



FRESH ASIAN GRILL



FRANCHISE DISCLOSURE DOCUMENT



M. H. Franchise Company Inc

A Colorado Corporation

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

The total investment necessary to begin operation of a Teriyaki Madness franchise is between \$322,755 and \$845,435. This includes \$69,500 to \$210,500 that must be paid to the franchisor or its affiliate(s).

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment in connection with the franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Michael Haith at 950 S. Cherry Street, Suite 850, Denver, Colorado 80246 and 303-997-0730.

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

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

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

ISSUANCE DATE: April 1, 2020



How to Use This Franchise Disclosure Document

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

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



What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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



Special Risks to Consider About *This* Franchise

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

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

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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EXHIBITS:

Exhibit A	List of State Administrators and Agents for Service of Process
Exhibit B	Financial Statements
Exhibit C	Franchise Agreement
Exhibit D	Franchise Disclosure Questionnaire
Exhibit E	Operations Manual Table of Contents
Exhibit F	List of Current and Former Franchisees
Exhibit G	State Addenda and Agreement Riders
Exhibit H	Contracts for Use with the Teriyaki Madness Franchise
Exhibit I	State Effective Dates
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APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES OR STATE SPECIFIC AMENDMENTS, IF ANY, APPEAR IN THE STATE ADDENDA AT EXHIBIT G.



ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

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

The Franchisor and Parent

We are a Colorado corporation formed on February 12, 2016. We have a parent entity and predecessors. Our principal business address is 950 S. Cherry Street, Suite 850, Denver, Colorado 80246. Our predecessor began offering franchises for Teriyaki Madness businesses in June 2005 (“Teriyaki Madness Franchise” or “Franchises”). We began offering Franchises in March 2016. We conduct business under our corporate name and under the licensed trademarks. We do not conduct business under any other name or in any other line of business nor do we offer franchises in any other line of business. We do not conduct, and have never conducted, a business of the type described in this Franchise Disclosure Document.

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

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

Predecessors and Affiliates

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

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



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

Teriyaki Madness Franchising LLC's non-operational predecessor was Madness Worldwide, LLC ("MW"), a Nevada limited liability company. MW offered franchises similar to the type being offered under this Franchise Disclosure Document from June 2005 until April 2011 and sold approximately five (5) franchises during this time. Its principal business address was 8430 W. Lake Mead Blvd., Suite 100, Las Vegas, Nevada 89128. MW operated under the name of Teriyaki Madness until Teriyaki Madness Franchising LLC acquired all of its assets in June, 2012. MW did not conduct business under any other name or in any other line of business, nor did it offer franchises in any other line of business. MW does not conduct, and has never conducted, a business of the type described in this Franchise Disclosure Document.

We have six affiliates:

M. H. Enterprises Marketing Inc	("MH Marketing")
M.H. Enterprises International, Inc	("MH International")
TMAD Virginia Beach LLC	("TM Virginia Beach")
TMAD Lincoln LLC	("TM Lincoln")
TMAD Denver LLC	("TM Denver")
Restaurant Sherpas LLC	("Restaurant Sherpas")

MH International, MH Marketing, TM Virginia Beach, TM Denver, TM Lincoln, and Restaurant Sherpas all have their principal business addresses at 950 S. Cherry Street, Suite 850, Denver Colorado 80246. MH International provides initial and ongoing support to our franchisees. MH Marketing provides marketing support to franchisees and operates the Teriyaki Madness marketing fund. Restaurant Sherpas offers optional management company services for franchisees. MH International, MH Marketing, TM Virginia Beach, TM Lincoln, and Restaurant Sherpas have never offered franchises in this line of business or any other line of business. TM Virginia Beach, TM Lincoln, and TM Denver currently own and operate a business similar to the type described in this Franchise Disclosure Document and have done so since July 2016, November 2018, and October 2019, respectively.

The Teriyaki Madness Business

We offer Teriyaki Madness Franchises which use of the "TERIYAKI MADNESS" trademarks, trade names, service marks and logos ("Marks") for the operation of Teriyaki Madness Businesses. The Franchise is operated under a business format per a unique system, including our valuable know-how, information, trade secrets, training methods, confidential operations manual ("Manual"), standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of Teriyaki Madness Businesses ("System"). We reserve the



right to change or otherwise modify the System at any time at our sole discretion. Each Teriyaki Madness Franchise operates a fast casual restaurant that makes and sells Japanese-style teriyaki dishes, and other specialty food items, beverage items, and other items. Teriyaki Madness Businesses feature grilled high-quality meats marinated and served with our proprietary, signature teriyaki sauces. Teriyaki Madness Businesses offer generous portion sizes at reasonable prices. All meals are cooked to order and served promptly. You will operate your Teriyaki Madness Businesses from approved retail shops (each, a “Teriyaki Shop”).

We offer three different franchise packages depending on the number of Teriyaki Madness Businesses you wish to purchase. The “Single Franchise” package gives you the right to open a single Teriyaki Madness Business. The “Standard Franchise” package gives you the right to open three Teriyaki Madness Businesses. The “Platinum Franchise” package gives you a protected territory and the right to open five Teriyaki Madness Businesses in that territory.

You must operate your Teriyaki Madness Franchise per our standard business operating practices and sign our form of franchise agreement attached to this Franchise Disclosure Document as Exhibit C (“Franchise Agreement”). In addition to the Franchise Agreement, you will need to sign a “Teriyaki Shop Rider” for each location. Our current form of Teriyaki Shop Rider is attached to the Franchise Agreement as Attachment A. Your Teriyaki Madness Business must offer only those services and products that we have authorized. We reserve the right to add, modify, or delete any services or products that you must offer or sell at your Teriyaki Madness Business at any time at our sole discretion.

General Market and Competition

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

Industry-Specific Laws and Regulations

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



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

ITEM 2 BUSINESS EXPERIENCE

Chief Executive Officer, Chairman: Michael Haith

Mr. Haith has served as our Chief Executive Officer and member of our Board in Denver, Colorado since our formation in February 2016. Mr. Haith served as a member of our predecessor's Board in Denver, Colorado from June 2012 until January 2016, and served as our predecessor's Chief Executive Officer from August 2014 until January 2016. Mr. Haith is also a founding principal of 4GT, LLC in Denver, Colorado and has been so since May 2015. Mr. Haith was the Chief Executive Officer of Maui Wowi Franchising, Inc., a coffee and smoothie franchisor located in Greenwood Village, Colorado, from March 2002 until August 2013 and Chairman of the Board until its sale in November 2015. From 1990, until its sale in November 2015, Mr. Haith served as the Chief Executive Officer for Pour la France! Catering Inc. located in Denver, Colorado. Mr. Haith also served as Chairman of the Board of Doc Popcorn Franchising, Inc. in Greenwood Village, Colorado from April 2008 until its sale in August 2014. Mr. Haith serves as Chairman of the Board of Directors of Global Street LLC d/b/a Raintree in Denver, Colorado and has done so since July 2012. Mr. Haith is a founding principal of Franchise Sherpas, Inc. in Denver, Colorado and has been so since November 2009.

Chief Operating Officer, Board Member: Erin Hicks

Ms. Hicks has served as our Chief Operating Officer and a member of our Board in Denver, Colorado since April 2018. Ms. Hicks served as our Executive Vice President and a member of our Board in Denver, Colorado from our formation in February 2016 until April 2018. She also served as our Predecessor's Executive Vice President in Denver, Colorado from July 2013 until January 2016. She previously served as Executive Vice President for Maui Wowi Franchising, Inc. in Greenwood Village, Colorado from August 2009 to July 2013.

Executive Vice President of Logistics: Joe Gordon

Mr. Gordon has served as our Executive Vice President of Logistics in Denver, Colorado since August 2019. From August 2018 to July 2019, Mr. Gordon served as our Vice President of Supply Chain. Mr. Gordon was previously Director of Supply Chain, Quality Assurance and Culinary R&D for Portillo's Hot Dogs, LLC in Oak Brook, Illinois from May 2016 to August 2018, National Director of Supplier Management for United Natural Foods in Aurora, Colorado from April 2014 to May 2016, and Senior Vice President Supply Chain for SpenDifference in Denver, Colorado from January 2013 to April 2014.

Executive Vice President of Marketing: Jodi Boyce

Ms. Boyce has served as our Executive Vice President of Marketing in Denver, Colorado since September 2016. Ms. Boyce was previously Vice President of Marketing at Smashburger in Denver, Colorado from December 2014 until July 2016. From March 2013 to December 2014, Ms. Boyce was the



Account Director at The Integer Group in Denver, Colorado on the Einstein Bros. Bagels account. Mrs. Boyce was under contract as a consultant with Elevation Advertising from December 2012 to March 2013 in Richmond, Virginia.

