way by reason of any insurance maintained by us.

14.7. Identification as Independent Franchisee.

You agree to exhibit on the Restaurant premises signs of sufficient prominence and wording as we may prescribe from time to time so as to advise the public that the Restaurant is owned, operated, and maintained by you as an independent franchisee. All business cards, letterheads and other business materials shall clearly identify that you are the owner of the Restaurant in accordance with the rules or policies we may establish from time to time in the Operating Manual or otherwise in writing. In addition, subject to rules and policies that may be established from time to time, all local advertising, including yellow page listings and advertisements that are placed by you or on your behalf, and which do not contain phone numbers or addresses that are associated with restaurants that we own or operate, shall either indicate that you are the owner of the restaurant or restaurants in the print material, or that the restaurant or restaurants are locally owned and operated.

14.8. Computer Hardware and Software and Other Technology and Signs.

(A) Computer System.

You agree to use in the development and operation of the Restaurant any management system and computer hardware and software and related technology designated by us, including without limitation, features such as high speed broadband connectivity, high speed broadband monitoring, online ordering, mobile apps, methods and means of encryption and access to our network resources, and other internet-based technology and peripheral devices that we specify from time to time (the "Computer System"). You acknowledge that we may modify all aspects and the components of the Computer System from time to time. As part of the Computer System, we may require you to obtain computer hardware and/or software we specify from one or more vendors designated by us and we or our affiliates may be the sole or shared supplier of all or any part of the Computer System. You agree to use only such items and services as we specify in connection with the Computer System. We may require that you enter into a license exclusively with us or our affiliates to use proprietary software developed by or for us. You may also be required to enter into agreements with others for use of third-party software incorporated or used in connection with the Computer System. Our modification of such specifications or components for the Computer System may require you to incur costs to purchase, lease and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System during the term of this Agreement. You acknowledge that the cost to you of obtaining the Computer System (including software licenses) (or additions, substitutions, replacements or modifications thereto) may not be fully amortizable over the remaining term of this Agreement. Nonetheless, subject to the provisions of Section 14.8(B) below, you agree to incur such costs in connection with obtaining the computer hardware and software comprising the Computer System (or additions, substitutions, replacements or modifications thereto). You further acknowledge and agree that we have the right to charge reasonable fees for software or systems modifications and enhancements specifically made for us that are licensed to you and other maintenance and support services that we or our affiliates furnish to you related to the Computer System. You may also incur charges from third parties who render services or provide products that we require you to purchase or use. We shall have independent access to data on your Computer System, including sales figures. There are no contractual, legal or implied limitations on our right to access this information and data.

If and at such time we develop and custom design any software programs for conducting scheduling, accounting, inventory and point-of-sale functions and related activities ("Proprietary Software Program"), you, at your own expense, agree to obtain the computer hardware required to implement the Proprietary Software Program into your Restaurant, and to comply with all specifications and standards prescribed by us regarding the Proprietary Software Program, as provided in the Operating Manual or otherwise in writing. This Proprietary Software Program will be proprietary to us and Confidential Information of ours. It is possible that we might not be able to alter the Proprietary Software Program to accommodate each and every franchisee of the System, and therefore, at such time that we require the implementation of such software, you will only utilize the program as prescribed by us. At such time as we require the implementation of such Proprietary Software Program, we or our designee agree to provide ongoing service and support to you regarding the Proprietary Software Program and will lease such Proprietary Software Program to you at the then current rates published by us. We reserve the right to have independent access to any data you collect electronically. You must install, at your expense, the necessary computer hardware and software to provide us with full and direct electronic access to all of your data, software systems, and related information.

If and at such time that we develop online portals for your use in connection with the development and operation of your Mahana Fresh Restaurant ("Designated Franchise Portal") you and your Principal Owner or any other Owner and/or General Manager must actively use and monitor the Designated Franchise Portal and must log into the Designated Franchise Portal at least once per week.

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 we shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the Mahana Fresh System; and you agree to abide by and fully adopt and implement those reasonable new standards established by us as if this Article 14.8 were periodically revised by it for that purpose.

(B) Aggregate Expenditures for Computer System.

After the time of the initial purchase of an approved or specified computer system and software, the cost of which may exceed this amount, you will not be required to make additional aggregate expenditures for any additions, substitutions, replacements or modifications to the Computer System in excess of one half percent (1/2 %) of the royalty sales of the Restaurant from the date of its opening to the date we require you to make any additions, substitutions, replacements or modifications to the Computer System not to exceed the ten (10) year period prior to the date we require you to make any additions, substitutions, replacements or modifications to the Computer System or, except in connection with a renewal of the franchise, to make any additions, substitutions, replacements or modifications to the Computer System during the last twelve (12) months of the initial term of the franchise. This limitation shall not apply to our right to require that you acquire and install any Mahana Fresh standard Computer System upon execution of this Agreement, nor shall the provisions of any prior franchise agreement governing the operation of the Restaurant restrict our right to require that you acquire and install any Mahana Fresh standard Computer System under the terms of this Agreement.

(C) Mahana Fresh Standard System and Other Computer and Technology Training.

If you (or the Controlling Person if you are an Approved Entity) have not installed and used any Mahana Fresh standard Computer System, or any other computer system or technology that we require, in a Mahana Fresh Restaurant, you (or the Controlling Person) must enroll in and complete all training programs and classes which we may require or request for the operation of any Mahana Fresh standard Computer System, or any other computer system or technology. These training programs and classes will be furnished at such times and places as designated by us or the entity or entities that we approve to provide the training. We may furnish training. The entity furnishing the training (including us) has the right to charge a reasonable training fee for these training programs or classes, which you agree to pay. All training programs and classes must be completed to our satisfaction. You will be responsible for the travel, living expenses and any other costs incurred during these training programs and classes.

(D) Mahana Fresh Sign and Display Standards and Specifications.

We reserve the right to specify and designate by brand, model, size, type and any other relevant standards or specifications the digital and other signs and displays which must be used or displayed in yours and any other Mahana Fresh Restaurant, including the right to require that you purchase any relevant signs or displays from us or from our affiliates. To the extent any training is necessary or helpful with respect to digital or other signs or displays designated or specified by Mahana Fresh, the provisions of Section 14.8(C) of this Agreement shall apply to digital display and sign technology as well.

(E) Websites.

You must have and maintain adequate hardware and software in order to access the Internet at the bit speed we require from time to time. We may, but are not obligated to, establish an Internet website that provides information about the System and the products and services offered by Mahana Fresh Restaurants. In the event we exercise our right to create such a website, we have sole discretion and control over the website (including timing, design, contents and continuation). We may, but are not obligated to, create interior pages on our website(s) that contain information about your Restaurant and other Restaurants. If we do create these pages, we may require you to prepare all or a portion of the page for your Restaurants, at your expense, using a template that we provide. All such information will be subject to our approval prior to posting.

Except as approved in advance in writing by us, you may not establish or maintain a separate website, splash page, profile, or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Restaurants, including any profile on Facebook, Pinterest, Twitter, LinkedIn, Instagram, YouTube, Snapchat or any other social media and/or networking site. If such approval is granted by us, you must: (i) establish and operate such Internet site in accordance with System standards and any other policies we designate in the Operating Manual or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify such site(s).

We have the right to modify our policies regarding both our and your use of Internet websites as we deem necessary or appropriate for the best interests of the System. You acknowledge that we and/or our affiliates are the lawful, rightful, and sole owner of the Internet domain name www.Mahana Fresh.com, as well as any other Internet domain names registered by us, and you unconditionally disclaim any ownership interest in such domain names and any colorably similar Internet domain names. You agree not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by us or our affiliates or any abbreviation, acronym, phonetic variation, or visual variation of those words.

You are required to participate in any System-wide computer network, intranet system or extranet system that we implement and may be required by us to use such computer network, intranet system, or extranet system to, among other things: (i) submit your reports due under the this Agreement to us online; (ii) view and print portions of or updates to the Operating Manual; (iii) download approved local advertising materials; (iv) communicate with us and other franchisees; and (v) complete training. You agree to use the facilities of any computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that we include in the Operating Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory, or defamatory statements.

15. MARKS.

15.1. Usage.

You acknowledge that we have the right to sublicense the Marks and that any goodwill relating to your use of the Marks will inure to our benefit and the benefit of our affiliates. You shall use the Marks in full compliance with rules prescribed from time to time by us. You understand and acknowledge that our right to regulate the use of the Marks, includes, without limitation, the right to regulate, restrict or prohibit any use of the Marks in any form of electronic media such as web sites or web pages or as a domain name or electronic media identifier. Any unauthorized use of the Marks will constitute a breach of this Agreement and an infringement of our rights in and to the Marks. You will not use any Mark as part of any corporate name or with any prefix, suffix or other modifying words, terms, designs or symbols or in conjunction or association with any name or symbol used by you in connection with the operation of the Restaurant, nor may you use any Mark in connection with the sale of any unauthorized product or service or in any other manner not explicitly authorized in writing by us. All provisions of this Agreement applicable to the Marks will apply to any additional proprietary trademarks and commercial symbols we hereafter authorize you to use.

15.2. Infringements.

You agree to promptly notify us of any infringement of or challenge to your or our use of any Mark or claim by any person of any rights in any Mark. You agree that you will not communicate with any person other than us and our counsel in connection with any such infringement, challenge, or claim. We will have sole discretion to take such action as we deem appropriate and the right to exclusively control any litigation or Patent and Trademark Office or TTAB proceeding or other proceeding arising out of any infringement, challenge or claim or otherwise relating to any Mark. You agree to execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interests in any such litigation or Patent and Trademark

Office or TTAB proceeding or other proceeding or to otherwise protect and maintain our interest in the Marks.

15.3. Modifications or Substitutions

We reserve the right to substitute different Marks for use in identifying the Mahana Fresh System and the businesses operating thereunder. You must discontinue using all Marks which we have notified you, in writing, have been modified or discontinued within 10 days of receiving written notice and must promptly begin using such additional, modified or substituted Marks at your expense.

16. **INSPECTIONS.**

We or our designee will have the right at any time during business hours and without prior notice to conduct reasonable inspections of the Restaurant, its operations and its business records, including, but not limited to, information from the Restaurant's computers, and records and documents relating to the ownership and control of the Approved Entity and any other entity that has an interest in the operation of Restaurant, wherever located, and to take a physical inventory of the assets of the Restaurant. Inspections of the Restaurant will be made at our expense, unless we are required to make any additional inspections in connection with your failure to comply with this Agreement. In such event, we will have the right to charge you for the costs of making all additional inspections in connection with your failure to comply, including without limitation the travel expenses, room and board and compensation of our employees or the employees of our designee.

17. **TERMINATION AND EXPIRATION.**

17.1. Termination By Franchisee.

If you are in compliance with this Agreement and we materially breach this Agreement and fail to cure any breach within thirty (30) days after written notice is delivered to us, you may terminate this Agreement and the franchise effective ten (10) days after delivery of notice to us. A termination of this Agreement and the franchise by you without complying with these requirements or for any reason other than our material breach of this Agreement and our failure to cure the breach within thirty (30) days after receipt of written notice from you shall be deemed a termination by you without cause and a breach of this Agreement.

17.2. Immediate Termination By Mahana Fresh - Upon Written Notice.

We shall have the right to terminate this Agreement effective upon delivery of notice of termination to you, if:

- (a) you or any of your owners have made any material misrepresentation on any record or report required by us under this Agreement or on your application for the franchise, or in any other application submitted to us;
- (b) you do not open the Restaurant within nine (9) months from the date of this Agreement;
- (c) you are judged a bankrupt or file a bankruptcy petition, become cash flow, or balance sheet insolvent, make an assignment for the benefit of creditors, are unable to pay your debts as they become due in the ordinary course of business, or a petition under any bankruptcy law is filed by or against you, or a receiver or custodian is appointed for a substantial part of the assets of the Restaurant;
- (d) you abandon or fail to continuously and actively operate the Restaurant, or, without our prior written consent, permit any person other than a qualified employee designated by you, whose identity has been disclosed to us, to operate the Restaurant in your absence;
- (e) the lease or sublease for the Restaurant is terminated or cancelled or you are unable to renew or Mahana Fresh, LLC

extend the lease or sublease or you fail to maintain possession of the Restaurant premises unless you are permitted to relocate the Restaurant under Section 6.2 of this Agreement;

(f) you or any of your owners is convicted of a felony, or a crime which substantially impairs the goodwill associated with the Marks or you or any of your owners engages in any conduct which, in our judgment, adversely affects the reputation of the Restaurant or the goodwill associated with the Marks or involves dishonesty, fraud, deceit, or misrepresentation;

(g) you intentionally, recklessly, or with gross negligence under-report the royalty sales of the Restaurant for any period or periods;

(h) you or any of your owners violates any of the restrictions contained in Articles 19 or 20 of this Agreement;

(i) you intentionally or on more than one occasion during the term of this Agreement, violate any Child Labor Laws in connection with your operation of the Restaurant;

(j) an audit by us discloses an understatement of royalty sales and you fail to pay to us the applicable royalty fee and advertising contribution and interest due within ten (10) days after receipt of the final audit report;

(k) the interest of a deceased or permanently disabled person is not disposed of in accordance with the terms of this Agreement;

(l) you or any of your owners fail on three (3) or more occasions during any twelve (12) month period to comply with any one or more provisions of this Agreement, including without limitation, your obligation to submit when due sales reports or financial statements, to pay when due the royalty fees, advertising contributions or other payments due to us or our affiliates or subsidiaries or any other creditors or suppliers of the Restaurant, whether or not such failure to comply is corrected after notice is delivered to you;

(m) any of your assets or items used in the operation of the Restaurant are seized or you are otherwise denied the use of the property or access to the Restaurant because of your failure to pay any taxing authority or any amount due a creditor of the Restaurant, or because of any other act or omission of you or any of your owners; or, you fail to notify us of tax levy or delinquency; or,

(n) you fail to cease operating the Restaurant, or fail to correct the conditions in the Restaurant causing a present threat of imminent danger to public health or safety, after notice to you as provided in Section 17.4 of this Agreement.

17.3. Termination By Mahana Fresh - After Opportunity to Cure.

We shall have the further right to terminate this Agreement effective upon delivery of notice to you, if:

(a) you fail to obtain or maintain insurance required by us and you do not correct this failure within forty-eight (48) hours after written notice is delivered to you; provided, however, that we shall not exercise our right to terminate this Agreement if you immediately cease operating the Restaurant and obtain all such insurance within ten (10) days after written notice is delivered to you;

(b) you fail to comply with any provision of this Agreement or any specification, standard or operating procedure or rule prescribed by us which relates to the use of any Mark, safety and security, or the quality of bowls or other authorized food products or any beverage sold by you, or the cleanliness and sanitation of the Restaurant and you do not correct this failure within seven (7) calendar days after written notice is delivered to you;

(c) you fail to pay when due any amount owed to us, our affiliates or subsidiaries, or any creditor or supplier of the Restaurant or any taxing authority for federal state or local taxes (other than amounts being disputed through appropriate proceedings and subject to a good faith, bona fide dispute) and you do not correct such failure within ten (10) calendar days after written notice is delivered to you; or

(d) you or any of your owners fails to comply with any other provision of this Agreement or any specification, standard or operating procedure and fail to correct this failure within thirty (30) calendar days after written notice is delivered to you.

17.4. Immediate Cessation of Operations.

In the event that the conditions of the Restaurant or operations at the Restaurant, in our judgment, present a threat of imminent danger to public health or safety, we may require the immediate cessation of operations at the Restaurant upon delivery of a notice to you. The notice shall contain the reason we believe immediate cessation of operations is required. The parties shall address the conditions and develop a plan to correct all deficiencies within seven (7) days of the delivery of notice.