Vice President of Real Estate: Hank Janik

Mr. Janik was promoted to our Vice President of Real Estate in Plano, Texas in May of 2018 after coming to us in August of 2017 as our Director of Real Estate in Plano, Texas. Mr. Janik was previously Executive Director of Real Estate with Focus Brands in Atlanta, Georgia working to grow the Schlotzsky's Deli, Moe's Southwestern Grill and McAlister's Deli brands, from August 2013 to August 2017.

Director of Development: Alison Satriana

Ms. Satriana has served as our Director of Development since January 2018 in Denver, Colorado. Ms. Satriana previously held the positions of Director of Development Marketing and Office Manager at Teriyaki Madness since February 2016 in Denver, Colorado. Prior to joining Teriyaki Madness, Ms. Satriana worked as a Sales Manager at M+M, Inc. from June 2015 to January 2016 in Northglenn, Colorado. She worked as an Account Manager for M+M, Inc. from February 2012 until her promotion in June 2015 in Northglenn, Colorado.

Director of Franchisee Profitability: Alex Hanson

Mr. Hanson has served as our Director of Franchisee Profitability since May 2018. Mr. Hanson previously held the position of Franchise Business Consultant for HoneyBaked Ham Company in Alpharetta, Georgia from April 2016 to May 2018. Prior to that, Alex was a Franchise Support Coach for Smashburger in Denver, Colorado from February 2008 until April 2016.

Director of Training and Field Training: Kevin McCarthy

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

Franchise Development Manager: Tyler DeMuth

Mr. DeMuth has served as our Director of Franchise Growth since January, 2019, in Denver, Colorado. He served as our Franchise Development Manager from November 2017 to January 2019. Prior to that, Mr. DeMuth worked for Swift Communications in Avon, Colorado as an Account Manager from November 2016 to January 2017. Prior to that, Mr. DeMuth worked for Endurance International Group in Tempe, Arizona as a Technical Support Manager, Inside Sales and Specialty Teams Manager, and an Outbound Sales Manager from March 2013 to March 2016. From March 2016 to November 2016 and January 2017 to November 2017, Mr. DeMuth was on family medical leave.

Development Coordinator- Fabian Trejo Benitez

Mr. Trejo Benitez has served as our Development Coordinator since February 2019. Prior to that, he served as an Administrative Assistant for Bommavito Performance Systems in Davie, Florida from September 2016 until March 2017 and again from December 2017 until August 2018. Mr. Trejo Benitez also held the position of Office Manager at First Service Residential in Minneapolis, Minnesota from March 2017 until December 2017. He held the position of Set-up in Catering for Courtyard by Marriott in Moorhead, Minnesota from May 2014 until May 2016.



**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**

We offer three different Franchise packages depending on the number of Teriyaki Madness Businesses you wish to develop:

Franchise Type	Number of Teriyaki Madness Businesses	<u>“Initial Franchise Fee”</u>
<u>“Platinum Franchise”</u>	5	\$150,000
<u>“Standard Franchise”</u>	3	\$99,000
<u>“Single Franchise”</u>	1	\$45,000

If you purchase a Single Franchise, you will have the right to open a single Teriyaki Madness Business, and you will sign the Single Franchise Addendum attached to the Franchise Agreement as Attachment B-1. Once your Teriyaki Shop is open and operating, you will have no further development obligations. If you purchase a Standard Franchise, you will have the right to open three Teriyaki Madness Businesses, and you will sign the Standard Franchise Addendum attached hereto as Attachment B-2. If you purchase a Platinum Franchise, you will have the right to open five Teriyaki Madness Businesses, and you will sign the Platinum Franchise Addendum attached to the Franchise Agreement as Attachment B-3. If you purchase a Standard Franchise or Platinum Franchise, you must also agree to open each Teriyaki Shop on a specified schedule (“Development Schedule”). You will execute additional Teriyaki Shop Riders for each additional Teriyaki Shop that you open. However, if you fail to open the Teriyaki Madness Businesses on the required Development Schedule, you will forfeit the right to open those additional Teriyaki Madness Businesses.

The Initial Franchise Fee is fully earned by us and payable when you sign your Franchise Agreement and is non-refundable under any circumstances, even if you fail to open any Teriyaki Madness Businesses. The Initial Franchise Fee is payment for all of our pre-opening assistance and training that we provide to allow you to open your Teriyaki Madness Business and also offsets some of our franchisee recruitment expenses. Unless otherwise agreed to, by way of example, through a franchise sales promotion, or otherwise, the Initial Franchise Fee is uniform.



Shop Opening Assistance Fee

In addition to the Initial Franchise Fee, you must pay our affiliate, MH International, a “Shop Opening Assistance Fee” of \$24,500 for the first Teriyaki Shop that you develop, which offsets the costs in supporting your efforts to find, develop, and open the Teriyaki Shop (“Shop Opening Assistance”). You will pay the Shop Opening Assistance Fee when you sign the Franchise Agreement.

If you purchase a Standard Franchise or Platinum Franchise, the Shop Opening Assistance Fee is waived for each additional Teriyaki Shop.

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

Opening Extension Fee

If you fail to open the Teriyaki Madness Business within 12 months of signing the Franchise Agreement or the applicable Teriyaki Shop Rider, you will be required to pay us an “Opening Extension Fee” of \$250 per week until the Teriyaki Madness Business is open or we have the right to terminate the Franchise Agreement. In our sole discretion, we may waive the extension fee if requested in writing within nine months of signing the Franchise Agreement. This fee is uniform and non-refundable under any circumstances.

Optional Management Services

Our affiliate, Restaurant Sherpas, provides optional management services to support you in fulfilling your pre- and post-opening obligations, including site selection, construction, obtaining health permits, and day-to-day oversight of operations of the franchise (the “Optional Management Services”). If you choose to use the Optional Management Services, you will sign the “Restaurant Management Agreement” with Restaurant Sherpas. The current form of Restaurant Management Agreement is included in Exhibit H. We currently make these services available to all franchisees, and you are permitted to sign multiple Restaurant Management Agreements if purchasing a Standard Franchise or Platinum Franchise. The initial term of each Restaurant Management Agreement is one year, and it automatically renews each year. After the initial 1-year term, the Restaurant Management Agreement can be terminated on 90 days’ written notice.

Upon signing the Restaurant Management Agreement, you will pay an “Initiation Payment” of \$13,500. The Initiation Payment will be applied to your final three payments upon termination or expiration of the Restaurant Management Agreement. If you sign a Restaurant Management Agreement before the Teriyaki Madness Business opens, you will pay a “Site Development Services Fee” of \$1,000 per month until construction has commenced on the Teriyaki Madness Business. Once construction has commenced, you will begin paying a “Management Services Fee” of \$4,500 per month. These fees are uniform and non-refundable under any circumstances.

If you sign a Restaurant Management Agreement with Restaurant Sherpas at the time you sign your Franchise Agreement with us, we estimate that your total fees paid prior to opening will range from \$25,500 to \$36,000 depending on the length of construction and amount of time that passes between the date that you sign the Franchise Agreement and the date that your business opens as illustrated in the following chart:



	Initiation Payment	Site Development Services Fee	Management Services Fee	Total Paid Prior to Opening
Low Estimate (2 months of construction; 5 months between signing and opening)	\$13,500	\$3,000 (\$1,000 x 3 mos.)	\$9,000 (\$4,500 x 2 mos.)	\$25,500
High Estimate (3 months of construction; 12 months between signing and opening)	\$13,500	\$9,000 (\$1,000 x 9 mos.)	\$13,500 (\$4,500 x 3 mos.)	\$36,000

ITEM 6 OTHER FEES

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Royalty Fee ⁽²⁾	6% of Gross Sales	Tuesday of each week	The “ <u>Royalty Fee</u> ” is based on Gross Sales during the previous week. Gross Revenue is defined in Note 2. Payments are made via electronic funds transfer (“ <u>EFT</u> ”). Your Royalty Fee is an ongoing payment that allows you to use the marks and the intellectual property of the System and pays for our ongoing support and assistance.
Marketing Fund Contribution	3% of Gross Sales	Same as Royalty Fee	We have established a marketing fund (“ <u>Marketing Fund</u> ”) which is discussed in more detail in Item 11.
Grand Opening Advertising	\$10,000 per Teriyaki Shop	As incurred. Before opening and up to 30 days after.	This requirement is discussed in more detail in Item 11. You must spend at least \$10,000 on local advertising, promotion, and other marketing activities, of which \$1,500 must be spent on marketing activities and vendors that we specify in connection with your grand opening
Local Advertising Requirement	\$15,000 per year per Teriyaki Shop	As incurred	This requirement is discussed in more detail in Item 11. If you fail to provide required documentation for the local advertising requirement in any given period, you will be required to pay the difference to the Marketing Fund. This requirement is in addition to your grand opening requirement.



Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Cooperative Marketing	3% of Gross Sales	As incurred	This requirement is discussed in more detail in Item 11. Payable if we require you to join a local advertising cooperative. Any payments you make for the cooperative's marketing will be applied towards your required minimum local marketing expenditures
Technology Fee	Up to \$600 per month per Teriyaki Shop (currently \$99.95 per month until your first Teriyaki Shop opens and then \$217 per month per opened Teriyaki Shop)	Monthly on the first Tuesday of each month	For use of our application development and service, online systems, email, data sharing, loyalty program, restaurant management platform, and other Internet related functions. We collect this fee on the first Tuesday of each month. We reserve the right to increase this fee upon 30 days written notice. If you purchase the Standard Franchise package, you are only required to pay a total of \$99.95 per month until your first Teriyaki Shop opens. In addition, franchisees may be responsible for paying our approved third party vendors directly for certain technology (see Item 11).
Initiation Payment under the optional Restaurant Management Agreement ⁽³⁾	\$13,500	Upon signing the Restaurant Management Agreement	Payable to our affiliate, Restaurant Sherpas, if you choose to use their optional management services. See Item 5 for more information on this fee.
Site Development Services Fee under the optional Restaurant Management Agreement ⁽³⁾	\$1,000 per month until construction commences.	On or before the 20th day of the month prior to the month for which the fee is due	Payable to our affiliate, Restaurant Sherpas, if you choose to use their optional management services prior to commencing construction of the Teriyaki Madness Business. See Item 5 for more information on this fee.
Management Services Fee under the optional Restaurant Management Agreement ⁽³⁾	Beginning when construction commences, \$4,500, per month.	On or before the 20th day of the month prior to the month for which the fee is due	Payable to our affiliate, Restaurant Sherpas, if you choose to use their optional management services after commencing construction of the Teriyaki Madness Business. See Item 5 for more information on this fee.



Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Management Services Incentive Fee under the optional Restaurant Management Agreement ⁽³⁾	10% of the Profits of your Teriyaki Madness Business	Within 15 days of the end of each fiscal quarter	In addition to the Site Development Services Fee, Management Services Fee and Initiation Payment, you must pay our affiliate, Restaurant Sherpas, an incentive fee equal to 10% of the Profit of your Teriyaki Madness Business. “Profit” is calculated as the Gross Sales less all expenses for the operation of your Teriyaki Madness Business.
Payment Service Fees	3% of total charge	As incurred	We currently do not accept payment by credit card. If we accept credit card payments in the future, we reserve the right to charge a service charge of 3% of the total charge for payment of any fee required.
Failure to Submit Weekly Inventory or other Required Report	\$100 per week until submitted	As incurred	Payable if you fail to submit the weekly inventory or other required report within five days of the due date or our request. Your bank account will be debited for failure to submit any requested report within five days of the due date or our request.
Additional Training or Assistance Fees ⁽⁴⁾	An amount set by us (currently \$500 per additional person per day for initial training and \$500 per person per day for additional training plus all travel expenses)	Payable in advance of the training or assistance	We provide the initial training and hands-on training program at no cost for up to two people (provided they attend at the same time) for your first Teriyaki Shop and for any initial designated manager for any additional Teriyaki Shops authorized by a Teriyaki Shop Rider; we may charge you for training newly-hired personnel, refresher training courses, and additional consultations or special assistance or training you need or request. The fee amount will depend on the training required. If we provide additional training at your Teriyaki Shop, you may be required to pay for our instructors’ travel expenses as well.



Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Conference Fee ⁽⁵⁾	An amount designated by us (for the annual convention, currently \$2,000 for up to two attendees plus expenses; and \$1,000 for each additional attendee, plus expenses. You will receive a \$500 royalty credit if at least one of your required participants attends the annual convention.)	As incurred	A “ <u>Conference Fee</u> ” is payable to us to help defray the cost of your attendance at any conference(s) including the cost of the hotel (based on double occupancy). We reserve the right to charge this fee whether or not you attend the conference.
Transfer Fee	50% of our then-current Initial Franchise Fee per Teriyaki Shop	At time of approved transfer	Payable or waivable at our sole discretion only in connection with the transfer of your Teriyaki Shop, a transfer of ownership of your legal entity, or the Franchise Agreement.
Renewal Franchise Fee	10% of our then-current Initial Franchise Fee per Teriyaki Shop	At the time you sign the renewal franchise agreement	This fee is payable if you qualify for a renewal franchise and choose to enter into a renewal franchise agreement.
Relocation Fee	Currently \$5,000	Upon submission of request to relocate	Payable if you relocate your Teriyaki Madness Business.
Late Payment	\$100 per occurrence, plus lesser of the daily equivalent of 15% per year simple interest or the highest rate allowed by law	As incurred	Payable if any payment due to us is not made by the due date. Interest accrues from the original due date until payment is received in full.
Returned Check Or Insufficient Funds Fee	\$100 per occurrence	As incurred	Due each time a check you write to us is dishonored or you have insufficient funds for an EFT payment.
Food Safety Audit	Cost of audit (estimated to be approximately \$300)	As incurred	If you fail a food safety audit, we will require you to undergo an additional food safety audit at your own expense within 45 days. You will pay the third party auditor directly upon invoicing. This fee is uniformly imposed and is not refundable in any circumstances.



Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Audit	Cost of audit, plus lesser of the daily equivalent of 15% per year simple interest or the highest rate allowed by law (we estimate this cost to be between \$1,000 and \$15,000)	Upon demand	Payable only if audit shows an understatement of at least two percent (2%) of Gross Sales for any month or if you fail to fully cooperate with our third party auditors or inspectors, as determined by our third party auditors or inspectors.
Taxes	Amount assessed by federal, state and local tax authorities on any payments you make to us	Upon demand	Payable if we are assessed any taxes on any payments you make to us (including sales, gross receipt, excise, use or similar taxes, but not income taxes).
Indemnification	Varies under circumstances	As incurred	You must indemnify and reimburse us for any expenses or losses that we or our representatives incur related in any way to your Teriyaki Madness Business, Franchise or the operation of your Teriyaki Madness Business.
Legal Costs and Professional Fees	Will vary under circumstances	As incurred	You will be required to pay any costs that we incur as a result of any breach or termination of your Franchise Agreement. This fee will include a minimum administrative cost of \$250 to cover our expenses.
De-Identify Premises	Will vary under circumstances	As incurred	If you do not de-identify your Teriyaki Shop following expiration or termination of the Franchise Agreement, you will be required to reimburse us the cost to re-enter the premises and perform de-identification.
Insurance	Reimbursement of our costs plus a 20% administration charge	On demand	If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us for the cost of insurance obtained plus twenty percent (20%) of the premium for an administrative cost of obtaining the insurance.
Interim Management Fee ⁽⁶⁾	\$500 per day per representative, plus expenses	As incurred	Payable if we or appoint an interim manager to manage the Franchise. ty.



Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Liquidated Damages ⁽⁷⁾	Will vary under the circumstances	15 days after termination of the Franchise Agreement	Payable if we terminate the Franchise Agreement for cause.
Unauthorized Advertising Fee	\$250 per occurrence	Upon demand	This fee is payable to the Marketing Fund if you use unauthorized advertising in violation of the terms of the Franchise Agreement.
Failure to Submit Required Financial Report Fine	\$100 per occurrence and \$100 per week	Your bank account will be debited for failure to submit any requested report within five days of request	Fines collected are paid to the Marketing Fund.
Maintenance and Refurbishment	Varies under the circumstances	As incurred	You must perform regular maintenance for your Teriyaki Madness Business. You must refurbish your Teriyaki Madness Business within six months after our request. You will not be required to refurbish your Teriyaki Madness Business within your first three years of operation.
Security and Music Systems	\$175-\$230 per month per Shop	As incurred	Current monthly usage fees for the required security system (\$55-\$65 per month per Shop); camera and monitoring system (\$95-\$140 per month per Shop); and music service (\$25 per month per Shop).
Supplier and Product Evaluation Fee	Cost of inspection (estimated to be approximately \$100 to \$500)	As incurred	Payable if we inspect or test product samples from proposed suppliers nominated by you. We currently do not charge this fee, but reserve the right to do on in the future.
Customer Satisfaction Reimbursement	Varies under circumstances	As incurred	We may, in our sole discretion, remedy any issues with customers of your Teriyaki Madness Business, including full reimbursement of any fees paid to you. You are required to reimburse us for any such remedy.



Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Broker Fees	Our actual cost of the brokerage commissions, finder's fees, or similar charges	As incurred	If you transfer your Teriyaki Madness Business to a third party or purchaser, you must reimburse all of our actual costs for commissions, finder's fees and similar charges.