17.5. Obligations Upon Termination or Expiration.

Upon termination or expiration of this Agreement, you agree to:

(a) immediately return to us all copies of the Operating Manual;

(b) take such action as may be required to cancel all assumed name or equivalent registrations relating to the use of any Mark;

(c) notify the telephone company, postal service, and all listing agencies in writing of the termination or expiration of your right to use all telephone numbers, post office boxes, and all classified and other directory listings relating to the Restaurant and to authorize in writing the transfer of these to us or our franchisee or designee. You acknowledge that we have the sole rights to and interest in all telephone numbers, post office boxes, and directory listings relating to any Mark, and you authorize us to direct the telephone company, the postal service, and all listing agencies to transfer all telephone numbers, post office boxes, and directory listings to us, our franchisee or designee and if you fail or refuse to do so, the telephone company, postal service, and all listing agencies may accept our direction as evidence of our exclusive rights in the telephone numbers, post office boxes, and directory listings and our authority to direct the transfer. Upon execution of this Agreement or at any time thereafter, you agree to execute any written authorizations or pre-approved authorizations in the form prescribed by us directing the telephone company, postal service (including the conditional assignment of telephone numbers attached to this Agreement as Attachment F) and any listing agencies to transfer all telephone numbers, post office boxes, and directory listing to us, our franchisee or designee upon the occurrence of any such termination or expiration;

(d) immediately pay all royalty fees, advertising contributions and other charges which are due and owing under this Agreement;

(e) immediately cease identifying yourself as a Mahana Fresh Restaurant or as being associated with the Mahana Fresh System, including, without limitation, disabling and ceasing to permit the continued operation of any website relating to the Restaurant or the Mahana Fresh System or which utilizes the Marks and removing the Mahana Fresh Marks from Twitter, Facebook, Instagram, and other social media and stop identifying yourself as being associated with the Mahana Fresh System in all Social Media;

(f) if you retain possession of the Restaurant premises, at your expense, make such reasonable modifications to the exterior and interior of the Restaurant (including signage, menu boards, job aids, product photos and the like) as we require to fully eliminate its identification and appearance as a Mahana Fresh Restaurant. If you fail or refuse to fully de-identify the Restaurant to the extent and in the manner required by this Agreement, we may, at our option and in addition to other rights and remedies we may

have, make the modifications that are contemplated by this Agreement on your behalf and you agree to promptly pay and reimburse us on demand for any costs incurred by us or our designee including, without limitation, the proportionate compensation of our employees or our designee's employees who devote time and render services in the de-identification of the Restaurant; and

(g) make the Restaurant accessible and available for us to operate pursuant to Section 18.7 of this Agreement if we elect to do so.

17.6. Statutory Limitations.

If the state in which the franchisee's relevant Restaurant is located has enacted a franchise relationship law or statute restricting Mahana Fresh's right to terminate or non-renew this Agreement beyond the limitations set forth in this Agreement, then that law shall supersede the provisions of this Agreement only when and to the extent that the relevant franchise relationship law is in effect, applies to the relationship and location covered by this Agreement, has not been validly waived by the franchisee, and has not been deemed invalid or unenforceable by a court of competent jurisdiction.

18. **OPTION TO PURCHASE RESTAURANT.**

18.1. Option.

Upon the termination or expiration of this Agreement, except termination by you for cause, we shall have the exclusive option, but not the obligation, to purchase the assets of the Restaurant. For purposes of this section, the term "assets" shall mean the equipment, inventory, leasehold interests and improvements and favorable rights and covenants of the Restaurant, but exclusive of any vehicles other than trucks for serving bowls as defined in Paragraph 19.1. Our option shall commence upon expiration of this Agreement or on the date of termination as applicable, and shall continue for thirty (30) days thereafter, subject to extension as provided in this Section. You agree that if the termination is stayed, either by us or by judicial proceedings, or if we are not permitted to manage the Restaurant pursuant to Section 18.7, we will not be able to exercise our option within the 30 day period and you also agree that under those circumstances our option to purchase shall be extended, without further notice to you, for an additional time which shall include the entire time we are unable to exercise our option.

18.2. Purchase Price Under This Option.

The purchase price for these assets and the covenants shall be equal to fifty percent (50%) of royalty sales ("Base Amount") of the Restaurant during the fifty-two (52) full weeks immediately preceding the date of termination or expiration. The purchase price shall be allocated among the assets and covenants in the manner prescribed by us.

If the Restaurant has been in operation less than fifty-two (52) full weeks, the option price shall be the cost of the Restaurant plus twenty percent (20%). The term "cost" shall be defined as your documented expenditures for the equipment and leasehold improvements of the Restaurant.

18.3. Deductions From Purchase Price.

In the event we elect to purchase the assets of the Restaurant, the purchase price will be reduced by:

- (a) the total current and long-term liabilities of the Restaurant assumed by us as described below;
- (b) the amount necessary to upgrade and renovate the Restaurant to meet our then current standards for a Mahana Fresh Restaurant; and,
- (c) our reasonable attorneys' fees and litigation costs and expenses, including without limitation expert witness fees, incurred in connection with enforcing this Agreement or in securing possession of the Mahana Fresh, LLC

Restaurant.

We will assume all current and long-term liabilities, whether or not included on your financial statements up to the amount of the purchase price subject, however, to all defenses available to you. Further, the amount we charge for upgrading and renovating the Restaurant will not exceed one percent (1%) of the royalty sales of the Restaurant from the date of opening to the date of termination or expiration reduced by an amount equal to the total expenditures made by you for renovation and upgrading of the Restaurant at our request up to the date of termination or expiration.

18.4. Payment of Purchase Price.

The balance of the purchase price, after deductions described above will be payable as follows: twenty percent (20%) of the balance at the time of closing and the remainder in sixty (60) equal monthly installments of principal plus interest at a rate of interest per annum equal to the prime lending rate charged by Branch Banking & Trust of Winston-Salem North Carolina (or other bank or financial institution we may designate) determined as of the closing date with annual adjustments based on the prime rate charged on each anniversary date. The first payment will be due on the first day of the second succeeding calendar month following closing and the remaining payments on the first day of each month thereafter. On the first payment date, interest from the date of closing shall also be paid. If we elect to pay the entire purchase price at closing, we shall have the right to escrow such portion of the purchase price as we deem appropriate for a period of six (6) months to cover liabilities of the Restaurant. We shall notify you of claims asserted by creditors of the Restaurant against the escrow monies. You shall have forty-eight (48) hours to settle any claim with such creditor prior to disbursement of funds from the escrow. If there is a bona fide good faith dispute between you and a creditor of the Restaurant, you shall have thirty (30) days to reach a settlement with any such creditor as to the amount owed before we will disburse any escrow monies to such creditor. If you are unable to resolve the discrepancy with the creditor within the thirty (30) day period, we shall have the right to use the escrow monies to satisfy the claim of any such creditor. At the end of such six (6) month period, any remaining purchase price shall be remitted to you along with a statement prepared by us indicating the manner in which these funds were expended.

18.5. Real Property.

(a) In the event you or your owners own the real property on which the Restaurant is located, and such property is not a multi-tenant unit, we will also have the exclusive option to purchase this property. We shall exercise this option within the same period of time as provided in Section 18.1, as that time may be extended. The purchase price will be the fair market value as determined by an independent appraiser selected by both of us. If we cannot agree on an independent appraiser, we each shall select an independent appraiser who shall select a third independent appraiser. The independent appraiser selected by our appraisers shall determine the fair market value of the real property and his determination shall be final and binding on the parties. The purchase price will be payable in full at the closing minus customary pro-rations including the pay-off of existing mortgage liens.

(b) If we do not elect to purchase the real property, or if the property is in a multi-tenant unit, we or our designee will have the option to enter into a lease for a term of not less than five (5) years with an option by us or our designee to extend the term of the lease for two additional terms of five (5) years each. The lease shall contain the terms and conditions contained in the form of lease then used by us or our affiliates in connection with Mahana Fresh Restaurants owned and operated by us or our affiliates. The rental under the lease for the initial five (5) year term shall be the fair rental value of the property as determined by an independent appraiser selected in the manner described above. The rental shall be increased during the second five (5) year option term by the percentage that the National Consumer Price Index for Urban Wage Earnings and Clerical Workers as determined by the United States Department of Labor for the region in which the Restaurant is located (or a comparable index if such Index is not then being issued) has increased from the commencement date of the initial term until the last day of the initial term of the lease.

18.6. Closing.

The closing shall occur within thirty (30) days after we exercise our option to purchase the assets and/or real property or such later date as may be necessary to comply with applicable bulk sales or similar laws. At the closing, we both agree to execute and deliver all documents necessary to vest title in the purchased assets and/or real property in us free and clear of all liens and encumbrances, except those assumed by us and/or to effectuate the lease of the Restaurant premises. You also agree to provide us with all information necessary to close the transaction. We reserve the right to assign our option to purchase the Restaurant (and the real property to the extent applicable) or designate a substitute purchaser for the Restaurant. We agree, however, to be responsible for and shall guarantee payment of any deferred portion of the purchase price as provided in Section 18.4 of this Agreement in the event we designate a substitute purchaser of the assets of the Restaurant. If you do not execute and deliver any documents required, by execution of this Agreement, you irrevocably appoint us as your lawful attorney-in-fact with full power and authority to execute and deliver in your name all these documents. You also agree to ratify and confirm all of our acts as your lawful attorney-in-fact and to indemnify us and hold us harmless from all claims, liabilities, losses or damages suffered by us in so doing.

18.7. Operation During Option Period.

We will have the right, upon written notice to you, to manage, or designate one of our affiliates to manage, the Restaurant during the period in which we have the option to purchase the Restaurant as provided in Section 18.1 and for the period following the exercise of our option and prior to the closing, on the same terms and conditions as described in Section 20.7.

19. **RESTRICTIVE COVENANTS.**

19.1. In-Term Covenant.

You agree that, during the term of this Agreement, you will not, directly or indirectly for the benefit of you or your owners, or through or on behalf of or in conjunction with any other person, partnership or corporation, own, engage in, be employed in sales management or purchasing by, advise, assist, invest in, franchise, make loans to, or have any other interest, whether financial or otherwise, in in any other bowl restaurant business or restaurant business which offers products and services that are the same or substantially similar to the approved products and services that you and our franchisees are authorized to provide, now or in the future, at Restaurant locations (except for other Mahana Fresh Restaurants operated under franchise agreements entered into with us or other Mahana Fresh Restaurants in which you or your owners have an ownership interest) (a "Competing Business"). "Bowls" as used throughout this Agreement means and includes dishes that are comprised of: (i) a base element such as rice, vegetable rice, cruciferous vegetables, salad greens, noodles, or other carbohydrate base; and (ii) a protein component such as fish, steak, chicken, egg, pork, or any plant-based protein alternatives (e.g. tofu, soy protein, seitan, "Beyond Meat", "Impossible", etc.).

19.2. Post-Term Covenant.

You agree that, for a period of one (1) year after termination or expiration of this Agreement, or the date on which you cease to operate the Restaurant or use the Marks, whichever is later, you will not, directly or indirectly for the benefit of you or your owners, or through or on behalf of or in conjunction with any other person, partnership or corporation, own, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any other interest, whether financial or otherwise, in any bowl Restaurant Business located or regularly selling at the premises of the Restaurant or through mobile points of service (e.g., food trucks, kiosks or tents) or from another restaurant or fixed location within ten (10) miles of the premises of the Restaurant (except for other Mahana Fresh Restaurants operated under franchise agreements with us or other Mahana Fresh Restaurants in which you or your owners shall have an ownership interest) or within five miles of any Mahana Fresh Restaurant in any state in which you owned a Mahana Fresh Restaurant, excluding ownership of less than ten percent of the stock of shares in any corporation whose stock is Mahana Fresh, LLC

publicly traded. The covenant contained in this section shall not be deemed to impair, modify or change any covenant not to compete contained in any agreement for the purchase and sale of the Restaurant. "Bowl Restaurant Business" means any business, person or entity involved in selling bowls as a majority of its food sales or advertising itself as selling or serving primarily bowls, using the word "Fresh" in its trade name.

19.3. Ownership of Public Companies.

The covenants contained in this Article 19 shall not apply to ownership of less than a ten percent (10%) beneficial interest in the outstanding equity securities of any corporation whose stock is publicly traded.

19.4. Solicitation of Employees.

You agree that during the term of this Agreement you will not, directly or indirectly, solicit or employ any person who is employed by us, by any entity controlled by or affiliated with us or by any other of our franchisees if that solicitation or employment results in that person terminating his or her present employment and working for you, or if that solicitation or employment results in that person working in or for or operating a competing Restaurant Business Restaurant, chain, or franchised business.

19.5. Confidential Information and Trade Secrets; New Processes, Concepts, Improvements.

You agree to maintain the absolute confidentiality of the Operating Manual and all other information concerning the Mahana Fresh System, whether provided by us or a third party, during and after the term of the franchise, disclosing this information to the other employees of the Restaurant only to the extent necessary for the operation of the Restaurant in accordance with this Agreement, and that you will not use the Operating Manual or such other information in any other businesses or in any manner not specifically authorized or approved by us in writing. All historical data relating to the sale of all food and beverage products at the Restaurant (the "Confidential Information") also shall be deemed confidential and (a) you shall not use the Confidential Information in any other business or capacity; and (b) you shall maintain the absolute secrecy and confidentiality of the Confidential Information.

Ownership of all copyrights, patents, trade secrets, confidential business information, and business methods developed or paid for by us or our affiliates relating to the Mahana Fresh System (the "Mahana Fresh Proprietary Materials") will remain with us or our affiliates. Ownership of all copyrights, patents, trade secrets, confidential business information, and business methods developed by you, any Controlling Person, or any owner of more than 19.9 percent of the stock of any Approved Entity relating to the Mahana Fresh System or products (also "Mahana Fresh Proprietary Materials") will belong and be assigned to us or our affiliates.

You acknowledge and agree that certain information, including (i) current customer and prospective customer names and addresses, (ii) information about credit extensions to customers, customer service purchasing histories, (iv) rates charged to customers, and (v) sources of suppliers and purchasing arrangements with suppliers, also constitute the trade secrets and Confidential Information of us. You may divulge such Confidential Information only to your employees who must have access to it in order to perform their employment obligations. You must require your Controlling Person and any personnel having access to any of our Confidential Information to sign an agreement stating that they will maintain the confidentiality of information they receive in connection with their employment and restricting their right to work for a competitor while they are employed by you. Such agreement, which will be in a form that we prescribe, will identify us as a third party beneficiary to the agreement and will give us independent enforcement rights.

Nothing contained herein shall prevent you from discussing with potential franchisees your experience as a Mahana Fresh franchisee provided that you do not reveal or discuss Confidential Information or Mahana Fresh Proprietary Materials.

19.6. Owners of Approved Entity.

If you are an Approved Entity, then each owner, by executing this Agreement, shall be bound by the provisions contained in this Agreement, including the restrictions set forth in this Article 19. Further, a violation of any of the provisions of this Agreement, including the covenants contained in this Article 19, by any owner shall also constitute a violation by you of your obligations under this Agreement, because you represent and warrant each of these Owners' compliance with this Agreement.

19.7. Distribution of Products Related to the Mahana Fresh System.

During and after the term of this Agreement, you and your owners agree not to sell or otherwise distribute any products or items bearing any of the Marks or which are used at any time in connection with any advertising, promotional or operational program other than to customers of your Restaurant in the ordinary course of business or to another Mahana Fresh franchisee in good standing at the time of any proposed transfer approved by us.