Notes:

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

1. All fees paid to us or our affiliates are uniform for all franchisees purchasing the same type of franchise, and not refundable under any circumstances once paid (see footnote 4 below regarding the credit for the Conference Fee). Fees paid to vendors or other suppliers may or may not be refundable depending on the vendors and suppliers. You will be required to establish a designated bank account ("Designated Account") that shall be used exclusively for the operation of the Teriyaki Shops, and to complete the form of authorization is attached to the Franchise Agreement as Attachment C and any other documents necessary to facilitate your payment of amounts due under the Franchise Agreement. On Tuesday of each week (your "Weekly Billing Day"), we will debit your Designated Account for of all Royalty Fees, and Marketing Fees required based on your Gross Sales for the preceding business week (Monday through Sunday). If you failed to provide any Gross Sales report, or we are unable to access your Teriyaki Madness Franchise's Gross Sales for any reporting period, then we shall be authorized, at our option, to debit your account for the higher of: (a) the fees transferred from your account for the last reporting period for which a report of your Teriyaki Madness Franchise's Gross Sales was provided to us, or (b) an estimated amount due. All other fees and payments due to us will be made to us at our headquarters in Denver, Colorado, or as we otherwise specify in writing. We have the right to periodically specify (in the Manual or otherwise in writing) different payees, payment timing, and/or payment methods for any fees due under this agreement, such as, but not limited to, weekly/biweekly/monthly payment, payment by auto-draft, credit card and payment by check. You must promptly comply with any such changes.
2. "Gross Sales" means the revenues you receive from the sale of food, beverages, services and other items from in-store dining, carry-out, online orders, delivery, third party voucher sales, catering, and otherwise, including the sale of food and beverages, redemption of gift cards, and merchandise and all other income and consideration of every kind and nature related to the Teriyaki Madness Business or Teriyaki Madness Business operations (including all proceeds from any business interruption insurance) whether for cash or credit and regardless of collection in the case of credit but not including (a) any sales taxes or other taxes you collect from customers for, and thereafter paid directly to, the appropriate taxing authority; (b) any bona fide refunds you make to customers; (c) fees paid to third-party delivery services or aggregators; or (d) any supplier rebates. Gross Sales are deemed received by you at the time the services or products from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on an account receivable) actually has been received by you. On Tuesday of each week (your "Weekly Billing Day"), we will initiate an electronic funds transfer of all Royalty Fees, and Marketing Fees based on your Gross Sales for the preceding business week (Monday through Sunday). If we are unable to access, your Teriyaki Madness Franchise's Gross Sales for any reporting period, then we are authorized to debit your account for the higher of: (a) the fees transferred from your account for the last reporting period for which a



report of your Teriyaki Madness Franchise's Gross Sales was provided to us, or (b) an estimated amount due.

3. Our affiliate, Restaurant Sherpas, provides optional management services to support you, including site selection, construction, obtaining health permits, and day-to-day oversight of operations of the franchise. These services are available to all franchisees, and you are permitted to sign multiple Restaurant Management Agreements if you purchase a Standard Franchise or Platinum Franchise. You may purchase these services at any time during the term of the Franchise Agreement by signing the Restaurant Management Agreement. The term of the Restaurant Management Agreement lasts for one year and automatically renews unless we or you provide 90 days' written notice of non-renewal prior to expiration. You may cancel these services and terminate our agreement upon 90 days' written notice during any renewal term. If you terminate the agreement, you must pay a pro rata share of the Optional Management Services Fee and Optional Management Services Incentive Fee for any month or partial month in which Restaurant Sherpas provides management services.
4. You will at all times be responsible for complying with the obligations of the Franchise Agreement, including training and supervision, even though you may retain management services. If you desire, or we require, additional people to attend the initial training program or additional training, we may charge \$500 per person per day. We may waive this fee at our discretion. You will also need to pay for the cost of travel, room and board, and other personal expenses for each person attending the initial and recurring training programs.
5. Your Managing Owner and Designated Manager (as defined in Item 15), if applicable, must use best efforts to attend conferences at locations that we designate, and you must pay other expenses of each person attending, including any conference fees, travel expenses, meals, and personal expenses. Currently, our only regular conference is the annual convention. For the annual convention, you will pay us a Conference Fee of \$2,000 at least 90 days before the conference via EFT. If at least one of your required attendees attends the annual convention, we will credit \$500 of the \$2,000 back to you in the form of a royalty rebate. The Conference Fee is in addition to other expenses of each person attending, including any conference fees, travel expenses, meals, and personal expenses. If you wish to send more than two individuals to our annual conference, you must pay, in addition to expenses, a fee of \$1,000 per additional individual. We may choose to waive the Conference Fee for some convention speakers, members of the franchise advisory council, or for any reason in our discretion. If we establish additional conferences, we will designate each conference as "required" or "optional." If a conference is designated as "required," we reserve the right to charge you a conference fee in the amount we designate regardless of whether you attend.
6. We may designate an individual of our choosing (an "Interim Manager") to temporarily manage your Teriyaki Madness: (i) if you breach the Franchise Agreement and do not cure the failure within the time period specified; (ii) if we determine in our sole judgment that the operation of your Teriyaki Business is in jeopardy; (iii) if we determine in our sole discretion that operational problems require that we operate the Teriyaki Shop; (iv) if you abandon or fail to actively operate the Teriyaki Shop; (v) upon your or the Designated Manager's absence, termination, death, divorce, or disability; or (vi) if we believe you or your Designated Manager is incapable of operating the Teriyaki Shop ("**Step-in Rights**"). If we exercise our Step-in Rights, you will pay a management fee of \$500 for every day the Teriyaki Madness Business is managed by the Interim Manager. In addition, you must pay all costs and expenses we incur in connection with our exercise of Step-in Rights, such as reasonable attorney, accountant and other professional fees and costs.



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

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

Single Franchise

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee ⁽¹⁾	\$45,000	\$150,000	Lump Sum	Upon Signing the Franchise Agreement	Us
Shop Opening Assistance Fee ⁽²⁾	\$24,500	\$24,500	Lump Sum	Upon Signing the Franchise Agreement	Our Affiliate
Feasibility Study ⁽³⁾	\$1,000	\$1,000	Lump Sum	Prior to lease signing	Approved Suppliers
Site Survey ⁽⁴⁾	\$0	\$4,500	Lump Sum	30 calendar days prior to lease signing	Approved Suppliers
Rent, Security Deposit, Utility Deposit ⁽⁵⁾	\$7,000	\$16,000	As incurred	As agreed	Landlord, Utility Companies
Permit Expeditor ⁽⁶⁾	\$1,000	\$2,000	Lump Sum	10 days after lease signing	Approved Suppliers
Leasehold Improvements ⁽⁷⁾	\$120,000	\$329,000	As incurred	As agreed	Landlord, Contractors, Other Suppliers
Furniture, Fixtures and Equipment ⁽⁸⁾	\$51,000	\$126,000	As incurred	As agreed	Approved Suppliers
Architect	\$11,500	\$17,000	As incurred	As agreed	Approved Suppliers
Initiation Payment under optional Restaurant Management Agreement ⁽⁹⁾	\$0	\$13,500	As incurred	Upon Signing the Restaurant Management Agreement	Our Affiliate



Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Site Development Fee under optional Restaurant Management Agreement ⁽⁹⁾	\$0	\$9,000	As incurred	\$1,000 per month until construction commences	Our Affiliate
Management Services Fee under optional Restaurant Management Agreement ⁽⁹⁾	\$0	\$13,500	As incurred	\$4,500 per month after construction commences	Our Affiliate
Initial Inventory and Supplies ⁽¹⁰⁾	\$12,500	\$17,000	As incurred	As agreed	Approved Suppliers
Insurance ⁽¹¹⁾	\$1,500	\$7,000	As incurred	As agreed	Insurance Providers
Business Licenses and Permits ⁽¹²⁾	\$500	\$9,860	As incurred	As agreed	Third Parties
Professional Fees ⁽¹³⁾	\$2,500	\$4,000	As incurred	As agreed	Attorney, Accountant
Signage ⁽¹⁴⁾	\$9,000	\$23,900	As incurred	As agreed	Approved Suppliers
Security and Music System ⁽¹⁵⁾	\$1,955	\$2,975	As incurred	As agreed	Approved Suppliers
Office Equipment and Supplies ⁽¹⁶⁾	\$12,000	\$15,000	As incurred	As agreed	Approved Suppliers
Grand Opening Promotion ⁽¹⁷⁾	\$10,000	\$10,000	As incurred	As agreed	Approved Suppliers
Uniforms ⁽¹⁸⁾	\$600	\$1,000	As incurred	As agreed	Approved Suppliers
Initial and Hands-On Training Expenses ⁽¹⁹⁾	\$1,200	\$5,700	As incurred	As agreed	Airline, Hotel, Restaurants, etc.
Additional Funds –3 Months ⁽²⁰⁾	\$10,000	\$60,000	As incurred	As agreed	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT ⁽²¹⁾	\$322,755	\$845,435			

Notes:

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



1. Initial Franchise Fee. The Initial Franchise Fee is \$45,000 for the purchase of a single Teriyaki Madness Business. If you purchase a Standard Franchise, the Initial Franchise Fee will be \$99,000. If you purchase a Platinum Franchise, the Initial Franchise Fee will be \$150,000.
2. Shop Opening Assistance Fee. The Shop Opening Assistance fee is \$24,500 for the first Teriyaki Shop that you purchase.
3. Feasibility Study. All sites are required to have a feasibility study prior to lease signing. Estimated cost is \$1,000 per location.
4. Site Survey. All sites are required to have a CAD format site plan and PDF format 'As Built' drawings provided to the Design & Construction Department at least 30 calendar days prior to lease signing or will require a full site survey prior to lease signing. Estimated cost for a Site Survey is \$3,500 - \$4,500 per location, if these costs are not covered by your landlord.
5. Rent, Security Deposit, Utility Deposit. The low estimate anticipates that your rent commencement date will start approximately 120-150 days after you take possession of the Teriyaki Shop and provides for rent payment for one month, an initial security deposit and a utility deposit. The high estimates assume you take possession of the Teriyaki Shop immediately and includes three months for rent payment. We estimate that a typical Teriyaki Madness Business will need between 1,400 and 2,000 square feet of space, and we estimate lease rates to range between \$2.25 and \$4.25 per square foot per month. There are a variety of factors that can affect lease rates, the most prominent being location and market conditions. In addition, most leases are triple net leases which require the tenant to pay rent plus all taxes, insurance and maintenance expenses, while other leases may charge a variable rent based on a percentage of your income, with no fixed minimum rental charge. This estimate does not account for triple net expenses or other amounts beyond the base rental rate. You should investigate lease rates in your own area.
6. Permit Expediter. All sites will require a permit expeditor within 10 business days of lease signing. Estimates cost is \$1,000 - \$2,000 per location.
7. Leasehold Improvements. The low estimate shown assumes that the space does not require additional HVAC, restrooms or grease traps. You may be able to negotiate with your landlord for a significant landlord contribution for these expenses. In a build-to-suit lease, the landlord typically includes some or all of the improvements and fixtures in your lease payments. The costs may go up if the landlord does not provide what we request in our standard work letter or does not provide an adequate allowance to cover these improvements. The high estimate is a new space with no landlord contributions for tenant improvements reflected in the estimate. The estimates involve expenses associated with the design and build-out of the Teriyaki Shop, such as plumbing, electrical and remodeling work and are based on our experience with existing franchisees. These costs may significantly vary depending on the size, condition and location of the leased premises, supply and demand for materials and labor in your local area, local building and fire code requirements, and requirements of the lease regarding such matters as construction, signage and inflation. The costs vary with factors such as Teriyaki Madness Business size and type, configuration, remodeling needs, and location.
8. Furniture, Fixtures and Equipment. This estimate involves the furniture, fixtures, and equipment you will need to open a Teriyaki Madness Business, such as chairs, tables, casework, refrigerators, freezers, grills, a range, deep fryer, exhaust hood and other items. Some of these expenses will depend on Teriyaki Madness Business size, shipping distances, supplier chosen, any equipment in the space that can be utilized and your credit history.



9. Optional Management Services. See Items 5 and 6 for more information on these fees. The high estimates assume six months of these services leading up to the opening of your Teriyaki Shop.
10. Initial Inventory and Supplies. You must have our required opening inventory and supply items on hand, including smallwares and other service items, when you begin the on-site training of your Teriyaki Madness Business. You must purchase the initial inventory and supplies from our approved suppliers. Some of this inventory will be used during our on-site training in order to provide simulations for you and your staff before serving to the public.
11. Insurance. You must obtain and maintain certain types and amounts of insurance. See Item 8 for a description of the required coverages.
12. Business Licenses and Permits. You must obtain all necessary permits and licenses required by applicable law before you begin operation of the Teriyaki Madness Business.
13. Professional Fees. We strongly recommend that you hire a lawyer, accountant or other professional to advise you on this franchise offering. Rates for professionals can vary significantly based on area and experience.
14. Signage. The estimate is the cost of the interior and exterior signs you will need for your Teriyaki Madness Business. This includes entire décor package, including posters, menu boards, wall paper murals and vinyl's, and can vary depending on signage requirements for your city, landlord policies and available space on the building.
15. Office Equipment and Supplies. You must purchase our approved point-of-sale system from our approved supplier, a computer, business stationery, and certain other related items necessary to operate and manage the Teriyaki Madness Business. See Items 6 and 11 for additional information.
16. Security and Music Systems. You must purchase and install a security system that meets our standards and specifications (\$375-\$675); a camera and monitoring system that meets our standards and specifications (\$380-\$700); and a music and speaker system that meets our standards and specifications (\$1,200-\$1,600). The costs in the chart above reflect the cost to procure and install the required equipment from our preferred vendors. The range of costs depends on the size and layout of the location.
17. Grand Opening Promotion. You must spend at least \$10,000 on our required grand opening advertising campaign, \$1,500 of which must be spent on marketing activities and vendors that we specify.
18. Uniforms. You are required to have at least one clean apron per employee per shift. You are also required to have one hat per employee, two shirts for each part-time employee and four shirts for each full-time employee. You must purchase uniforms from our approved suppliers.
19. Initial and Hands-On Training Expenses. This estimates the expense you will incur in sending two individuals to our initial training and hands-on training programs, including travel expenses. We do not charge a fee for training. These estimates do not include any salary or wages you may pay to any of your trainees for the time they spend in training. See Item 11 for additional details regarding training.
20. Additional Funds – 3 Months. This estimates your initial startup expenses (other than the items identified separately in the above table) and is based on our experience, the experience of our



affiliates, and our current requirements for Teriyaki Madness Franchises. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the Teriyaki Madness Businesses. Your costs depend on how closely you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for your services and products; the prevailing wage rate; competition; and the sales level reached during the initial period. These estimates are based on an initial period of three months.

21. Figures May Vary. We have relied on the experience of our affiliates, predecessor and officers to arrive at these estimates. You should review these figures carefully with a business advisor before deciding to acquire the Franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral and lending policies of financial institutions from which you request a loan.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Teriyaki Madness Business according to our System and specifications. This includes purchasing or leasing all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, mobile application services, online and digital ordering and delivery services, and real estate related to establishing and operating the Teriyaki Madness Franchise under our specifications, which may include purchasing these items from: (1) our designees, (2) approved suppliers, and/or (3) us or our affiliates. You must prepare architectural and construction drawings, designs, and site plans using architects approved by us, and use a general contractor approved by us.

You must purchase all food items, beverage items, marketing materials, uniforms, logo apparel, and credit card merchant services from our approved suppliers. We will provide you with written notice of any changes to our approved suppliers (which may be in the form of an update to the Manual). All other products and services must meet our specifications and standards and must be purchased from suppliers we designate, or from suppliers that you select that meet our criteria for suppliers. All suppliers you wish to use must be approved by us in writing prior to use. Our Manual states our specifications, standards, and guidelines for all goods and services that we require you to obtain in establishing and operating your Teriyaki Madness Business. We may negotiate purchase arrangements with suppliers for your benefit, although we are not obligated to do so. We may require franchisees to purchase ingredients, supplies and materials only from distributors and manufacturers which meet our standards and specifications for quality and consistency. We estimate that the required purchases and leases described in this Item will represent approximately 85% of your cost to establish your Teriyaki Madness Business and 75% of your cost to operate your Teriyaki Madness Business.

We are currently not an approved supplier of any products or services. Our affiliate, Restaurant Sherpas, is an approved supplier of optional restaurant management services. We may designate ourselves and/or any affiliates we may have as an approved supplier, or the only approved supplier, from which you may or must lease or purchase particular products or services in developing and operating your Teriyaki Madness Business. We and our affiliates may derive revenue from these sales and may sell these items at prices exceeding our or their costs, to include a profit margin. Our affiliate, MH International, is the only approved supplier of the Shop Opening Assistance. Some of our officers own an equity interest in Restaurant Sherpas and MH International, approved suppliers. We and our affiliates may derive revenue from these services and may sell these services at prices exceeding our or their costs to include a profit margin. During the last fiscal year, ended December 31, 2019, MH International's revenue from required purchases by franchisees was \$984,740, which equaled 31% of MH International's total revenue



of \$3,141,868. Certain designated suppliers made payments to TM International based on percentage of franchisee purchases.

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

You must purchase the insurance coverage that we require for your Teriyaki Madness Franchise. You currently must have the following insurance coverage: (1) commercial general liability insurance with limits of at least \$1 million per occurrence, at least \$2 million aggregate, and at least \$1 million per person, with \$5,000 per person medical benefits, and a maximum deductible of \$15,000; (2) all risks coverage insurance on all furniture, fixtures, equipment, inventory, supplies and other property used in the operation of the Teriyaki Madness Business (including flood and/or earthquake coverage where there are known risks) for full replacement value; (3) commercial auto liability coverage; and (4) workers' compensation insurance consistent with applicable law. The insurance policies must be purchased from a supplier rated A+ or better by A.M. Best & Company, Inc., or meeting other criteria we may periodically establish.