19.8. Ownership Structure.

You agree to fully comply with all rules, policies, and procedures from time to time prescribed by us relating to the ownership structure of an Approved Entity. If you are an Approved Entity, you agree that the Controlling Person who has been approved by us will at all times during the term of this Agreement own and control forty percent (40%) or more and the largest share of the absolute voting and ownership interests of the Approved Entity and own the largest percentage equity interest therein, unless the Controlling Person obtains our prior written approval for a different ownership structure. You also agree to submit to us for our review and approval any proposed change in ownership structure or percentages before attempting any change in the ownership or control of the Approved Entity. In the interest of preventing stalemates and disputes, neither the franchisee nor the Approved Entity may be owned or controlled under any arrangement whereby the ownership, control or voting rights are owned or controlled by two persons or entities, or one person and one entity, on a 50/50 basis.

20. ASSIGNMENT.

20.1. By Mahana Fresh.

This Agreement is fully assignable by us and the assignee or other legal successor to our interests will be entitled to all of the benefits of this Agreement.

20.2. By Franchisee.

This Agreement is personal to you and your owners (if you are an Approved Entity). Accordingly, neither you nor any of your owners may assign or transfer this Agreement, any interest in this Agreement or, if you are an Approved Entity, any interest in an Approved Entity except as specifically authorized under this Agreement. A transfer of ownership of the Restaurant (or its assets) may only be made in conjunction with a transfer of this Agreement. Any attempted assignment or transfer not in accordance with this Agreement shall have no effect and shall constitute a material breach of this Agreement.

20.3. Assignment to an Approved Entity.

We will allow you to assign this Agreement and the Restaurant (and its assets) to an Approved Entity for the convenience of ownership of the Restaurant, provided that:

- (a) the Approved Entity conducts no business other than the operation of the Restaurant or other Mahana Fresh Restaurants (or other related activities authorized under this Agreement);
- (b) the Approved Entity is actively managed by you;

(c) the person designated as the Controlling Person owns and controls not less than forty percent (40%) and the largest share of such partnership, the equity and voting power of all classes of issued and outstanding capital stock of such corporation, the membership interest in the limited liability company or the voting and ownership interests of such entity; and

(d) all owners meet our requirements as established from time to time by us and agree to guarantee the obligations of the Approved Entity under this Agreement and to be bound by the terms of this Agreement in the manner prescribed by us.

If you are an Approved Entity or if this Agreement is assigned to an Approved Entity, you must comply with the requirements set forth in this Section 20.3 throughout the term of this Agreement. The organization documents of any Approved Entity owning the franchise, including all stock certificates, shall recite that they are subject to all restrictions contained in this Agreement. We shall also have the right to require, as a condition of any assignment of this Agreement to an Approved Entity or the operation of the franchise by an Approved Entity, that the owners enter into a buy/sell agreement among themselves in a form and containing such terms as we prescribe for transfers of ownership interests in such Approved Entity. You shall provide us with all documents to be executed in connection with any such assignment and we shall use our reasonable efforts to approve or disapprove these within thirty (30) days after receipt.

20.4. Assignment or Transfer to Others.

We will permit sales, transfers or assignments of this Agreement or, if you are an Approved Entity, of an ownership interest in the Approved Entity to others provided:

(a) you (and your owners) are not in default under this Agreement or any other agreement with us or our subsidiaries or affiliates or any other creditor or supplier of the Restaurant;

(b) the proposed transferee or assignee (and its Controlling Person and all other owners if it is an Approved Entity) meets our then-applicable standards for franchisees or owners;

(c) the proposed transferee or assignee (and its owners) is not engaged in any other Restaurant Business business activity without our prior written consent, except other Mahana Fresh Restaurants;

(d) the proposed transferee or assignee (and its owners if it is an Approved Entity) must sign our then-current form of standard franchise agreement for a term equal to the remaining term of this Agreement or, at our election, the then-current term if longer;

(e) the proposed transferee or assignee (or the person designated by us) must complete all required training to the extent required by us;

(f) at our request, the proposed transferee or assignee refurbishes the Restaurant in the manner and subject to the provisions prescribed in Articles 8 and 14;

(g) the proposed transferee or assignee pays us a transfer fee of equal to the greater of: (A) \$4,000.00, or (B) ten percent (10%) of the then-applicable single Restaurant initial franchise fee (whichever is higher); and,

(h) this Agreement is terminated according to the terms of our customary form of mutual termination agreement.

You must provide us with all documents to be executed by you and/or your owners and the proposed purchasers in connection with any transfer or assignment at least thirty (30) days prior to signing.

20.5. Death or Permanent Disability.

Upon your death or permanent disability or the death or permanent disability of the Controlling Person, this Agreement or the ownership interest of such deceased or permanently disabled Controlling Person must be transferred to, a party approved by us. Any transfer, including, without limitation, transfers by devise or inheritance or trust provisions, shall be subject to the same conditions for transfers which are contained in this Agreement. Except as otherwise prescribed by us in writing, your personal representative or the personal representative of such Controlling Person shall submit to us a proposal meeting the requirements for transfer of this Agreement or such ownership interest within one hundred and twenty days (120) days of your death or permanent disability or the death or permanent disability of such Controlling Person. We agree to communicate our approval or disapproval of any such proposal within fifteen (15) days of receipt. We will not unreasonably withhold our consent to the transfer of this Agreement or such ownership interest to your spouse, heirs or relatives or to the spouse, heirs or relatives of such deceased or permanently disabled Controlling Person, provided the requirements of Section 20.4 are satisfied. We agree to make our primary members and executive team (or their successors or equivalents) available during such one hundred and twenty (120) day period to evaluate any proposal regarding transfer of this Agreement or such ownership interest, including any request that we consider purchasing the franchise or such ownership interest. Your personal representative or the personal representative of such deceased or permanently disabled Controlling Person shall complete the transfer of this Agreement or such ownership interest within sixty (60) days from the date of our approval of any such proposal. Upon the death of any other owner, the interest of such owner shall be transferred within a reasonable time to a person meeting our requirements. All such transfers must also comply with Section 20.4 of this Agreement. Your or any of your owners' failure to transfer the interest in accordance with the provisions of this Section or attempted a transfer a violation of this Agreement, shall be considered a material breach of this Agreement.

20.6. Definition of Permanent Disability.

You or your Controlling Person, will be deemed to have a "permanent disability" if you or your Controlling Person's usual, active participation in the Restaurant as contemplated by this Agreement is for any reason curtailed or prevented for a substantially continuous period of six (6) months, or if you become imprisoned, hospitalized, a resident of a mental institution, or in a persistent vegetative state for a substantially continuous period of six months.

20.7. Operation by Mahana Fresh After Death or Permanent Disability.

We shall have the right to appoint a manager for the Restaurant if in our judgment the Restaurant is not being managed properly after your death or permanent disability or the death or permanent disability of the Controlling Person. Our right to appoint a manager for the Restaurant includes the right to temporarily or permanently cease operations at the Restaurant, if in our reasonable judgment continued operation of the Restaurant will adversely affect the Marks, the long-term reputation of the Restaurant or the Mahana Fresh System, or present a risk to public health, welfare and safety, including the well-being of the employees of the Restaurant. All funds from the operation of the Restaurant during the management by our appointed manager will be kept in a separate fund, and all expenses of the Restaurant including compensation, other costs, and travel and living expenses of our manager will be charged to this fund. The royalty fee and advertising contributions payable under this Agreement and all other financial contributions owed under this Agreement shall continue during the period in which the Restaurant is managed on your behalf. In managing the Restaurant, our obligation will be to use commercially reasonable efforts in our reasonable business judgment to ensure the Restaurant is properly managed, and neither we nor our affiliates will be liable for any debts, losses, or obligations of the Restaurant, to any of your creditors for any products, materials, supplies, or services purchased by the Restaurant prior to during the time of management by our appointed manager. If the separate fund that is established is insufficient to pay the expenses of the Restaurant, we will notify you or your executor, administrator, conservator or other personal representative and this person must deposit in the fund within five (5) business days, any amount required by us to attain a reasonable balance in the fund.

20.8. Right of First Refusal of Mahana Fresh.

If you or your owners propose to sell all or any part of the Restaurant (or its assets) or, if you are an Approved Entity, any ownership interest in an Approved Entity, or you or your owners obtain a bona fide, executed written offer to purchase this interest, you or your owners are obligated to properly notify us and deliver a copy of any bona fide offer to us along with all documents to be executed by you or your owners and the proposed assignee or transferee. Our right of first refusal shall commence upon the date of our receipt of the following: (i) the bona fide, executed written offer to purchase; (ii) all documents to be executed by you or your owners and the proposed assignee or transferee; (iii) all documents related to the operation of the Restaurant which you are required to provide us, including, but not limited to a current copy of the lease for the Restaurant and such financial statements as are required of you under Section 13.2 of this Agreement; and (iv) your notice that you are specifically submitting the documents to give us the right to exercise our right of first refusal, and shall continue for a period of thirty (30) days thereafter. Failure to submit any one or more of the items, including the notice of the purpose of the submission, shall result in our right of first refusal being extended until 30 days after we receive all of the required documents and the notice. We shall exercise the right to purchase the Restaurant (or its assets) or such ownership interest for the price and on the terms and conditions contained in the offer by giving written notice to you or your owners. We may substitute equivalent cash for any form of payment proposed in such offer or designate a substitute purchaser for the Restaurant (or the assets) or the ownership interest being offered, provided that we will assume responsibility for the performance of any other purchaser we may designate. If the offer is to purchase the interest of a Controlling Person and is for less than all of the outstanding interests of the Approved Entity, we shall also have the right, during the same period of time described above and upon written notice to the other owners, to purchase the remaining shares of capital stock, partnership interest or membership interest at a per share or per unit or interest price equivalent to the price being offered under the bona fide offer to the Controlling Person. If we do not exercise this right of first refusal, the offer may be accepted by you or your owners, subject to our prior written approval as provided in this Agreement. If the offer is not accepted by you or your owners, within sixty (60) days, we will again have the right of first refusal to purchase the Restaurant as described above. This section will not apply to transfers made in accordance with Section 20.3 of this Agreement.

21. **CONTRACT INTERPRETATION AND ENFORCEMENT.**

21.1. Effect of Waivers.

No waiver by us of any breach or a series of breaches of this Agreement shall constitute a waiver of any subsequent breach or waiver of the performance of any of your other obligations under this Agreement. Our acceptance of any payment from you or the failure, refusal or neglect by us or you to exercise any right under this Agreement or to insist upon full compliance with our or your obligations under this Agreement or with any specification, standard or operating procedure or rule will not constitute a waiver of any provision of this Agreement. Mahana Fresh cannot waive any default, breach, or condition of this Agreement except through a signed writing signed by duly authorized officer of both Mahana Fresh and by the Franchisee.

21.2. Cost of Enforcement.

If any legal or equitable action is commenced, either to challenge, interpret, or to secure or protect our rights under or to enforce the terms of this Agreement, in addition to any judgment entered in our favor, we shall be entitled to recover such reasonable attorneys' fees, costs, expenses and expert witness fees as we or anyone acting on our behalf may have incurred together with court costs and expenses of litigation.

21.3. Indemnification of Mahana Fresh.

If we or any of our subsidiary or affiliated companies or any of our or their agents or employees are required to produce records or testify at trial or in deposition or are subjected to any claim, demand or penalty or become a party to any suit or other judicial or administrative proceeding brought by any person or persons

(including your employee or prior employee) or any other person or entity by reason of any claimed act or omission by you, your employees or agents, or by reason of any act or omission occurring on the Restaurant premises, or in your territory or primary area of responsibility, or while on the way to or from the Restaurant, by reason of an act or omission with respect to the business or operation of the Restaurant, including but not limited to acts or omissions arising out of the maintenance or use of a motor vehicle, you shall defend and indemnify and hold us, our subsidiary and affiliated companies, or any of our or their agents or employees, harmless against all judgments, settlements, penalties, and expenses, including attorney's fees, expert witness fees, court costs and other expenses of litigation, arbitration or administrative proceedings, incurred by or imposed on us, our subsidiary and affiliated companies, or any of our or their agents or employees, in connection with the testimony, production, investigation or defense relating to such claim or litigation, arbitration or administrative proceedings. Your indemnification obligations described above will continue in full force and effect after, and notwithstanding, the expiration or termination of this Agreement.

21.4. Construction and Severability.

All references in this Agreement to the singular shall include the plural where applicable, and all references to the masculine shall include the feminine and vice-versa. If any part of this Agreement for any reason shall be declared invalid, such decision shall not affect the validity of any remaining portion, which shall remain in full force and effect. If any applicable law or rule requires a greater prior notice of the termination of or election not to renew this Agreement, or the taking of some other action than is required under this Agreement, the prior notice or other requirements required by this law or rule shall be substituted for the requirements of this Agreement while and to the extent those laws or rules remain in effect and applicable to the Restaurant and its territory or primary area of responsibility and have not been effectively waived by the franchisee or declared invalid or inapplicable by any court of competent jurisdiction. If any covenant in this Agreement which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited and/or length of time, but would be enforceable by reducing any part or all thereof, the parties agree that same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought.

21.5. Scope and Modification of Agreement.

This Agreement constitutes the entire agreement between the parties and supersedes all prior and contemporaneous oral or written agreements or understandings of the parties regarding the subject matter of this Agreement for the Restaurant at issue. No modification, amendment or waiver of this Agreement or any of its terms or provisions shall be valid or binding unless it is set forth in a writing signed by the party to be charged with surrendering rights or benefits of incurring additional obligations. No modification, waiver, termination, rescission, discharge or cancellation of this Agreement shall affect the right of any party to enforce any claim or right under this Agreement, whether or not liquidated, which occurred prior to the date of such modification, waiver, termination, rescission, discharge or cancellation. Nothing contained in this Agreement or in any related agreement is intended to disclaim any representation made by Mahana Fresh in any franchise disclosure documents.

21.6. Dispute Resolution, Mandatory Mediation, Arbitration and Governing Law.

(a) Choice of Law. The terms and provisions of this Agreement shall be interpreted in accordance with and governed by the laws of the State of Florida, excluding its choice of law rules, and excluding the Florida Retail Franchising Act as to any Restaurant not physically located in Florida.

(b) Mediation and Arbitration. Any and all disputes arising from or relating to the parties' relationship, or this Agreement shall be subject to mandatory mediation which shall be conducted and completed in Sarasota, Florida within thirty (30) days of written demand therefore. Any disputes not resolved by mandatory mediation shall be resolved by binding arbitration within 120 days of the initial written demand, therefore. The arbitration hearing shall be held in Sarasota County, Florida pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The arbitration award shall be reviewable only by state or federal courts in or having jurisdiction over Sarasota, Florida only for clear error of fact or law.

and on any additional statutory grounds for vacationing or reversing an arbitration award. Franchisor shall be entitled to recover its reasonable attorneys' fees and litigation costs and expenses including expert witness fees if it is the substantially prevailing party in any arbitration or litigation relating to this Agreement or the parties' relationship. Nothing contained herein shall preclude any party from commencing a suit in court for temporary or preliminary injunctive relief to prevent irreparable harm pending the arbitration decision, provided that any such suit for temporary or preliminary injunctive relief shall be commenced and maintained exclusively in state or federal courts in or having jurisdiction over Sarasota County, Florida.

(c) Third-Party Beneficiaries. Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of this Agreement and the mediation and other dispute resolution provisions contained herein, each having authority to specifically enforce the right to mediate and litigate claims asserted against such person(s) by Franchisee.

(d) Injunctive Relief. Nothing in this Agreement will prevent Franchisor from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause Franchisor loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, Franchisee's only remedy will be court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Franchisee expressly waives all claims for damages Franchisee incurred as a result of the wrongful issuance.

(e) JURY TRIAL AND CLASS ACTION WAIVER. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES. THE PARTIES AGREE THAT ALL PROCEEDINGS, WHETHER LITIGATION OR MEDIATION, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE AND FRANCHISEE'S PRINCIPALS AND YOU, AND FRANCHISOR OR ITS AFFILIATES OR EMPLOYEES, MAY NOT BE CONSOLIDATE WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER PERSON OR ENTITY.

(f) Limitation on Action. Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances reasonably indicating that such Franchisee may have a claim against the Franchisor, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off.

(g) Franchisee Waiver. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

(h) Waiver of Punitive Damages. Franchisee waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which it may have against Franchisor, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery shall be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, Franchisee's waiver of any right to claim any consequential damages.

21.7. Costs and Attorney's Fees. If Franchisee is in breach or default of any monetary or non-monetary material obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must pay all reasonable attorneys' fees, court costs and litigation expenses Franchisor incurs. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

21.8. Notices.

All written notices permitted or required to be delivered by the provisions of this Agreement or of the Operating Manual shall be deemed so delivered when delivered to you by hand, three (3) days after having been placed in the United States Mail by Registered or Certified Mail, one (1) day after being placed in the hands of a commercial courier service for next day delivery, one (1) day after transmission by facsimile or other electronic system (including electronic mail), and addressed to us at our most current principal business address or to you at the most current principal business address or home address of which we have been notified in writing.

You must maintain and keep us informed of a valid e-mail address for the franchisee and any Controlling Person throughout the term of this Agreement.

21.9. Independent Contractors.

The parties to this Agreement are independent contractors and no training, assistance, or supervision which we may give or offer to you shall be deemed to negate such independence or create a legal duty on our part. Neither we nor any of our affiliates shall be liable for any damages to any person or property arising directly or indirectly out of the operation of the Restaurant, including but not limited to those damages which may occur while your employees are performing or returning from errands or work. Nor shall we or any of our affiliates have any liability for any taxes levied upon you, your business, or the Restaurant. The parties further acknowledge and agree the relationship created by this Agreement and the relationship between us is one of independent contractors at arm's length, and not a fiduciary relationship nor one of principal and agent. Furthermore, neither we nor our affiliates have any relationship with your employees and have no rights, duties, or responsibilities with regard to their employment by you. You acknowledge and agree that you do not have the authority to act for us or on our behalf or to contractually bind us or our affiliates to any agreement. No party to this Agreement shall have any authority to assume any liability for the acts of the other, or to alter the legal relationships of the other. Only the named parties to this Agreement shall have rights hereunder and you shall not have any rights under any other franchise agreement to which you are not a party.

21.10. Acknowledgment.

You acknowledge and agree that this Agreement may not be modified, amended, or changed, and that Mahana Fresh's rights may not be waived, except by a writing signed by all parties.

21.11. Authority and Binding Effect.

You, your Approved Entity, your Controlling Person, and each of your Owners represent and warrant that you and each and all of them have the legal right with respect to one another and third parties to enter into this Agreement and into the Covenants of Owners and to be involved in the ownership and operation of the franchised Restaurant and Restaurant Business, that doing so will not violate any contractual or legal obligations or duties to one another nor to any third party, and that you will not use any trade secrets, confidential business information, copyrighted or patented materials, or other proprietary materials or information of any third party in establishing or operating the franchised business without a written license

to do so. This Agreement is binding upon the parties and their heirs, approved assigns and successors in interest.

21.12. Effective Date of this Agreement.

This Agreement shall become effective upon the date of its acceptance and execution by us.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE AS OF THE DATE LISTED IN ATTACHMENT A.

FRANCHISEE:

[FRANCHISEE ENTITY]

By:

Name:

Title:

Date:

FRANCHISOR:

MAHANA FRESH, LLC

By:

Name:

Title:

Date:

ATTACHMENT A

FRANCHISEE SPECIFIC TERMS

Effective Date:

Franchise Fee:

Franchisee Name:

Ownership of Franchise:

Owner Name	Ownership Percentage
	%
	%
	%

Franchisee Address:

Franchisee Phone:

Franchisee Email:

Principal Executive:

Designated Representative:

Protected Territory:

[Attach map or list of distinguishing territory features such as list of zip codes]

FRANCHISEE:

[FRANCHISEE]

Signature:

Name:

Title:

FRANCHISOR:

MAHANA FRESH, LLC

Signature:

Name:

Title:

SCHEDULE 1 TO ATTACHMENT A

LOCATION ACCEPTANCE LETTER

(to be completed after site selection and acceptance)

Date:

1. **Preservation of Agreement.** Except as specifically set forth in this letter, the Franchise Agreement shall remain in full force and effect in accordance with its terms and conditions. This letter is attached to and upon execution becomes an integral part of the Franchise Agreement.

2. **Authorized Location.** The Authorized Location shall be the following:

3. **Protected Territory.** Pursuant to the Franchise Agreement, Franchisee's Protected Territory will be defined as follows (if identified on a map, please attach map and reference attachment below):

FRANCHISOR:

MAHANA FRESH, LLC

Signature:

Name:

Title:

ATTACHMENT B

COVENANTS OF OWNERS

The undersigned individuals (the "Owners") represent and warrant to Mahana Fresh that they are all of the owners of Franchisee and all of the persons who otherwise have a direct or indirect interest in the success of Franchisee and that the person designated below as the Controlling Person is the Controlling Person of the Approved Entity under this Agreement. Further, to induce Mahana Fresh to enter into this Agreement and grant the franchise to Franchisee, each of the Owners hereby jointly and severally unconditionally guarantees the payment and performance by Franchisee of all of its obligations, indebtedness, and liabilities of Franchisee to Franchisor, direct or indirect, absolute or contingent, of every kind and nature, whether now existing or incurred from time to time hereafter under the Franchise Agreement and agrees to be bound by all of the provisions of this Agreement, including, without limitation, the restrictions contained in Articles 18, 19 and 20 of this Agreement.

The Owners waive presentment, demand, notice of dishonor, protest, and all other notices whatsoever, including without limitation notices of acceptance hereof, of the existence or creation of any liabilities of Franchisee, of the amounts and terms thereof, of all defaults, disputes, or controversies between Franchisor and Franchisee and of the settlement, compromise, or adjustment thereof. This guarantee is primary and not secondary, and will be enforceable without Franchisor having to proceed first against Franchisee or against any or all of the Owners or against any other security for the liabilities of Franchisee. This guarantee will be effective regardless of the insolvency of Franchisee by operation of law, any reorganization, merger, or consolidation of Franchisee, or any change in the ownership of Franchisee.

Each Owner also acknowledges and agrees that:

The Approved Entity shall be managed solely by the Controlling Person and that the Controlling Person may not be removed by any action of the Approved Entity or its Owners without the prior written consent of Mahana Fresh;

The Controlling Person shall at all times during the continuation of this Agreement have not less than forty percent (40%) and the largest share of the equity and voting power and/or interests in the Approved Entity and any provision or term in the governing or establishing documents for the Approved Entity or any agreement between the Owners to the contrary is and shall be void for all purposes;

The establishing or governing documents for the Approved Entity do not provide for a "supermajority" or other voting structure that would require the Controlling Person to have more than 51% of the equity and voting structure in order to maintain control over the Approved Entity and that no Owner(s) has any type of "veto" rights and that no voting trusts have been established which would restrict or limit the voting control of the Controlling Person. If such provision or term exists in the establishing or governing documents or other agreements, the Owners agree that it shall be void for all purposes;

The Controlling Person has, as of the date of execution of this Agreement, the option, but not the obligation, exercisable on thirty (30) days' notice, to purchase any or all of the equity and voting interest owned by the other Owners for a sum certain which has been determined prior to the execution of this Covenant of Owners (which may be modified by the Owners). If for any reason all Owners have not agreed upon a purchase price, the undersigned Owner(s) agree that the purchase price for their interest shall be calculated by determining the formula price in this Agreement for all of the Mahana Fresh Restaurants which the Approved Entity operates and subtracting from such formula price all of the current and long-term liabilities of Franchisee. The result of such computation shall be multiplied by the ratio that the Owner's interest bears to all outstanding ownership interests in the Approved Entity. Upon tendering the purchase price for each Owner's interest, the Owners hereby agree to convey such interest and such commitment shall be subject to enforcement by any court of competent jurisdiction through specific performance;

If the Controlling. Person receives a bona-fide offer and desires to sell the franchise, the Franchisee can require the other Owners to sell his/her interest in accordance with the terms of the bona-fide offer.

None of the Owners has made, provided, received or taken any security interest in this Agreement or any pledge of any equity or interest in the Approved Entity and no such security interest or pledge shall be made, provided, received or taken during the continuation of this Agreement.

Neither the Franchisee nor the Approved Entity are or will be owned or controlled under any arrangement whereby the ownership, control or voting rights are owned or controlled by two persons or entities, or one person and one entity, on a 50/50 basis.

These Covenants of Owners are intended to modify and supersede any provisions of the establishing or governing documents for the Approved Entity or other agreement between the Owners which are inconsistent with its terms. In the event of any inconsistency between these Covenants of Owners and any other agreement or governing or establishing document, these Covenants of Owners shall control. The undersigned acknowledge that the execution of these Covenants of Owners are conditions to approval by Mahana Fresh of assignment or entry of this Agreement with Mahana Fresh, and Mahana Fresh shall be entitled to refuse to acknowledge or recognize any provisions of the governing or establishing documents of the Approved Entity which are inconsistent with the terms of these Covenants of Owners or this Agreement. Each of the Owner(s) agrees that in the event that any of the governing or establishing documents for the Approved Entity are inconsistent with the provisions of these Covenants of Owners, the Controlling Person is granted the authority and power to modify or amend such provision and each Owner agrees to cast any necessary vote in favor of the amendment of such document or to execute such agreement as will reconcile these Covenants of Owners and the applicable document or agreement. The undersigned further agree that the governing and establishing documents of the Approved Entity shall not be amended, modified, deleted, novated, or otherwise changed in any manner without the prior written consent of Mahana Fresh.

The governing law, dispute resolution, and all other provisions set forth in Section 21.6 of the Franchise Agreement shall apply to any and all disputes arising out of or in connection with this Covenant of Owners as if set forth fully herein.

This Covenant of Owners will be binding upon the Owners and their respective heirs, executors, successors, and assigns, and will inure to the benefit of Franchisor and its successors and assigns.

ACKNOWLEDGED:

CONTROLLING PERSON AND OWNERSHIP %

(list additional owners and their respective % stake, as necessary)

Signed:

Name:

Ownership %:

Date:

ATTACHMENT C

LEASE RIDER

THIS RIDER TO LEASE (the "Rider") is made as of the date signed below by and between [TENANT/FRANCHISEE] ("Tenant") and [LANDLORD] ("Landlord").

WHEREAS, concurrently with the execution of this Rider, Tenant, a franchisee of Mahana Fresh, LLC ("Franchisor"), and Landlord have entered into a lease for the premises of Tenant's Mahana Fresh Restaurant located at: [FRANCHISE LOCATION] (the "Lease").

WHEREAS, as a condition to Franchisor's grant of a franchise to a franchisee, Franchisor requires that certain provisions be contained in the Lease entered into by its franchisees.

WHEREAS, to evidence Landlord's and Tenant's agreement to these terms, the parties hereby enter into this Rider to Lease.

NOW, THEREFORE, the parties agree as follows:

1. Inconsistency between Lease and Rider. In the event of any inconsistency between the terms of the Lease and this Rider, the terms of this Rider shall prevail.
2. Use and Occupancy. Tenant may use the leased premises (the "Premises") as a Restaurant for the preparation, consumption and carry-out of freshly prepared bowls and other food products, side dishes, non-alcoholic beverages for on-premises and off-premises consumption and beer and wine and those items customarily sold, either now or at an applicable time in the future, in a Mahana Fresh Restaurant or other similar enterprise or establishment so long as such future use does not conflict with any applicable governmental laws, rules and regulations or any exclusive use granted prior to the date of this Lease to other tenants within the shopping center. Any retail food or beverage establishment with which Tenant or Franchisor enters into a co-branding agreement or relationship shall be deemed a "similar enterprise" for purposes of this paragraph.
3. Assignment of Lease. Anything contained in the Lease to the contrary notwithstanding, Landlord agrees that the Lease and the right, title and interest of the Tenant and any subsequent or successor Tenant thereunder, may and shall be assigned, at the sole and exclusive option of Franchisor, to Franchisor or an approved franchisee of Franchisor (each, a "Successor Tenant") provided Landlord receives notice of such assignment, and further provided, that the assignee shall execute such documents evidencing its agreement to thereafter keep and perform all of the obligations of Tenant arising under the Lease from and after the time of such assignment. If the Lease is assigned to Franchisor and Franchisor subsequently assigns it to an approved franchisee of Franchisor, then in that case Franchisor shall be released from any liability under the Lease from that date forward. Further, Successor Tenant shall have no responsibility for prior defaults under the Lease and Landlord shall not terminate the Lease upon assignment.
4. Notice of Default. Landlord shall give written notice via USPS Certified Mail to Franchisor at P.O. Box 3566, Sarasota, Florida 34230, Attn: Franchise Services, of any default by Tenant under the Lease and Franchisor may cure such default at its sole option. Franchisor shall have an additional ten days after the Tenant's cure period to cure any default, but in no case less than ten days after receipt of notice.
5. Adequate Parking. Tenant and its employees, customers, and invitees shall have the right to use a minimum of twenty (20) spaces of the parking lot adjoining the Premises either reserved for Tenant or in common with other tenants.
6. Outdoor Seating. Tenant shall be entitled to have and maintain at least five (5) tables or benches seating at least four (4) people each outdoors in front of or beside the leased Premises at no additional cost or rent.

7. Standard Signage. Tenant has the right to install the customary and usual Mahana Fresh display signs on and adjacent to the Premises and on any pole type or tenant shared sign, subject to Landlord's approval, which will not be unreasonably withheld, and subject to applicable zoning ordinances and restrictive covenants.

8. Exclusivity. Landlord covenants and agrees that no other competitive business, enterprise, restaurant, kiosk, or operation currently exists, and that Landlord will not directly or indirectly permit any competitive business, enterprise, restaurant, kiosk, or operation to open or operate, in the same mall or shopping center as the leased Premises, or within five hundred feet of the leased Premises in any building, mall or shopping center owned, leased, managed or controlled by Landlord. A "competitive business" shall mean and include any business, enterprise, restaurant, kiosk, or operation selling primarily bowls, or having over half of its sales consisting of any of the foregoing items individually or in combination.

9. Adjoining Uses. Landlord covenants and agrees that no tattoo parlor, adult bookstore, or adult theater currently exists, and that Landlord shall not permit, directly or indirectly, any tattoo parlor, adult bookstore, or adult theater to be operated within five hundred (500) feet of the leased Premises in any building or shopping center owned, leased, managed, or controlled by Landlord. As a guideline for determining what is an "adult bookstore" or "adult theater" the parties agree that any commercial establishment that frequently shows or has a significant portion of its business in display, sale, rental, or viewing of publications, books, films, videos or other visual representations or reproductions that are rated X, XX or XXX, or which are characterized by an emphasis on the exposure, depiction, or description of breasts, genitalia or private parts, or on the conduct or simulation of sexual activities, shall not be permitted as an Adjoining Use under this section.

10. Payment of Rent. Notwithstanding anything in the Lease to the contrary, Tenant and Landlord acknowledge that Tenant's rent or lease obligations shall not be determined based upon Tenant's sales.