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

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

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

ITEM 9 FRANCHISEE'S OBLIGATIONS

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



Obligation	Section In Agreement	Disclosure Document
(a) Site selection and acquisition / lease	Sections 5.1 and 5.2 in Franchise Agreement	Items 7 and 11
(b) Pre-opening purchases / leases	Sections 5.4 and 5.5 in Franchise Agreement	Items 6, 7 and 8
(c) Site development and other pre-opening	Section 5.3 in Franchise Agreement	Items 6, 7 and 11
(d) Initial and ongoing training	Sections 8.5 and 8.6 in Franchise Agreement	Items 6, 7, 11 and 15
(e) Opening	Section 5.6 in Franchise Agreement	Item 11
(f) Fees	Sections 3, 4, 7, 8, , 14, 15 in Franchise Agreement	Items 5, 6 and 7
(g) Compliance with standards and policies / operating Manual	Sections 6.1, 6.7 and 10 in Franchise Agreement	Items 8, 11, 14 and 16
(h) Trademarks and proprietary information	Sections 10, 11 and 12 in Franchise Agreement	Items 13 and 14
(i) Restrictions on products / services offered	Section 6.2 in Franchise Agreement	Items 8 and 16
(j) Warranty and customer service	Section 6.16 in Franchise Agreement	Item 8
(k) Territorial development and sales quotas	None	Item 12
(l) Ongoing product / service purchases	Sections 5.5, 6.14, 6.2, 6.7 and 7.10 in Franchise Agreement	Item 8
(m) Maintenance, appearance and remodeling requirements	Sections 6.11, 6.13 and 6.14 in Franchise Agreement	Items 7 and 17
(n) Insurance	Section 14 in Franchise Agreement	Items 6, 7 and 8
(o) Advertising	Sections 7.10, 7.11 and 7.1 in Franchise Agreement	Items 6, 7 and 11
(p) Indemnification	Sections 14.3 and 14.4 in Franchise Agreement	Item 6
(q) Owner's participation / management / staffing	Section 8.2 in Franchise Agreement	Item 15
(r) Records and reports	Sections 9.1, 9.2, 9.3, 9.4, and 8.15 in Franchise Agreement	Items 6 and 11
(s) Inspections and audit	Sections 10.7, 10.8, 10.9, and 10.10 in Franchise Agreement	Item 6
(t) Transfer	Section 15 in Franchise Agreement	Items 6 and 17



Obligation	Section In Agreement	Disclosure Document
(u) Renewal	Sections 3.2 and 3.3 in Franchise Agreement	Items 6 and 17
(v) Post-termination obligations	Section 17 in Franchise Agreement	Item 17
(w) Non-competition covenants	Sections 12.4, 12.5 and 17.9 in Franchise Agreement	Item 17
(x) Dispute resolution	Section 18 in Franchise Agreement	Item 17
(y) Liquidated damages	Section 17.13 in Franchise Agreement	Item 6

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your notes, leases or any other obligations.

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

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

Pre-Opening Obligations

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

1. Provide you with our standard site selection criteria and standard Teriyaki Shop layout plans and specifications. Provide you with our assistance or consultation regarding site selection and layout, either directly or through our affiliates or chosen suppliers (See Franchise Agreement – Section 5.1 and Teriyaki Shop Rider). This may include, at our option, requiring a site survey to be performed at your cost for your proposed locations. This also includes providing you with a list of brokers in your area, if requested, to assist you with finding a location; visiting you and your broker to conduct on-site review of potential locations, upon reasonable request; and providing you with our landlord work letter and additional templates to assist in lease negotiations.

2. Review your lease agreement for the Teriyaki Shop to ensure that its terms contain our required provisions and otherwise meet our minimum standards (See Franchise Agreement – Section 5.2 and Teriyaki Shop Rider). We generally do not own the premises and lease it to the franchisee.

3. Provide you with a complete list of required specifications from our approved vendor(s) for furniture, fixtures, equipment, inventory, and supplies required to operate your Teriyaki Madness Business. You must submit final construction plans and specifications to us for our approval before you begin construction at the Teriyaki Shop, and must construct the Teriyaki Madness Business in accordance with those approved plans and specifications (See Franchise Agreement – Sections 5.3, 5.4, and 6.6).



4. Counsel you on necessary pre-opening procedures and assist you with inventory ordering of products, equipment and supplies, through our affiliate or other suppliers, as applicable, which are necessary for commencement of operations (See Franchise Agreement – Sections 5.3, 5.4, 6.6, and 6.3).

5. Loan to you or make available to you one copy of the Manual, which may include electronic media, and/or written materials. The Manual contains mandatory and suggested specifications, standards, operating procedures, and rules (“System Standards”). The Manual includes approximately 276 pages. The table of contents for the Manual is attached to this Franchise Disclosure Document as Exhibit E. (See Franchise Agreement – Section 10.1).

6. Provide you with a list of our approved items, services and suppliers, and consultation on required purchases as we deem necessary and appropriate (See Franchise Agreement – Sections 5.3, 5.4, and 6.6).

7. Provide an initial training program and hands-on training program at no charge for up to two people for your first Teriyaki Shop, which must include you and your managing owner or designated manager (if applicable), and for your initial designated manager (if applicable) for your second and any additional Teriyaki Shops authorized by a Teriyaki Shop Rider. You are responsible for all wages, travel, lodging other costs associated with your attendees’ training (See Franchise Agreement – Sections 8.5 and 8.3).

8. Provide you with on-site assistance in connection with your opening (See Franchise Agreement – Section 8.7).

9. Provide you with a required marketing campaign in connection with the grand opening marketing for your Teriyaki Madness Business (See Franchise Agreement – Section 8.7).

10. Provide you with other pre-opening consultation as we deem necessary and appropriate during normal business hours (See Franchise Agreement – Section 8.7).

11. Provide you with optional management services through our affiliate, Restaurant Sherpas, if you sign the Restaurant Management Agreement. Our affiliate provides optional management services to support you in fulfilling your pre- and post-opening obligations, including site selection, construction, obtaining health permits, and day-to-day oversight of operations of the franchise. You will at all times be responsible for complying with the obligations of the Franchise Agreement even though you may retain management services.

Continuing Obligations

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

1. Advise you regarding the Teriyaki Madness Business operation based on your reports and our inspections. We also will guide you on standards, specifications, and operating procedures and methods that Teriyaki Madness Businesses use; required purchases and authorized operating assets and other items and arranging for their distribution to you from us or the suppliers; advertising and marketing materials and programs; newly-hired personnel training; and administrative, bookkeeping, accounting, and inventory control procedures. We will guide you through the Manual, in bulletins or other written materials, through the use of electronic media, telephone conferences and/or meetings at our offices or at your Teriyaki Shop (See Franchise Agreement – Section 8.10).



2. Continue to loan you or make available to you on our website one copy of the Manual (See Franchise Agreement – Section 10.1).

3. Issue and modify System Standards for Teriyaki Madness Franchises. We may periodically modify System Standards, and those modifications may require you to invest additional capital in the Teriyaki Madness Business and/or incur higher operating expenses (See Franchise Agreement – Section 8.10).

4. License to you for your use, confidential and proprietary information designed to assist you in the operation of the Teriyaki Madness Business (See Franchise Agreement – Section 12.1).

5. License to you use of the Marks and copyrighted materials (See Franchise Agreement – Sections 11.3 and 11.4).

6. Maintain and administer marketing programs and the Marketing Fund, described in greater detail immediately below in this Item 11 (See Franchise Agreement – Sections 7.1 and 7.2).

7. Maintain and administer one or more websites to advertise, market and promote Teriyaki Madness Businesses and the services and products offered (each a “System Website”) (See Franchise Agreement – Section 7.11).

8. Review requests for approval of additional items, services and/or suppliers, and notify you of our decision (See Franchise Agreement – Section 6.5).

9. Review samples of all marketing materials and other materials bearing our Marks you submit to us for approval and notify you of our decision (See Franchise Agreement – Section 11.3).

10. Provide you with additional training at our corporate headquarters or a designated location, if we determine that you require additional training, or if you request additional training. We may require you to undergo additional training if we determine that you are not operating your Teriyaki Madness Business in accordance with our standards and specifications. If we provide any additional training or assistance at a location other than our corporate headquarters, you will be charged our standard rate in effect at the time. As of the Issuance Date of this Franchise Disclosure Document, we charge a fee of \$500 per day, payable in advance or as otherwise agreed. You will also pay the cost of travel, meals and accommodations for our representatives, if we provide on-site training or assistance. You will pay the cost of travel, meals and accommodations for you or your representatives associated with any additional training or assistance that is conducted at our corporate headquarters (See Franchise Agreement – Section 8.6).

11. We will provide you with access to an intranet system (See Franchise Agreement – Section 8.11).

12. We will continue to provide you with optional management services through our affiliate, Restaurant Sherpas if you sign the Restaurant Management Agreement. You will at all times be responsible for complying with the obligations of the Franchise Agreement even though you may retain management services.

Site Development

Site Selection



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

Our site selection criteria and our approval of a site do not constitute a representation or warranty as to the suitability of any particular site for a Teriyaki Madness Business or as to any other purpose. Our approval only indicates that we believe that the site falls within our minimum site selection criteria. There are no deadlines for our approval or disapproval of your proposed site, although we will typically be able to respond within two weeks after you submit to us all of the required information. Once we have approved your location, the Franchise Agreement or applicable Teriyaki Shop Rider will automatically be amended to show the specific location as the only location where you are authorized to operate the Teriyaki Madness Business.