11. No Radius or Relocation Clauses. Any restrictions on other Mahana Fresh Restaurant or franchise locations and any relocation of Premises provisions in the Lease permitting Landlord to unilaterally move or relocate Tenant's restaurant or business are hereby deleted.

12. Alterations. Tenant shall have the right to close for up to thirty (30) days once every five years to refurbish and redecorate the Premises. Landlord's approval for this shall not be required if the work is all to the interior of the Premises.

13. Co-Tenancy. If the space currently occupied by (insert name of major or anchor tenant or state Not Applicable) is not open for business to the public and continuously operating, fully staffed, stocked and fixtured, in at least ninety percent (90%) of the space which it occupies in the Shopping Center as of the date hereof, or less than fifty percent (50%) of the leasable square footage in the Shopping Center is open for business to the public (either event being referred to herein as a "Co-Tenancy Failure"), then the minimum and additional rent payable by Tenant under the Lease shall abate from the date of any such Co-Tenancy Failure until the date that the Major Tenant is open for business to the public in at least ninety percent (90%) of its current premises in the Shopping Center and at least fifty percent (50%) of leasable square footage in the Shopping Center is open for business to the public (the "Co-Tenancy Requirement"). Further, if a Co-Tenancy Failure continues for one (1) year or more, then Tenant shall have the right to terminate the Lease upon thirty days written notice to Landlord at any time prior to the satisfaction of the Co-Tenancy Requirement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Rider on or as of the Effective Date signed below.

LANDLORD:

[LANDLORD ENTITY]

Signature:

Name:

Title:

Date:

TENANT:

[FRANCHISEE ENTITY]

Signature:

Name:

Title:

Date:

FRANCHISOR:

MAHANA FRESH, LLC

Signature:

Name:

Title:

Date:

ATTACHMENT D

ELECTRONIC FUNDS TRANSFER AUTHORIZATION

ELECTRONIC FUNDS TRANSFER AUTHORIZATION FORM

Bank Name:

ABA# :

Acct. No.:

Acct. Name:

Effective as of the date of the Franchisee signature below, [FRANCHISEE ENTITY] (the “Franchisee”) hereby authorizes Mahana Fresh, LLC (the “Company”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to cover the following payments that are due and owing Company or its affiliates under the franchise agreement dated [FA DATE] (the “Franchise Agreement”) for the franchised business located at: [FRANCHISE LOCATION] (the “Franchised Business”): (i) all Royalty Fees; (ii) Fund Contributions; (iii) any amounts due and owing the Company or its affiliates in connection with marketing materials or other supplies or inventory that is provided by Company or its affiliates; and (iv) all other fees and amounts due and owing to Company or its affiliates under the Franchise Agreement. Franchisee acknowledges each of the fees described above may be collected by the Company (or its designee) as set forth in the Franchise Agreement.

The parties further agree that all capitalized terms not specifically defined herein will be afforded the definition they are given in the Franchise Agreement.

Such withdrawals shall occur on a weekly basis, or on such other schedule as Company shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Company. [FRANCHISEE ENTITY] shall provide Company, in conjunction with this authorization, a voided check from the above-referenced account.

FRANCHISEE
[FRANCHISEE ENTITY]

By:

Name:

Title:

Date:

FRANCHISOR APPROVAL
MAHANA FRESH, LLC

By:

Name:

Title:

ATTACHMENT E

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT *(for trained employees, officers, directors, general partners, members, Controlling Person(s) and any other management personnel of Franchisee)*

In consideration of my being a [TITLE/ROLE WITH FRANCHISEE] of [FRANCHISEE] (the “Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I (the undersigned) hereby acknowledge and agree that Franchisee has acquired the right from Mahana Fresh, LLC (the “Company”) to: (i) establish and operate a Mahana Fresh restaurant franchised business (the “Franchised Business”); and (ii) use in the operation of the Franchised Business the Company’s trade names, trademarks and service marks (collectively, the “Marks”) and the Company’s unique and distinctive format and system relating to the establishment and operation of Mahana Fresh restaurant businesses (the “System”), as they may be changed, improved and further developed from time to time in the Company’s sole discretion, only at the following authorized and approved location: [FRANCHISE LOCATION] (the “Premises”).

1. The Company possesses certain proprietary and confidential information relating to the operation of the Franchised Business and System generally, including without limitation: Company’s proprietary and confidential Operations Manual and other manuals providing guidelines, standards and specifications related to the establishment and operation of the Franchised Business (collectively, the “Manual”); Franchisor’s proprietary training materials and programs, as well as proprietary marketing methods and other instructional materials, trade secrets; information related to any other proprietary methodology or aspects of the System or the establishment and continued operation of the Franchised Business; financial information; any and all customer lists, contracts and other customer information obtained through the operation of the Franchised Business and other Mahana Fresh restaurant businesses; any information related to any type of proprietary software that may be developed and/or used in the operation of with the Franchised Business; and any techniques, methods and know-how related to the operation of Mahana Fresh restaurant business or otherwise used in connection with the System, which includes certain trade secrets, copyrighted materials, methods and other techniques and know-how (collectively, the “Confidential Information”).

2. Any other information, knowledge, know-how, and techniques which the Company specifically designates as confidential will also be deemed to be Confidential Information for purposes of this Agreement.

3. As [INSERT TITLE WITH RESPECT TO FRANCHISEE] of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Manual, and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information, in whole or in part, for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as [INSERT TITLE] of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

6. I will surrender any material containing some or all of the Confidential Information to the Company,

upon request, or upon conclusion of the use for which the information or material may have been furnished.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business involved in selling bowls as a majority of its food sales or advertising itself as selling or serving primarily bowls, or using the word "Fresh" in its trade name (collectively, a "Competing Business"). I also agree that I will not undertake any action to divert business from the Franchised Business to any Competing Business, or solicit any of the former customers or employees of Franchisee for any competitive business purpose.

7.1 *Post-Term Restrictive Covenant for Controlling Person of Franchised Business or Manager/Officers/Directors of Franchisee.* In the event I am a manager of the Franchised Business, or an officer/director/manager/partner of Franchisee that has not already executed a personal guaranty agreeing to be bound by the terms of the Franchise Agreement, then I further agree that I will not be involved in a Competing Business of any kind for a period of one year after the expiration or termination of my employment with Franchisee for any reason: (i) at or within a 10-mile radius of the Premises; or (ii) within a 5-mile radius of any other Mahana Fresh restaurant business that exists at the time my employment with Franchisee ceases through the date of my involvement with the Competing Business. I also agree that I will not be involved in the franchising or licensing of any Competing Business at any location, or undertake any action to divert business from the Franchised Business to any Competing Business or solicit any of the former customers or employees of Franchisee for any competitive business purpose, during this one-year period following the termination or expiration of my employment with the Franchisee.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

9. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security. I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees, and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee, or the Company, is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. I shall not at any time, directly or indirectly, do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Confidential Information and the System.

12. Franchisee shall make all commercially reasonable efforts to ensure that I act as required by this Agreement.

13. Any failure by Franchisor to object to or take action with respect to any breach of this Agreement by me shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by

me.

14. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF FLORIDA AND MYSELF HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE COURT CLOSEST TO FRANCHISOR'S THEN-CURRENT HEADQUARTERS OR, IF APPROPRIATE, THE UNITED STATES DISTRICT COURT FOR THE DISTRICT FOR FLORIDA. I HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. I HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ME IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY FLORIDA OR FEDERAL LAW. I FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE ONE OF THE COURTS DESCRIBED ABOVE IN THIS SECTION; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

15. The parties acknowledge and agree that each of the covenants contained in this Agreement are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a part, I expressly agree to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made a part of this Agreement.

16. This Agreement contains the entire agreement of the parties regarding the subject matter of this Agreement. This Agreement may be modified only by a duly authorized writing executed by all parties.

17. All notices and demands required to be given must be in writing and sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile or electronic mail, (provided that the sender confirms the facsimile or electronic mail, by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective party at the following address unless and until a different address has been designated by written notice.

The notice shall be addressed to: Mahana Fresh, LLC Attn: David A. Wood, 650 Golden Gate Point, Suite 401, Sarasota, Florida 34236.

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by facsimile or electronic mail shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other parties. Business day for the purpose of this Agreement excludes Saturday, Sunday, and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas.

18. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and inure to the benefit of its respective parent, successor and assigns.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Agreement is made and entered into by the undersigned parties as of the Effective Date.

UNDERSIGNED

Signature:

Name:

Address:

Title:

Date Signed:

ACKNOWLEDGED BY FRANCHISEE

[FRANCHISEE]

Signature:

Name:

Title:

Effective Date:

ATTACHMENT F

**CONDITIONAL ASSIGNMENT OF FRANCHISEE'S
TELEPHONE NUMBERS, FACSIMILE NUMBERS, AND DOMAIN NAMES**

**CONDITIONAL ASSIGNMENT OF FRANCHISEE’S
TELEPHONE NUMBERS, FACSIMILE NUMBERS, AND DOMAIN NAMES**

1. The person listed below as the assignor (“Assignor”), in exchange for valuable consideration provided by Mahana Fresh, LLC (“Assignee”), receipt of which is hereby acknowledged, hereby conditionally assign to Assignee all telephone numbers, facsimile numbers, domain names, as well as any listings associated therewith, utilized by Assignor in the operation of its Mahana Fresh business specified in the franchise agreement (the “Assigned Property”), entered into by and between Assignor and Assignee (the “Franchise Agreement”). The Assigned Property includes the following:

Telephone Number(s):

Facsimile Number(s):

Domain Name(s) (as permitted by Franchisor under the Franchise Agreement):

2. The conditional agreement will become effective automatically upon termination, expiration, or transfer of the Franchise Agreement. Upon the occurrence of that condition, Assignor must do all things required by the telephone company and/or domain name registrar to assure the effectiveness of the assignment of Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.

3. Assignor agrees to pay the telephone company and/or domain name registrar, on or before the effective date of assignment, all amounts owed for the use of the Assigned Property up to the date this Assignment becomes effective. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company to effectuate this Assignment and agrees to fully cooperate with the telephone company and/or domain name registrar, as well as the Assignee, in effectuating this assignment.

ASSIGNOR:

[FRANCHISEE]

By:

Name:

Title:

Date:

ASSIGNEE:

MAHANA FRESH, LLC

By:

Name:

Title:

Date:

EXHIBIT B

PERSONAL GUARANTY

PERSONAL GUARANTY

NOTE: IF AREA REPRESENTATIVE IS A CORPORATION, EACH OF AREA REPRESENTATIVE'S SHAREHOLDERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF AREA REPRESENTATIVE IS A PARTNERSHIP, EACH OF AREA REPRESENTATIVE'S GENERAL PARTNERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF AREA REPRESENTATIVE IS A LIMITED LIABILITY COMPANY, EACH OF AREA REPRESENTATIVE'S MEMBERS AND MANAGERS MUST EXECUTE THE FOLLOWING UNDERTAKING. FRANCHISOR MAY REQUIRE THE RESPECTIVE SPOUSES OF THESE INDIVIDUALS TO ALSO SIGN THIS PERSONAL GUARANTY AS IT DEEMS NECESSARY IN ITS SOLE DISCRETION.

ARTICLE I: PERSONAL GUARANTY

Owners with Any Interest Required to Sign Guaranty Pursuant to Section 21.

[LIST ALL OWNERS OF THE AREA REP ENTITY], (individually and collectively "you") hereby represent to Mahana Fresh, LLC ("Franchisor") that you are all of the shareholders of [AREA REP ENTITY] ("Area Representative"), or all of the general partners or limited partners of the Area Representative, or all of the members and manager of Area Representative, and all of the spouses of such individuals. In consideration of the grant by Franchisor to the Area Representative as herein provided, each of you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the Area Representative Agreement entered into between Area Representative and Franchisor ("Area Representative Agreement"), all franchise agreements executed pursuant to the Area Representative Agreement, and any other agreement between Area Representative and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Area Representative of each and every obligation of Area Representative under the aforesaid Area Representative Agreement or other agreement between Franchisor and Area Representative, including, without limitation, any indebtedness of Area Representative arising under or by virtue of the aforesaid Area Representative Agreement and that you (jointly and individually) will not permit or cause any change in the percentage of Area Representative owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer, which consent must not be unreasonably withheld, and without first paying or causing to be paid to Franchisor the transfer fee provided for in said Area Representative Agreement, if applicable, and without otherwise complying with the transfer provisions of the foregoing Area Representative Agreement (the "Guaranty").

ARTICLE II: CONFIDENTIALITY

During the term of the Area Representative Agreement, any related franchise agreements, and this Guaranty, you will receive information, which Franchisor considers its trade secrets and confidential information including, without limitation, the proprietary recipes, standards and specifications for food preparation, standards and specifications for the build out of a Restaurant, information about proprietary food and menu items and merchandise, any proprietary software Franchisor may now or in the future create, and the Operations Manual ("Confidential Information"). You shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information and trade secrets, including, without limitation: price marketing mixes related to the sale of food and beverage items and any other goods or services offered or authorized for sale by System franchisees; Franchisor's copyrighted materials; and methods and other techniques and know-how concerning the operation of Mahana Fresh Restaurants in a Development Area, which may be communicated to you or of which you may become apprised by virtue of your role as a guarantor of the Area Representative's obligations under the Area Representative Agreement. Any and all information, knowledge, know-how, techniques, and other data, which Franchisor designates as confidential, will be deemed Confidential Information for purposes of this Agreement.

ARTICLE III NON-COMPETITION

You acknowledge that as a participant in the System, you will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures, and techniques which Franchisor has developed. Therefore, to protect Franchisor and all Franchisor's franchisees, you agree as follows:

1) **During the Term of the Area Representative Agreement and this Guaranty.** During the term of this Agreement, neither Area Representative, Area Representative's officers, directors, or principals, not any members of the immediate family of Area Representative or Area Representative's officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership, or corporation:

(a) Own, engage in, be employed in sales management or purchasing by, advise, assist, invest in, franchise, make loans to, or have any other interest, whether financial or otherwise, in in any other bowl restaurant business or restaurant business which offers products and services that are the same or substantially similar to the approved products and services that Area Representative and franchisees are authorized to provide, now or in the future, at Restaurant locations (except for other Mahana Fresh Restaurants operated under franchise agreements entered into with us or other Mahana Fresh Restaurants in which you or your owners have an ownership interest) (a "Competing Business"). "Bowls" as used throughout this Agreement means and includes dishes that are comprised of: (i) a base element such as rice, vegetable rice, cruciferous vegetables, salad greens, noodles, or other carbohydrate base; and (ii) a protein component such as fish, steak, chicken, egg, pork, or any plant-based protein alternatives (e.g. tofu, soy protein, seitan, "Beyond Meat", "Impossible", etc.); provided, however, that this Section does not apply to Area Representative's operation of any other Restaurant under the Proprietary Marks and System;

(b) Solicit or employ, directly or indirectly, any person who is employed by Franchisor, by any entity controlled by or affiliated with Franchisor or by any other of Franchisor's franchisees if that solicitation or employment results in that person terminating her or her present employment and working for Area Representative, or if that solicitation or employment results in that person working in or for or operating a Competing Business.

2) **After the Term of The Area Representative Agreement.**

(a) For a period of one (1) year after termination or expiration of this Agreement, Area Representative will not, directly or indirectly for the benefit of Area Representative or Area Representative's owners, or through or on behalf of or in conjunction with any other person, partnership or corporation, own, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any other interest, whether financial or otherwise, in any Competing Business located or regularly selling at the premises of the Competing Business or through mobile points of service (e.g., food trucks, kiosks, or tents) or from other Competing Business or fixed location within ten (10) miles of the Development Area or within five (5) miles of any Mahana Fresh Restaurant in any state in which Area Representative operated, excluding ownership of less than ten percent (10%) of the stock of shares in any corporation whose stock is publicly traded; provided, however, that this Section does not apply to Area Representative's operation of any other System Restaurant;

(b) In the event that Franchisor chooses to exercise the Option set forth in Section 13.12 of this Agreement, the parties acknowledge that the transaction will be deemed the sale of a business. Accordingly, the duration of Area Representative's post-term covenants against competition contained in this Section 14.2.3 will be extended to five (5) years in consideration for the Purchase Price, as tolled during any period of default by Area Representative.

3) **Intent and Enforcement.** It is the parties' intent that the provisions of this Article III be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree

that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by you, any of your principals, or any members of their immediate family, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of an actual or threatened breach of this Article III, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree on your own behalf and Area Representative's behalf that each of you have previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevent you from earning a living. You further acknowledge and agree that the time limitation of this Article III shall be tolled during any default under this Guaranty.

ARTICLE IV: DISPUTE RESOLUTION

- 1) **Acknowledgment.** You acknowledge that this Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor's proprietary marks or its system.
- 2) **Governing Law.** This Guaranty shall be deemed to have been made in and governed by the laws of the State of Florida.
- 3) **Mediation and Arbitration.** Any and all disputes arising from or relating to the parties' relationship, or this Agreement shall be subject to mandatory mediation which shall be conducted in Sarasota, Florida and completed within thirty (30) days of written demand therefore. Any disputes not resolved by mandatory mediation shall be resolved by binding arbitration within 120 days of the initial written demand, therefore. The arbitration hearing shall be held in Sarasota County, Florida pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The arbitration award shall be reviewable only by state or federal courts in or having jurisdiction over Sarasota, Florida only for clear error of fact or law and on any additional statutory grounds for vacationing or reversing an arbitration award. Franchisor shall be entitled to recover its reasonable attorneys' fees and litigation costs and expenses including expert witness fees if it is the substantially prevailing party in any arbitration or litigation relating to this Agreement or the parties' relationship. Nothing contained herein shall preclude any party from commencing a suit in court for temporary or preliminary injunctive relief to prevent irreparable harm pending the arbitration decision, provided that any such suit for temporary or preliminary injunctive relief shall be commenced and maintained exclusively in state or federal courts in or having jurisdiction over Sarasota County, Florida.
- 4) **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the Area Representative Agreement and this Guaranty, and the mediation and other dispute resolution provisions contained herein, each having authority to specifically enforce the right to mediate and litigate claims asserted against such person(s) by you.
- 5) **Injunctive Relief.** Nothing contained in this Guaranty shall prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interest prior to the filing of any mediation or judicial proceeding or pending the trial or handing down of a decision or award pursuant to any mediation or judicial proceeding conducted hereunder.
- 6) **Jury Trial and Class Action Waiver.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS PERSONAL GUARANTY OR THE AREA REPRESENTATIVE AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM FRANCHISOR OF THE FRANCHISE, OPTION AND/OR ANY GOODS OR SERVICES. THE PARTIES AGREE THAT ALL PROCEEDINGS, WHETHER LITIGATION OR MEDIATION, WILL

BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN AREA REPRESENTATIVE AND AREA REPRESENTATIVE'S PRINCIPALS AND YOU, AND FRANCHISOR OR ITS AFFILIATES OR EMPLOYEES, MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER PERSON OR ENTITY.

7) **Waiver of Punitive Damages.** You waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which you may have against us arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, your recovery shall be limited to actual damages. If any other term of this Personal Guaranty is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

8) **Limitation on Action.** You agree that no cause of action arising out of or under this Guaranty or the Area Representative Agreement may be maintained by you unless brought before the expiration of one (1) year after the act, transaction, or occurrence upon which such action is based or the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim against the Franchisor, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off.

9) **Attorneys' Fees.** If either party institutes any judicial or litigation proceeding to enforce any monetary or nonmonetary obligation or interpret the terms of this Guaranty and the Area Representative Agreement, and Franchisor prevails in such action, you shall be liable to Franchisor for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.

10) **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Personal Guaranty and the Area Representative Agreement shall not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Guaranty shall be cumulative. Franchisor's election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

11) **Severability.** The parties agree that if any provisions of this Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning, which renders it valid and enforceable. The language of all provisions of this Guaranty shall be construed according to fair meaning and not strictly construed against either party. The provisions of this Guaranty are severable, and this Guaranty shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Guaranty shall be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Guaranty.

12) **Construction of Language.** Any term defined in the Area Representative Agreement which is not defined in this Guaranty will be ascribed the meaning given to it in the Area Representative Agreement. The language of this Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

13) **Successors.** References to "Franchisor" or "the undersigned," or "you" include the respective

parties' successors, assigns or transferees.

14) **No Personal Liability.** You agree that fulfillment of any and all of Franchisor's obligations written in this Guaranty or in the Area Representative Agreement or based on any oral communications which may be ruled to be binding in a Court of Law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Area Representative or you for any reason.

PERSONAL GUARANTORS AND SPOUSES:

(add as needed)

Signed:

Name:

Date:

EXHIBIT C

**TRANSFER OF AREA REPRESENTATIVE BUSINESS
TO A CORPORATION OR LIMITED LIABILITY COMPANY**

**SAMPLE TRANSFER OF AREA REPRESENTATIVE BUSINESS
TO A CORPORATION OR LIMITED LIABILITY COMPANY**

The undersigned, an officer, director and owner of a majority of the issued and outstanding voting stock of the corporation set forth below, or manager/member of the issued and outstanding interests of the limited liability company set forth below (the “Transferee”), and the Area Representative of the restaurants (“Area Representative”) under an Area Representative Agreement executed on the date set forth below (the “Area Representative Agreement”), between Area Representative and Mahana Fresh, LLC (“Franchisor”), granting him/her a franchise to operate in the designated territory granted by the Area Representative Agreement (the “Development Area”) set forth below, and the other undersigned directors, officers and shareholders of the Transferee, or the managers/members of the Transferee (collectively, the “Signatories”), who together with Area Representative constitute all of the shareholders of the Transferee, or the managers/members of the Transferee, in order to induce Franchisor to consent to the assignment of the Area Representative Agreement to the Transferee in accordance with the provisions of the Area Representative Agreement, agree as follows:

1. The Area Representative shall remain personally liable in all respects under the Area Representative Agreement and all the Signatories, intending to be legally bound hereby, agree jointly and severally to be personally bound by the provisions of the Area Representative Agreement including the restrictive covenants contained in Section 14 thereof, to the same extent as if each of them were the Area Representative set forth in the Area Representative Agreement and they jointly and severally personally guarantee all of the Area Representative’s obligations set forth in said Agreement. The Signatories, and their spouses will execute the Personal Guaranty attached as Exhibit B to the Area Representative Agreement;

2. The Signatories agree not to transfer any stock or interest in the Transferee without the prior written approval of the Franchisor and agree that all stock certificates representing shares or interest in the Transferee shall bear the following legend:

“The shares of stock represented by this certificate are subject to the terms and conditions set forth in an Area Representative Agreement dated [ARA EFFECTIVE DATE] between [TRANSFEREE] and Mahana Fresh, LLC.”

or

“The ownership interests represented by this certificate are subject to the terms and conditions set forth in an Area Representative Agreement dated [ARA EFFECTIVE DATE] between [TRANSFEREE] and Mahana Fresh, LLC.”

3. Transferee or Transferee’s designee shall devote his best efforts to the day-to-day operation and development of the Restaurants.

4. Transferee hereby agrees to become a party to and to be bound by all of the provisions of the Area Representative Agreement executed on the date set forth below between Area Representative and Franchisor to the same extent as if it were named as the Area Representative therein.

[Signature page follows]

Date of Area Representative Agreement:

Development Area for Restaurants:

AREA REPRESENTATIVE:

By:

TRANSFeree:

[NAME OF CORPORATION OR LIMITED LIABILITY COMPANY]

By:

Title:

SIGNATORIES

By:

By:

By:

FRANCHISOR:

By:

EXHIBIT D

**CONDITIONAL ASSIGNMENT OF AREA REPRESENTATIVE'S
TELEPHONE NUMBERS, FACSIMILE NUMBERS AND DOMAIN NAMES**

**CONDITIONAL ASSIGNMENT OF AREA REPRESENTATIVE'S
TELEPHONE NUMBERS, FACSIMILE NUMBERS, AND DOMAIN NAMES**

1. The person listed below as the assignor ("Assignor"), in exchange for valuable consideration provided by Mahana Fresh, LLC ("Assignee"), receipt of which is hereby acknowledged, hereby conditionally assign to Assignee all telephone numbers, facsimile numbers, domain names, as well as any listings associated therewith, utilized by Assignor in the operation of its area representative business specified in the area representative agreement (the "Assigned Property"), entered into by and between Assignor and Assignee (the "Area Representative Agreement"). The Assigned Property includes the following:

Telephone Number(s):

Facsimile Number(s):

Domain Name(s) (as permitted by Franchisor under the Area Representative Agreement):

2. The conditional agreement will become effective automatically upon termination, expiration, or transfer of the Area Representative Agreement. Upon the occurrence of that condition, Assignor must do all things required by the telephone company and/or domain name registrar to assure the effectiveness of the assignment of Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.

3. Assignor agrees to pay the telephone company and/or domain name registrar, on or before the effective date of assignment, all amounts owed for the use of the Assigned Property up to the date this Assignment becomes effective. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company to effectuate this Assignment and agrees to fully cooperate with the telephone company and/or domain name registrar, as well as the Assignee, in effectuating this assignment.

ASSIGNOR:

[AREA REPRESENTATIVE]

By:

Name:

Title:

Date:

ASSIGNEE:

MAHANA FRESH, LLC

By:

Name:

Title:

Date:

Mahana Fresh, LLC
2023 Area Representative FDD

EXHIBIT E

AREA REPRESENTATIVE AGREEMENT MANDATORY DEVELOPMENT SCHEDULE

MANDATORY DEVELOPMENT SCHEDULE

The agreement entered into by the parties listed below authorizes and obliges Area Representative to establish and operate the agreed upon “Mahana Fresh” restaurants (detailed in the below table), using a system developed by Franchisor for the establishment and operation of restaurants for the sale of bowls and related products (“Restaurant”), pursuant to a franchise agreement for each Restaurant.

Area Representative:

Franchisor: Mahana Fresh, LLC

Area Representative Agreement Effective Date:

The following is Area Representative’s Mandatory Development Schedule.

Cumulative Number of Restaurants to be Open	Open & Operating On or Before	Fee Due for Restaurant(s)	Due Date
Fees and Deposits for Units		See below	
1	One year from Effective Date of Area Representative Agreement		
—	Two years from Effective Date of Area Representative Agreement	Then-current initial franchise fee(s)	Paid in full upon execution of franchise agreement(s)
—	Three years from Effective Date of Area Representative Agreement	Then-current initial franchise fee(s)	Paid in full upon execution of franchise agreement(s)
—	Four years from Effective Date of Area Representative Agreement	Then-current initial franchise fee(s)	Paid in full upon execution of franchise agreement(s)
—	Five years from Effective Date of Area Representative Agreement	Then-current initial franchise fee(s)	Paid in full upon execution of franchise agreement(s)
—	Six years from Effective Date of Area Representative Agreement	Then-current initial franchise fee(s)	Paid in full upon execution of franchise agreement(s)
—	Seven years from Effective Date of Area Representative Agreement	Then-current initial franchise fee(s)	Paid in full upon execution of franchise agreement(s)
—	Eight years from Effective Date of Area Representative Agreement	Then-current initial franchise fee(s)	Paid in full upon execution of franchise agreement(s)

EXHIBIT F

**AREA REPRESENTATIVE AGREEMENT ELECTRONIC FUNDS WITHDRAWAL
AUTHORIZATION**

ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION

Bank Name:

ABA#:

Acct. No.:

Acct. Name:

Effective as of the date of the signature below, the below identified area representative (“Area Representative”) hereby authorizes Mahana Fresh, LLC (“Franchisor”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, as well as to deposit into the bank account payments due to Area Representative, pursuant to the area representative agreement entered into by and between Franchisor and Area Representative (the “Area Representative Agreement”). Such withdrawals/deposits will occur on a monthly basis, or on such other schedule as Franchisor will specify in writing. This authorization will remain in full force and effect until terminated in writing by Franchisor. Area Representative will provide Franchisor, in conjunction with this authorization, a voided check from the above-referenced account.

AGREED:

AREA REPRESENTATIVE:

By:

Name:

Title:

Date:

EXHIBIT D

FINANCIAL STATEMENTS



Mahana Fresh LLC
Financial Statements
For the years ended
December 31, 2022 and 2021





Mahana Fresh LLC

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Independent Auditor's Report

The Members and Managers
Mahana Fresh LLC
Sarasota, Florida

Opinion

We have audited the accompanying financial statements of Mahana Fresh LLC (the "Company"), a Florida corporation, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.





- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mahana Fresh LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mahana Fresh LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Davidson Doyle & Hillier, PC

Lynchburg, Virginia
March 1, 2023





Mahana Fresh LLC
Balance Sheets
December 31, 2022 and 2021

	Assets	
	<u>2022</u>	<u>2021</u>
Current Assets		
Cash and cash equivalents	\$ 7,399	\$ 141,092
Accounts receivable	167,455	146,031
Prepaid expenses	368,468	410,407
Total current assets	<u>543,322</u>	<u>697,530</u>
Fixed assets		
Property and equipment	25,265	25,265
Accumulated depreciation	(21,568)	(17,771)
	<u>3,697</u>	<u>7,494</u>
Other Assets		
Start up costs, net of accumulated amortization of \$54,200 and \$42,465	<u>4,472</u>	<u>16,207</u>
Total Assets	\$ <u>551,491</u>	\$ <u>721,231</u>
Liabilities and Members' Equity		
Current Liabilities		
Accrued expenses	\$ 12,169	\$ 29,497
Due to member	105,566	23,325
Deferred Revenue, current	242,828	280,500
Total current liabilities	<u>360,563</u>	<u>333,322</u>
Deferred revenue	<u>1,136,782</u>	<u>1,325,079</u>
Total liabilities	1,497,345	1,658,401
Members' Equity		
Members' paid in capital	700,000	700,000
Retained earnings	(1,645,854)	(1,637,170)
Total members' equity	(945,854)	(937,170)
Total Liabilities and Members' Equity	\$ <u>551,491</u>	\$ <u>721,231</u>

See notes to financial statements.





Mahana Fresh LLC
Statements of Income
Years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Income		
Franchise and area representative fees	\$ 315,417	\$ 346,308
Advertising and royalty income	368,011	321,586
Other income	<u>317</u>	<u>22,592</u>
Total income	<u>683,745</u>	<u>690,486</u>
Expenses		
Salaries and wages	318,850	383,247
Consulting	100,000	100,000
Commissions	63,625	66,944
Travel	54,160	71,025
Advertising	44,463	101,426
Professional fees	37,070	48,514
Payroll taxes	23,263	29,474
General and administrative	21,312	38,248
Depreciation and amortization	15,532	15,564
Insurance	10,195	21,687
Fees and licenses	2,988	9,073
Uniforms	851	-
Bad debt	<u>120</u>	<u>75,950</u>
Total expenses	<u>692,429</u>	<u>961,152</u>
Net operating loss	(8,684)	(270,666)
Loan forgiveness	-	119,429
CARES Act tax rebates	<u>-</u>	<u>124,462</u>
Net loss	\$ (<u>8,684</u>)	\$ (<u>26,775</u>)

See notes to financial statements.