You must obtain our prior written approval of your lease. Your lease must meet our lease approval criteria, including certain mandatory lease provisions that we require for our protection.

Although we will consult with you on your site, assist you in finding an acceptable location, and require that your site be subject to our final authorization, you have the ultimate responsibility in choosing, obtaining and developing the site for your Teriyaki Madness Business. Our consultation is not a promise or guarantee that the Teriyaki Madness Business operated at your site will be successful.

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

If you purchase a Standard Franchise or Platinum Franchise and fail to open any additional Teriyaki Madness Businesses within the timeframe indicated the Standard Franchise Addendum or Platinum Franchise Addendum, as applicable, you will forfeit the rights to open all additional Teriyaki Madness Businesses under the Franchise Agreement.

Opening

You must open your Teriyaki Madness Business no more than 12 months after you sign the Franchise Agreement or applicable Teriyaki Shop Rider. The typical time between signing the Franchise Agreement and opening the Teriyaki Madness Business is five to 11 months. Factors that affect this length of time include: securing any necessary financing; selecting the site; negotiating the lease; obtaining necessary permits; completing leasehold improvements; delivery of equipment, inventory and supplies; completing our initial training program; and hiring and training a manager and other employees. If you do not open within 12 months after you sign the Franchise Agreement, you will be required to pay us an Opening Extension Fee until you open, or we will have the right to terminate the Franchise Agreement without providing you a refund of any fees you paid to us. In our sole discretion, we may waive the extension fee if requested in writing within nine months of signing the Franchise Agreement.

You may not open your Teriyaki Madness Business until: (1) we notify you in writing that all of your pre-opening obligations have been fulfilled; (2) you have completed the initial training program and



hands-on training program to our satisfaction and have commenced the on-site training program; (3) all amounts due to us have been paid; (4) we have been furnished with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums that we request; (5) you notify us that all approvals and conditions set forth in the Franchise Agreement have been met; (6) you have received all required permits and licenses; (7) you have ordered, received and installed your equipment, supplies, inventory and computer system; and (8) you have signed the “Franchisee On-Site Training Agreement,” the form of which is attached to the Franchise Agreement Teriyaki Shop Rider as Attachment A-3. You must be prepared to begin operating your Teriyaki Madness Business after we state that it is ready for opening.

Advertising and Marketing

Grand Opening Marketing

You must execute the required opening marketing and advertising program (“Grand Opening Marketing Program”) in which you must spend at least \$10,000 approximately four weeks prior through four weeks after the opening. This includes \$1,500 that must be spent on marketing activities and vendors that we specify in connection with your grand opening.

Local Advertising

In addition to the Marketing Fund Contributions and the Grand Opening Marketing Program described above, each Teriyaki Madness Business must spend a minimum of \$15,000 per year, per shop according to the marketing plan that we provide to you (“Local Advertising Requirement”). If you fail to spend the portion of the Local Advertising Requirement required in any calendar quarter, we can debit the amount that you failed to spend from your Designated Account and direct such funds to the Marketing Fund.

All advertising, promotional, and marketing content must be clear, factual, not misleading, and must conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we may require from time to time. Before you conduct any advertising or marketing you must send us or our designated agency samples of your proposed materials for review. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved. You may not advertise via the Internet or a worldwide web page, including social media websites such as Twitter and Facebook, unless we have authorized you to do so in writing. At our request, all local advertising materials must include certain language, such as “Franchises Available” and our website address and telephone number. You are prohibited from making press releases or contributions or donations associated with the Marks or the Teriyaki Madness Business without our consent.

Marketing Fund

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

Use of Marketing Fund



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

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

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

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

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

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

The Marketing Fund is designed to maximize recognition of our Marks and increase business for Teriyaki Madness Businesses. Although we will try to use the Marketing Fund to develop advertising and marketing materials and programs, and to place advertising and marketing that will benefit all Teriyaki



Madness Businesses, we do not ensure that the money from the Marketing Fund used in or affecting any geographic area will be proportionate or equivalent to Marketing Fund Contributions by contributors operating in that geographic area, or that any contributor benefits directly or in proportion to its Marketing Fund Contributions. We are not required to spend any amount on advertising in your geographic area or territory, however, we currently intend to spend at least 1% of your 3% contribution in your region. We typically disseminate advertising in print media. We direct all advertising and promotional programs. All creative concepts, materials, and media used in these programs and their placement and location will be created by our in-house marketing department and/or by an outside third party.

During the last fiscal year, ended December 31, 2019, the Marketing Fund had the following expenditures: 23% for production; 8% for media placement; 68% for personnel.

Local or Regional Cooperative Marketing

We may form or approve of the formation and administration by us, of local or regional marketing cooperatives covering your Protected Territory and the territory of at least one other franchisee for the purpose of developing and implementing local or regional marketing programs. If we require you to join a local or regional marketing cooperative (the “Co-op”), then you must participate with other franchisees in the Co-op’s marketing programs and pay your share of the Co-op’s marketing expense, up to three percent (3%) of your Gross Sales. We anticipate that each Teriyaki Madness franchisee and each Teriyaki Madness Business that we own will have one vote for each Teriyaki Shop operated in the designated market. Any payments you make for the Co-op’s marketing will be applied toward your required minimum local marketing expenditures, but will not affect your obligation to pay Marketing Fund Contributions. If the amount you contribute to a Co-op is less than the amount you are required to expend for local marketing, then you shall spend the difference locally. The Co-op’s marketing expenses will be allocated among its members based on the number of participating franchisees or on some other reasonable basis as determined by a franchisee advisory council or us. We do not currently anticipate requiring any Franchisor-owned outlets to contribute to the Co-op. If we do form or approve of the formation of any Co-op, we will retain the right to change, dissolve or merge any Co-op’s as we solely determine.

System Website

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

We may allow you to promote your business via alternate online strategies consistent with our online policy as contained in our Manual. We have the right to review all online content on social media sites, blogs, in electronic communications and on other online sites on which our trademarks are used to protect the reputation and high-quality associated with our trademarks and to maintain consistency within the System. We may remove or require you to remove any questionable usage or content involving our Marks. We may also require you to cease using our Marks at all such sites or discontinue all use of such sites.

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



We are only required to reference your Teriyaki Madness Business on the System Website while you are in full compliance with your Franchise Agreement and all System Standards. If you are in default of any obligation under the Franchise Agreement or System Standards, then we may temporarily remove references to your Teriyaki Madness Business from the System Website until you fully cure the subject default(s). You may not, without our prior written approval, develop, maintain or authorize any website that mentions or describes you, your Teriyaki Madness Business, or displays any of the Marks. If we approve your use of a website, including social media websites, we will reserve the right to require you to obtain our written approval of its initial content and as it is updated or modified from time to time. If we develop a template or other standardized format and/or content for franchisee websites, you must agree to use our mediums. You may not sell services or products not approved by us in the Manual on your Teriyaki Madness Business website without our prior written approval (See Franchise Agreement – Section 7.11).

Advisory Councils

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

Computer System and Required Technology

You will, at your expense, purchase and maintain any point-of-sale system, cash register, computer hardware and software, communication equipment, communication services, security system, entertainment system, Internet services (including the requirement to maintain a high speed internet connection), dedicated telephone and power lines, modems, printers, and other related accessories or peripheral equipment that we may specify for use in each Teriyaki Shop (“**Required Technology**”). Currently, our requirements include (a) the POS system, (b) two iPads; (c) cash drawers; (d) a kitchen display; (e) three ticket dispensers, (f) computer and back office accounting systems to manage back of the house functions and access our intranet, (g) a security system, (h) a music and speaker system, and (i) a camera and monitoring system that we specify.

You must obtain the Required Technology, software licenses, maintenance and support services, mobile application services, online and digital ordering and delivery services, and other related services from the suppliers we specify (which may be limited to us and/or our affiliates). You must use any credit card vendors and accept all credit cards and debit cards that we determine. The term “credit card vendors” includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, “Apple Pay” and “Google Wallet”). We may periodically modify the specifications for, and components of, the Required Technology. These modifications and/or other technological developments or events may require you to purchase, lease, and/or obtain by license new or modified computer hardware and/or software, and obtain service and support for the Required Technology. The Franchise Agreement does not limit the frequency or cost of these changes, upgrades, or updates. We estimate that the annual costs of required maintenance updates or upgrading or support contracts will be \$500 (however, it may be more or less depending on the update or contract). We have no obligation to reimburse you for any Required Technology costs. Within 60 days after you receive notice from us, you must obtain the components of the Required Technology that we designate and ensure that your Required Technology, as modified, is functioning properly.



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

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

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

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

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

Training

We provide an initial training program that lasts approximately 24 hours and is conducted over a period of approximately four days (“Initial Training Program”) for you or your managing owner and your designated manager (if applicable) for your first Teriyaki Shop (and any initial designated manager for any



additional Teriyaki Shops authorized by a Teriyaki Shop Rider). The Initial Training Program is offered periodically as we determine, but will occur at a minimum of six times per year. The Initial Training Program is conducted at either our designated training facility in Denver, Colorado or at the location of our choice, and must be completed by you or your managing owner and your designated manager (if applicable) within 90 days after you sign the Franchise Agreement. Additionally, you or your managing owner and your designated manager (if applicable) for your first Teriyaki Shop (and any initial designated manager for any additional Teriyaki Shops authorized by a Teriyaki Shop Rider) will be required to travel to our designated training facility or to the location of our choice for ten days of hands-on training (“Hands-On Training Program”) at least 20 days prior to your Teriyaki Shop opening. During the opening of your Teriyaki Madness Business, we will provide an on-site training program (“On-Site Training Program”) that consists of between 10 and 17 days, at our discretion. The On-Site Training Program is conducted at your Teriyaki Madness Business.

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

There is no tuition or fee for the Initial Training Program or Hands-On Training for up to two attendees for your first Teriyaki Shop, provided they attend at the same time (and for any initial designated manager for any additional Teriyaki Shops authorized by a Teriyaki Shop Rider). There is no tuition or fee for the On-Site Training Program. If you desire to have additional people attend the Initial Training Program or Hands-On Training Program, or if you have new managing partners, managers or owners, we may require them to attend our training programs. Any designated managers must also attend our training programs. You will be charged \$500 per person per day. We do not pay any travel expenses, lodging, meals (with the exception of lunch each day), ground transportation or other personal expenses for any person attending the Initial Training Program or Hands-On Training Program.

Our Initial Training Program consists of approximately 24 hours of training as follows:

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Welcome to the Madness	1	0	Denver, Colorado
Accounting	1	0	Denver, Colorado
COGS & Product Mix	1	0	Denver, Colorado
Profit & Loss Statements	1	0	Denver, Colorado
Tour of Sysco	2.5	0	Denver, Colorado
TMAD Intranet	1	0	Denver, Colorado
Vision Discussion with CEO	2.5	0	Denver, Colorado
Shop Visit	2	0	Denver, Colorado
Chatmeter and Social Media	1	0	Denver, Colorado



Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
The Guest Experience	0.5	0	Denver, Colorado
Marketing	1.5	0	Denver, Colorado
Revel/POS	0.5	0	Denver, Colorado
Employees	1	0	Denver, Colorado
App/OLO/3PD/Catering	1	0	Denver, Colorado
Round Table Discussions	2	0	Denver, Colorado
Exams and Review	4	0	Denver, Colorado
Case Study Presentation	0.5	0	Denver, Colorado
TOTAL	24	0	

Our Hands-On Training Program consists of approximately 81 hours of training as follows:

HANDS-ON TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Introduction to Training	1	0	Corporate Shop
Opening Procedures	0	3	Corporate Shop
Closing Procedures	0	3	Corporate Shop
Cashier Position	0	6	Corporate Shop
Point Position	0	12	Corporate Shop
Food Prep Position	0	10	Corporate Shop
Grill Position	0	6	Corporate Shop
Range Position	0	8	Corporate Shop
Management	0	32	Corporate Shop
TOTAL	1	80	

Our On-Site Training Program consists of between 8 to 14 days of the approximate hours of training and topics below:

ON-SITE TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Store Set Up/Ergonomics	0	14	Franchisee's Teriyaki Shop
Sauce Recipes	0	9	Franchisee's Teriyaki Shop
Food Preparation	0	8	Franchisee's Teriyaki Shop



Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Inventory	1.5	1	Franchisee's Teriyaki Shop
Food Safety	3	1	Franchisee's Teriyaki Shop
FOH and BOH Simulations	0	30	Franchisee's Teriyaki Shop
POS	0	4	Franchisee's Teriyaki Shop
Product Knowledge	3	3	Franchisee's Teriyaki Shop
Team Orientation and Round Robbins	4	4	Franchisee's Teriyaki Shop
Sysco Order/Pars	1	3	Franchisee's Teriyaki Shop
Scheduling/Labor Tool	0.5	2	Franchisee's Teriyaki Shop
Manager Duties	0	10	Franchisee's Teriyaki Shop
Mock Service	0	10	Franchisee's Teriyaki Shop
Opening Operations	0	18	Franchisee's Teriyaki Shop
TOTAL	13	117	

Notes:

1. Kevin McCarthy, Director of Training and Field Training, will supervise the training team. Mr. McCarthy has 30 years of experience as a trainer and one year of experience with the franchisor.
2. Although the individuals comprising the training team may vary, all of our instructors will be employees or contractors of Teriyaki Madness. Each instructor will be trained as an instructor by us with each trainer offering assistance in their area of expertise. Our instructors will have at least five years of experience in the restaurant industry.
3. We will use the Manual and Teriyaki Madness job aides as the primary instruction materials during the initial training.

Additional Training Programs

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



travel and living expenses that we incur if we send a representative to provide on-site training or assistance. You will be responsible for your wages, travel expenses and living expenses, and those of your representatives, if such additional training or assistance is not provided on-site.

Your managing owner and designated manager, if applicable, must attend mandatory conferences at locations that we designate, and you must pay any conference fees and travel expenses.

ITEM 12 TERRITORY

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

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

Although you will have a Protected Territory, we retain the right, for ourselves and our affiliates, on any terms we deem advisable, and without granting you any rights:

1. to own, franchise, or operate Teriyaki Madness Businesses at any location outside of the Protected Territory regardless of the proximity to your Approved Location or the impact on your existing or potential customers;
2. to own, acquire, establish and/or operate, and license others to establish and operate, businesses under other trademarks other than the Marks or other systems, at any location within or outside the Protected Territory (even if these businesses are in competition with you);
3. to own, acquire, establish and/or operate, and license others to establish and operate, businesses using any proprietary marks or systems (including the Marks and System) at any airport, train station, other transportation facility, arena, ballpark, stadium, racetrack, other sports facility, theater, auditorium, concert hall, theme park, amusement park, cruise ship, casino, or other entertainment facility, grocery store, gas station, university, college campus, or military base, within any outlet mall or other area mall, or by way of a mobile food truck, within or outside the Protected Territory;



4. to use any proprietary marks or systems (including the Marks and the System) to sell or distribute at retail or wholesale or otherwise or license others to sell or distribute at retail or wholesale or otherwise any products, including proprietary items such as bottled teriyaki sauces and salad dressings and including products that are the same or similar to those which you will sell, within or outside the Protected Territory;

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

6. to acquire, or be acquired by, any competing system, including a competing system that has one or more locations within your Protected Territory; and

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

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

If you purchase a Standard Franchise or Platinum Franchise, you will have the right to open additional Teriyaki Madness Businesses. However, if you fail to open the Teriyaki Madness Businesses on the required Development Schedule, you will forfeit the right to open those additional Teriyaki Madness Businesses. If you purchase a Platinum Franchise, you will also be assigned a development area (“Development Area”) in which you will open your additional Teriyaki Madness Businesses, and in which you will have a right of first refusal if we desire to open or allow a third-party to open a Teriyaki Madness Business in the Development Area. You will not receive the right to acquire additional Teriyaki Madness Businesses within or outside the Protected Territory unless you have purchased a Standard Franchise or Platinum Franchise.

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

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



Approved Location. You may not relocate the Teriyaki Madness Business without our approval in writing, which will be based on the following: where your new Teriyaki Shop will be located; whether or not such relocation will infringe upon the rights of other Teriyaki Madness Businesses; and the time it will take to relocate your Teriyaki Madness Business.

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

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

ITEM 13 TRADEMARKS


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

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

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

Mark	Filing or Registration Date	Serial or Registration No.	Status
TERIYAKI MADNESS	May 7, 2013	4,331,710	Registered on the Principal Register



Mark	Filing or Registration Date	Serial or Registration No.	Status
	March 7, 2006	3,066,808	Registered on the Principal Register
	May 6, 2014	4,524,355	Registered on the Principal Register
	November 6, 2018	5,599,384	Registered on the Principal Register
	November 6, 2018	5,599,383	Registered on the Principal Register

All required affidavits for the registered Marks have been filed.

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

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



product or service, or in any manner not expressly authorized by the Franchise Agreement. You must indicate to the public in any contract, advertisement and with a conspicuous sign in your Approved Location that you are an independently owned and operated licensed franchisee.

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

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

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

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

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

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



copyrights that could materially affect your use of the copyrighted materials in any state. We need not protect or defend copyrights, although we intend to do so if in the System's best interests. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

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

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

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

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Teriyaki Madness Business shall be managed by you, or if you are an entity, by one of your owners who is a natural person with at least a 25% ownership interest and voting power in the entity ("Managing Owner"). Under certain circumstances, we may allow you to appoint a designated manager ("Designated Manager") to supervise