Mahana Fresh LLC
Statements of Changes in Members' Equity
Years ended December 31, 2022 and 2021

	<u>Members Paid in Capital</u>	<u>Retained Earnings</u>	<u>Members' Total Equity</u>
Balance at January 1, 2021	700,000	(1,610,395)	(910,395)
Net Loss	<u>-</u>	(<u>26,775</u>)	(<u>26,775</u>)
Balance at January 1, 2022	\$ 700,000	\$ (1,637,170)	\$ (937,170)
Net Loss	<u>-</u>	(<u>8,684</u>)	(<u>8,684</u>)
Balance at December 31, 2022	\$ <u>700,000</u>	\$ (<u>1,645,854</u>)	\$ (<u>945,854</u>)

See notes to financial statements.





Mahana Fresh LLC
Statements of Cash Flows
Years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Net loss	\$ (8,684)	\$ (26,775)
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization expense	15,532	15,564
PPP loan forgiveness	(-)	(119,429)
Bad debt expense	120	75,950
Changes in:		
Accounts receivable	(21,544)	286,054
Prepaid expenses	41,939	11,780
Accrued expenses	(17,328)	(42,471)
Due to member	82,241	15,000
Deferred revenue	(225,969)	(245,111)
Net cash used in operating activities	(133,693)	(29,438)
Cash flows from investing activities		
Purchase of fixed assets	-	(3,500)
Net cash used in investing activities	-	(3,500)
Cash flows from financing activities		
Proceeds from PPP loan	-	119,429
Net cash provided by financing activities	-	119,429
Net increase (decrease) in cash and cash equivalents	(133,693)	86,491
Cash and cash equivalents at beginning of year	141,092	54,601
Cash and cash equivalents at end of year	\$ 7,399	\$ 141,092

See notes to financial statements.





Mahana Fresh LLC
Notes to Financial Statements
December 31, 2022 and 2021

Note 1 – Nature of operations

Mahana Fresh LLC (“the Company”) is a Florida limited liability company. The Company is located and operates out of its offices located in Sarasota, Florida. The Company was formed on March 21, 2018 for the purpose of franchise sales and lead generation, development and marketing services, and the management of restaurant brands and such brands’ franchises. The Company changed its name from Mahana Poke LLC to Mahana Fresh LLC effective March 14, 2019.

Note 2 – Summary of significant accounting policies

Basis of presentation

The Company uses the accrual basis of accounting in accordance with generally accepted accounting principles.

Cash and cash equivalents

For the purpose of the statement of cash flows, the Company considers all short-term debt securities purchased with an original maturity of three months or less and all cash balances or deficits to be cash equivalents. Accounts at each institution are insured by the Federal Deposit Corporation (FDIC) up to \$250,000. From time to time, balances maintained may exceed the maximum amount insured by the FDIC. Management does not believe there is a risk of loss with these accounts.

Accounts receivable

Accounts receivable are stated at the amount the Company expects to collect. The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Start up costs

The Company capitalizes costs incurred in the initial organization of the Company. These costs are amortized over time.

Revenue recognition

The Company derives its revenues primarily from franchise and area representative fees. The revenue is recognized over the term of the respective contract. Some fees are paid in a lump sum while others are paid over time. The Company does not have any significant financing components as payment is received as invoiced. Related commissions on these contracts are deferred over the term of the contracts.

Performance obligation

For performance obligations related to franchise and area representative fees, control transfers to the franchisee or developer at different times over the contract period. Revenue is recognized based on the terms and deliverables agreed to in the contract. The Company recognizes revenue from fees as each performance obligation is met and over the term of the contract. Franchise and area representative fees collected but not earned based on the deliverables or timing of payment or contract are included in deferred revenue.

Franchise agreements

Initial franchise fees and developer fees are due upon granting of the franchise and are deferred and recognized as revenue when all material services and conditions required to be performed by the Company have been substantially completed. Commissions paid on franchise sales are due upon signing of the franchise agreement per the contracts and the expenses are recognized over the term of the franchise agreement.





Mahana Fresh LLC
Notes to Financial Statements
December 31, 2022 and 2021

Note 2 – Summary of significant accounting policies (continued)

Adoption of new accounting standards

In January 2021, FASB issued ASU 2021-02, *Franchisors – Revenue from Contracts with Customers (Subtopic 952-606)*. The standard is effective for annual periods beginning after December 15, 2020. The update is intended to reduce the cost and complexity applying ASU-2014-09 Topic 606 to pre-opening services for franchisors that are not public business entities. The Company adopted the new standard effective January 1, 2021, the first day of the Company’s fiscal year using the modified retrospective approach. The adoption did not have an impact on beginning retained earnings.

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The new standard is effective for annual financial statements issued for fiscal years beginning after December 15, 2021. Early application of the amendments in the ASU is permitted. The update is intended to increase transparency and comparability among Companies by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements.

Income taxes

The Company files partnership returns for the federal and state taxing jurisdictions. The Company does not pay income taxes; instead earnings and losses are reported at the member level for federal and state income tax purposes. Accordingly, the financial statements do not include a provision for income taxes.

The Financial Accounting Standards Board has issued ASC 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribed a comprehensive model for how a company should measure, recognize, present, and disclose in its financial statements uncertain tax positions that an organization has taken or expects to take on a tax return. The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Company’s financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2022 and 2021. Fiscal years ending on or after December 31, 2019 remain subject to examination by federal and state tax authorities as this is the first year of operations.

Estimates

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

Advertising

Advertising costs are expensed as incurred.

Impairment Charges

In accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Asset*, losses related to the impairment of a long-lived asset are recognized when expected future cash flows are less than the asset’s carrying value. When facts and circumstances indicate that the carrying values of long-lived assets may be impaired, the Company makes an evaluation of recoverability by comparing the carrying values of the assets to projected future cash flows, in addition to other quantitative and qualitative analyses.

When stores close, the Company records a liability for future related costs, net of estimated cost recoveries that may be achieved through bankruptcy proceedings or other collection efforts. Three stores closed during 2022 but none in 2021.





Mahana Fresh LLC
Notes to Financial Statements
December 31, 2022 and 2021

Note 3 – Paycheck protection program

The Company received a loan of \$106,379 on May 6, 2020 under the Paycheck Protection Program of the CARES Act. It has an interest rate of 1% and matures on May 6, 2022 with all loan proceeds and accrued interest due. The loan forgiveness was applied for and recognized as of December 31, 2020 and the loan was forgiven in 2021. The Company received a second loan of \$119,429 under the Paycheck Protection Program of the CARES Act. It has an interest rate of 1% and matures on February 10, 2026. The loan forgiveness was applied for and approved on November 23, 2021 and recognized as of December 31, 2021.

Note 4 – Members’ capital accounts

Initial capital contributions are accounted for within individual member equity accounts. Separate withdrawal accounts are also maintained. Members may not request withdrawals of ownership interest.

Currently, there is one member. The majority member owns 100% of the Company.

Income and losses from operations and for tax purposes are allocated in accordance with the member’s equity ownership. As of December 31, 2022 and 2021, the capital balances are as follows:

	<u>2022</u>	<u>2021</u>
Majority member	\$ (945,854)	\$ (937,170)
Minority members	<u>-</u>	<u>-</u>
Total members’ equity	\$ (<u>945,854</u>)	\$ (<u>937,170</u>)

Note 5 – Franchise Activity

The Company signed three franchise agreements in 2022 and three franchise agreements in 2021. There was one restaurant opened during 2022 and two restaurants opened during the 2021. Under the franchise agreements, the Company will provide guidance, advice, and management assistance to the franchisees. The Company also agrees to pay certain costs of store refurbishing, advertising, and technology costs. In addition to the initial fee to open a franchise, the franchise agreements provide for royalties of approximately 6% and advertising income of 1% to 2% to be paid to the Company based on weekly sales. Franchise revenues will be recognized over the term of the franchise agreements. At December 31, 2022 and 2021, \$472,706 and \$477,575 remained in deferred revenue.

Commissions on the opening of these franchises are prepaid upon store opening and recognized over the term of the related franchise or developer agreement.

Note 6 – Area Development Affiliations

The Company has entered into development agreements with area developers and various individuals to develop stores in certain geographic regions or venues. These agreements generally stipulate that a certain number of stores are to be developed over a period of time. There were no developer (area representative) agreements signed during 2022 to open multiple new franchises and two developer agreements were signed in 2021. The Company recognizes revenue as each of the stores under the agreement are opened. A total of \$1,730,784 has been collected on these agreements with \$145,912 receivable on those agreements at December 31, 2022 and 2021. The revenue will be recognized over the term of the agreements. During 2022 and 2021, \$221,100 and \$292,271 was recognized as revenue under the agreements, with \$906,904 and 1,128,004 remaining in deferred revenue at December 31, 2022 and 2021.





Mahana Fresh LLC
Notes to Financial Statements
December 31, 2022 and 2021

Note 7 – Disaggregation of revenue

The following table disaggregates the Company’s revenue for the year ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2019</u>
Royalty income	\$ 233,906	\$ 145,716
Area representative (developer) revenue	221,100	292,271
Advertising income	88,118	64,636
Franchise revenue	94,317	54,038
Rebate income	32,670	-
Grand opening training fees	10,000	90,000
License fee income	1,938	5,908
Social media income	1,379	15,326
Other income	317	22,591
Total	<u>\$ 683,745</u>	<u>\$ 690,486</u>

Note 8 – Deferred revenue

The following table presents changes in the Company’s deferred revenues for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Deferred franchise fees:		
Balance at January 1	\$ 477,575	\$ 383,112
Cash received in advance	89,448	148,501
Revenue recognized during the period	(94,317)	(54,038)
Balance at December 31	<u>\$ 472,706</u>	<u>\$ 477,575</u>
Deferred area rep fees:		
Balance at January 1	\$ 1,128,004	\$ 1,467,579
Payments due on contracts	-	201,000
Revenue recognized during the period	(221,100)	(292,271)
Balance at December 31	<u>\$ 906,904</u>	<u>\$ 1,128,004</u>
Current	<u>\$ 242,828</u>	<u>\$ 280,500</u>
Long-term	<u>1,136,782</u>	<u>1,325,079</u>
Total	<u>\$ 1,379,610</u>	<u>\$ 1,605,579</u>

Note 9 – Subsequent Events

Subsequent events have been reviewed by management as of March 1, 2023, the date the audit report was made available. No events requiring disclosure have been noted.





Mahana Fresh LLC
Financial Statements
For the years ended
December 31, 2021 and 2020





Mahana Fresh LLC

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DAVIDSON, DOYLE & HILTON
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

The Members and Managers
Mahana Fresh LLC
Sarasota, Florida

Opinion

We have audited the accompanying financial statements of Mahana Fresh LLC (the "Company"), a Florida corporation, which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.





- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mahana Fresh LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mahana Fresh LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

David W. Doyle & Hittor, LLP

Lynchburg, Virginia
February 7, 2022





Mahana Fresh LLC
Balance Sheets
December 31, 2021 and 2020

		Assets	
		<u>2021</u>	<u>2020</u>
Current Assets			
Cash and cash equivalents	\$	141,092	\$ 54,601
Accounts receivable		146,031	432,085
Due from franchisee		-	75,950
Prepaid expenses		<u>410,407</u>	<u>422,187</u>
Total current assets		697,530	984,823
Fixed assets			
Property and equipment		25,265	21,765
Accumulated depreciation		<u>(17,771)</u>	<u>(13,942)</u>
		7,494	7,823
Other Assets			
Start up costs, net of accumulated amortization of \$42,465		<u>16,207</u>	<u>27,943</u>
Total Assets	\$	<u>721,231</u>	\$ <u>1,020,589</u>
Liabilities and Members' Equity			
Current Liabilities			
Accrued expenses	\$	29,497	\$ 71,968
Due to member		23,325	8,325
Deferred Revenue, current		<u>280,500</u>	<u>286,950</u>
Total current liabilities		333,322	367,243
Deferred revenue		<u>1,325,079</u>	<u>1,563,741</u>
Total liabilities		1,658,401	1,930,984
Members' Equity			
Members' paid in capital		700,000	700,000
Retained earnings		<u>(1,637,170)</u>	<u>(1,610,395)</u>
Total members' equity		<u>(937,170)</u>	<u>(910,395)</u>
Total Liabilities and Members' Equity	\$	<u>721,231</u>	\$ <u>1,020,589</u>

See notes to financial statements.





Mahana Fresh LLC
Statements of Income
Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Income		
Franchise and area representative fees	\$ 346,308	\$ 282,100
Advertising and royalty income	321,586	120,403
Other income	<u>22,592</u>	<u>6,840</u>
Total income	<u>690,486</u>	<u>409,343</u>
Expenses		
Salaries and wages	383,247	358,900
Advertising	101,426	180,487
Consulting	100,000	149,127
Bad debt	75,950	-
Travel	71,025	110,959
Commissions	66,944	55,900
Professional fees	48,514	32,395
General and administrative	38,248	57,151
Payroll taxes	29,474	29,900
Insurance	21,687	16,076
Depreciation and amortization	15,564	16,088
Fees and licenses	9,073	6,960
Uniforms	-	585
Repairs and maintenance	<u>-</u>	<u>250</u>
Total expenses	<u>961,152</u>	<u>1,014,778</u>
Net operating loss	(270,666)	(605,435)
Loan forgiveness	119,429	106,379
CARES Act tax rebates	<u>124,462</u>	<u>-</u>
Net loss	\$ (<u>26,775</u>)	\$ (<u>499,056</u>)

See notes to financial statements.





Mahana Fresh LLC
Statements of Changes in Members' Equity
Years ended December 31, 2021 and 2020

	<u>Members Paid in Capital</u>	<u>Retained Earnings</u>	<u>Members' Total Equity</u>
Balance at January 1, 2020	320,000	(1,111,339)	(791,339)
Capital Contributions	380,000	-	380,000
Net Loss	<u>-</u>	(<u>499,056</u>)	(<u>499,056</u>)
Balance at January 1, 2021	\$ 700,000	\$ (1,610,395)	\$ (910,395)
Net Loss	<u> </u>	(<u>26,775</u>)	(<u>26,775</u>)
Balance at December 31, 2021	\$ <u>700,000</u>	\$ (<u>1,637,170</u>)	\$ (<u>937,170</u>)

See notes to financial statements.





Mahana Fresh LLC
Statements of Cash Flows
Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Net loss	\$ (26,775)	\$ (499,056)
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization expense	15,564	16,088
PPP loan forgiveness	(119,429)	(106,379)
Bad debt expense	75,950	-
Changes in:		
Accounts receivable	286,054	172,219
Due from franchisee	-	(75,950)
Prepaid expenses	11,780	(12,604)
Accrued expenses	(42,471)	(18,327)
Due to owner	15,000	8,325
Deferred revenue	(245,111)	(133,601)
Net cash used in operating activities	(29,438)	(649,285)
Cash flows from investing activities		
Purchase of fixed assets	(3,500)	(2,587)
Net cash used in investing activities	(3,500)	(2,587)
Cash flows from financing activities		
Member contributions	-	380,000
Proceeds from PPP loan	119,429	106,379
Net cash provided by financing activities	119,429	486,379
Net increase (decrease) in cash and cash equivalents	86,491	(165,493)
Cash and cash equivalents at beginning of year	54,601	220,094
Cash and cash equivalents at end of year	\$ <u>141,092</u>	\$ <u>54,601</u>

See notes to financial statements.





**Mahana Fresh LLC
Notes to Financial Statements
December 31, 2021 and 2020**

Note 1 – Nature of operations

Mahana Fresh LLC (“the Company”) is a Florida limited liability company. The Company is located and operates out of its offices located in Sarasota, Florida. The Company was formed on March 21, 2018 for the purpose of franchise sales and lead generation, development and marketing services, and the management of restaurant brands and such brands’ franchises. The Company changed its name from Mahana Poke LLC to Mahana Fresh LLC effective March 14, 2019.

Note 2 – Summary of significant accounting policies

Basis of presentation

The Company uses the accrual basis of accounting in accordance with generally accepted accounting principles.

Cash and cash equivalents

For the purpose of the statement of cash flows, the Company considers all short-term debt securities purchased with an original maturity of three months or less and all cash balances or deficits to be cash equivalents. Accounts at each institution are insured by the Federal Deposit Corporation (FDIC) up to \$250,000. From time to time, balances maintained may exceed the maximum amount insured by the FDIC. Management does not believe there is a risk of loss with these accounts.

Accounts receivable

Accounts receivable are stated at the amount the Company expects to collect. The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Revenue recognition

The Company derives its revenues primarily from franchise and area representative fees. The revenue is recognized over the term of the respective contract. Some fees are paid in a lump sum while others are paid over time. The Company does not have any significant financing components as payment is received as invoiced. Related commissions on these contracts are deferred over the term of the contracts.

Performance obligation

For performance obligations related to franchise and area representative fees, control transfers to the franchisee or developer at different times over the contract period. Revenue is recognized based on the terms and deliverables agreed to in the contract. The Company recognizes revenue from fees as each performance obligation is met and over the term of the contract. Franchise and area representative fees collected but not earned based on the deliverables or timing of payment or contract are included in deferred revenue.

Franchise agreements

Initial franchise fees and developer fees are due upon granting of the franchise and are deferred and recognized as revenue when all material services and conditions required to be performed by the Company have been substantially completed. Commissions paid on franchise sales are due upon signing of the franchise agreement per the contracts and the expenses are recognized over the term of the franchise agreement.

Adoption of new accounting standards

In January 2021, FASB issued ASU 2021-02, *Franchisors – Revenue from Contracts with Customers (Subtopic 952-606)*. The standard is effective for annual periods beginning after December 15, 2020. The update is intended to reduce the cost and complexity applying ASU-2014-09 Topic 606 to pre-opening services for franchisors that are not public business entities. The Company adopted the new standard effective January 1, 2021, the first day of the Company’s fiscal year using the modified retrospective approach. The adoption did not have an impact on beginning retained earnings.





Mahana Fresh LLC
Notes to Financial Statements
December 31, 2021 and 2020

Note 2 – Summary of significant accounting policies (continued)

Adoption of new accounting standards

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The new standard is effective for annual financial statements issued for fiscal years beginning after December 15, 2021. Early application of the amendments in the ASU is permitted. The update is intended to increase transparency and comparability among Companies by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The Company has not adopted the new ASU to date.

Income taxes

The Company files partnership returns for the federal and state taxing jurisdictions. The Company does not pay income taxes; instead earnings and losses are reported at the member level for federal and state income tax purposes. Accordingly, the financial statements do not include a provision for income taxes.

The Financial Accounting Standards Board has issued ASC 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribed a comprehensive model for how a company should measure, recognize, present, and disclose in its financial statements uncertain tax positions that an organization has taken or expects to take on a tax return. The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2021 and 2020. Fiscal years ending on or after December 31, 2018 remain subject to examination by federal and state tax authorities as this is the first year of operations.

Estimates

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

Advertising

Advertising costs are expensed as incurred.

Impairment Charges

In accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Asset*, losses related to the impairment of a long-lived asset are recognized when expected future cash flows are less than the asset's carrying value. When facts and circumstances indicate that the carrying values of long-lived assets may be impaired, the Company makes an evaluation of recoverability by comparing the carrying values of the assets to projected future cash flows, in addition to other quantitative and qualitative analyses.

When stores close, the Company records a liability for future related costs, net of estimated cost recoveries that may be achieved through bankruptcy proceedings or other collection efforts. During 2020, one store closed.





Mahana Fresh LLC
Notes to Financial Statements
December 31, 2021 and 2020

Note 3 – Paycheck protection program

The Company received a loan of \$106,379 on May 6, 2020 under the Paycheck Protection Program of the CARES Act. It has an interest rate of 1% and matures on May 6, 2022 with all loan proceeds and accrued interest due. The loan forgiveness was applied for and recognized as of December 31, 2020 and the loan was forgiven in 2021. The Company received a second loan of \$119,429 under the Paycheck Protection Program of the CARES Act. It has an interest rate of 1% and matures on February 10, 2026. The loan forgiveness was applied for and approved on November 23, 2021 and recognized as of December 31, 2021.

Note 4 – Members’ capital accounts

Initial capital contributions are accounted for within individual member equity accounts. Separate withdrawal accounts are also maintained. Members may not request withdrawals of ownership interest.

Currently, there is one member. The majority member owns 100% of the Company.

Income and losses from operations and for tax purposes are allocated in accordance with the member’s equity ownership. As of December 31, 2021 and 2020, the capital balances are as follows:

	<u>2021</u>	<u>2020</u>
Majority member	\$ (937,171)	\$ (910,395)
Minority members	<u>-</u>	<u>-</u>
Total members’ equity	\$ (<u>937,171</u>)	\$ (<u>910,395</u>)

Note 5 – Franchise Activity

The Company signed three franchise agreements in 2021 and four franchise agreements in 2020. There were two restaurants opened during 2021 and five restaurants opened during the 2020. Under the franchise agreements, the Company will provide guidance, advice, and management assistance to the franchisees. The Company also agrees to pay certain costs of store refurbishing, advertising, and technology costs. In addition to the initial fee to open a franchise, the franchise agreements provide for royalties of approximately 6% and advertising income of 1% to 2% to be paid to the Company based on weekly sales. Franchise revenues will be recognized over the term of the franchise agreements. At December 31, 2021 and 2020, \$477,575 and \$383,112 remained in deferred revenue.

Commissions on the opening of these franchises are prepaid upon store opening and recognized over the term of the related franchise or developer agreement.

Note 6 – Area Development Affiliations

The Company has entered into development agreements with area developers and various individuals to develop stores in certain geographic regions or venues. These agreements generally stipulate that a certain number of stores are to be developed over a period of time. There were two developer (area representative) agreements signed during 2021 to open multiple new franchises but no developer agreements were signed in 2020. The Company recognizes revenue as each of the stores under the agreement are opened. A total of \$1,730,784 has been collected on these agreements with \$145,912 and \$432,085 receivable on those agreements at December 31, 2021 and 2020. The revenue will be recognized over the term of the agreements. During 2021 and 2020, \$292,271 and \$242,400 was recognized as revenue under the agreements, with \$1,128,004 and 1,467,579 remaining in deferred revenue at December 31, 2021 and 2020.





Mahana Fresh LLC
Notes to Financial Statements
December 31, 2021 and 2020

Note 7 – Disaggregation of revenue

The following table disaggregates the Company's revenue for the year ended December 31, 2021 and 2020:

	2021	2019
Area representative (developer) revenue	\$ 292,271	\$ 242,400
Royalty income	145,716	29,153
Grand opening training fees	90,000	70,000
Advertising income	64,636	19,435
Franchise revenue	54,038	39,700
Other income	22,591	6,840
Social media income	15,326	1,815
License fee income	5,908	-
Total	\$ 645,540	\$ 409,343

Note 8 – Deferred revenue

The following table presents changes in the Company's deferred revenues for the years ended December 31, 2021 and 2020:

	2021	2020
Deferred franchise fees:		
Balance at January 1	\$ 383,112	\$ 274,313
Cash received in advance	148,501	148,500
Revenue recognized during the period	(54,038)	(39,701)
Balance at December 31	\$ 477,575	\$ 383,112
Deferred area rep fees:		
Balance at January 1	\$ 1,467,579	\$ 1,709,979
Payments due on contracts	201,000	-
Revenue recognized during the period	(292,271)	(242,400)
Balance at December 31	\$ 1,128,004	\$ 1,467,579

Note 9 – COVID-19 impacts

The Company's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in an adverse impact on the Company's financial position, operations, and cash flows. Possible side effects may include, but are not limited to, disruption to the Company's customers and revenue, absenteeism in the Company's labor workforce, unavailability of products or services used in operations, and a decline in the value of assets held by the Company, including accounts receivables. The Company waived royalty fees for six months from some franchisees in 2021 and 2020. The Company continues to monitor developments, including government requirements and recommendations at the national, state, and local level to evaluate business decisions. Management is confident that the resources, business experience, and leadership team in place will successfully navigate this period of uncertainty.

Note 10 – Subsequent Events

Subsequent events have been reviewed by management as of February 7, 2022, the date the audit report was made available. No events requiring disclosure have been noted.



EXHIBIT E

OPERATIONS MANUAL TABLE OF CONTENTS

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Mahana Vision Statement	2
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Franchisee Training	5
Marketing	7
Supervising Franchisees	11

EXHIBIT F

AREA REPRESENTATIVE INFORMATION

LIST OF CURRENT AREA REPRESENTATIVES

Name	Address	City	State	Postal	Telephone #
Ed Bush	2 NJ-37	Toms River	NJ	08753	732-779-5115
Keith DuPont	14815 Ballantyne Village Way	Charlotte	NC	28277	215-760-6782
Bhavin Patel	6201 Brookridge Dr.	Flowery Branch	GA	30542	770-530-1026
Joseph Rahael	2900 N. University Drive	Coral Springs	FL	33065	305-593-0595
Hein Tran	4218 Pebblestone Trail	Round Rock	TX	75665	408-828-5841

List of Area Representatives who have left the System or who have not communicated with us within the 10-week period immediately preceding the effective date of this Disclosure Document.

Name	City	State	Telephone #
Mike Whitehurst	Hobe Sound	FL	561-386-8765
Logan Hand	Clearwater	FL	727-261-0208

ITEM 2. BUSINESS EXPERIENCE

We have appointed Area Representatives in certain geographic areas to recruit and support franchisee in a designated area. The following includes information about our Area Representatives and certain of their personnel and management that may exercise management responsibility relating to the sale and operation of Mahana Fresh Restaurants.

Joseph Rahael: Area Representative

Joseph Rahael has been an Area Representative with Mahana Fresh since 2018. Since 2017 Joseph has also been a real estate developer and consultant with JORA Real Estate Development Services in Trinidad and Tobago. From 2000 to 2017 Joseph was the Managing Director for Amera Caribbean Development LTD.

Gary Jordan: Area Representative

Gary Jordan has been an Area Representative with Mahana Fresh since 2018. Since 2007, Gary has been running his own company, Gary Jordan Photography, which specializes in photography and marketing.

Keith DuPont: Area Representative

Keith DuPont has been an Area Representative with Mahana Fresh since February 2019. Since February of 2019 Keith has been president of KGD Enterprises Inc, a private equity business focused on the restaurant industry. Prior to starting KGD Enterprises, Keith served as the President of Performance Materials at Coats Group PLC from 2018 to 2019 in Charlotte NC. From 2015 to 2017 Keith served as the President and CEO at Handy & Hartman LTD in Camden, DE.

Gail DuPont: Area Representative

Gail DuPont has been an Area Representative with Mahana Fresh since February 2019. Since February of 2019, Gail has been a managing partner of KGD Enterprises Inc, a private equity business focused on the

restaurant industry. From 2018 to 2019 Gail worked as a substitute teacher in Union County NC. Prior to 2018 she was not in the workforce.

Hein Tran: Area Representative

Hien Tran (HT) has been an Area Representative with Mahana Fresh since 2018. From 2017 to present, HT is the Executive Chairman Emeritus of Anvil Builders Inc, a civil engineering firm conduction State and Federal projects based in San Francisco, CA. From 2010 to 2017, HT was the CEO and President of Anvil Builders Inc.

Colin Reilly: Area Representative

Colin Reilly has been an Area Representative with Mahana Fresh since 2018. From 2015 until 2018 Colin was a licensed commercial insurance Agent/Broker with Garland Sturges & Quirk in San Jose ,CA.

Ed Bush: Area Representative

Ed Bush has been an Area Representative with Mahana Fresh since 2021. Ed has owned and operated Jersey Shore Sports, LLC since 2000.

Bhavin Patel: Area Representative

Bhavin Patel has been an Area Representative with Mahana Fresh since 2021. From 2021 to present Bhavin has served as the owner of KAA Fresh, LLC. Prior to owning KAA Fresh, Bhavin was self- employed as a Realtor, Insurance Adjuster, and Life Insurance Agent.

**ITEM 3.
LITIGATION**

No litigation is required to be disclosed in this Item for Area Representatives

**ITEM 4.
BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item for Area Representatives

EXHIBIT G

SAMPLE GENERAL RELEASE

GENERAL RELEASE AGREEMENT

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims ("Release") is made as of the date signed below, by the party identified below as the area representative ("Area Representative"), and each individual holding an ownership interest in Area Representative (collectively with Area Representative, "Releasor") in favor of Mahana Fresh, LLC ("Franchisor," and together with Releasor, the "Parties").

WHEREAS, Franchisor and Area Representative have entered into an Area Representative Agreement ("Agreement") pursuant to which Area Representative was granted the right to own and operate a Mahana Fresh area representative business;

WHEREAS, [Area Representative has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Area Representative, to a transferee/enter into a successor area representative agreement/amend the Agreement] OR [the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release], and Franchisor has consented to such [transfer] [successor area representative agreement] [amendment] [termination] [other reason]; and

WHEREAS, as a condition to Franchisor's consent to [transfer the Agreement] [enter into a successor area representative agreement] [amend the Agreement] [terminate the Agreement] [other reason], Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. 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 Area Representative represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Area Representative. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Area Representative are signatories to this Release.
2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors 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, successors and 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, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third party claim.
3. Non-disparagement. 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. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Agreement to any third party without Franchisor's express written consent, except as required by law.

5. 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 Florida.

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 attorneys' 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, successors, 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 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 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. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

[SIGNATURE PAGE FOLLOWS]

SIGNATURE PAGE TO GENERAL RELEASE FORM

IN WITNESS WHEREOF, Releasor has executed this Release as of the date signed below.

AREA REPRESENTATIVE:

[AREA REPRESENTATIVE ENTITY]

By:

Name:

Title:

Date:

AREA REPRESENTATIVE'S OWNERS:

(add more lines as necessary)

Signature:

Name:

Date:

EXHIBIT H

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed or registered as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT I

RECEIPTS

**RECEIPT
(OUR COPY)**

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

If Mahana Fresh LLC offers you a franchise it must provide this disclosure document to you within 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If Mahana Fresh 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, D.C. 20580, and the state administrator identified in Exhibit B of this Franchise Disclosure Document. A list of franchisor's agents registered to receive service of process is listed as Exhibit B to this Franchise Disclosure Document.

Effective Dates for this Franchise Disclosure Document in the registration states are listed on the state Effective Date Page.

Issuance date: March 31, 2023.

I received a Franchise Disclosure Document that included the following Exhibits:

- | | |
|--|--|
| A – State Specific Addenda | E – Operating Manual Table of Contents |
| B – State Administrators and Agents for Service of Process | F – List of Area Representatives |
| C – Area Representative Agreement | G – Form of General Release |
| D – Financial Statements | H - State Effective Dates |
| | I – Receipts |

The franchise seller for this offering is: Dave Wood, 650 Golden Gate Point, Suite 401, Sarasota, Florida 34236, Phone Number (941) 257-3663.

PROSPECTIVE FRANCHISEE:

Name of Entity:

By:

Name:

Title:

Dated:

**RECEIPT
(YOUR COPY)**

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The franchise seller for this offering is: Dave Wood, 650 Golden Gate Point, Suite 401, Sarasota, Florida 34236, Phone Number (941) 257-3663.

PROSPECTIVE FRANCHISEE:

Name of Entity:

By:

Name:

Title:

Dated: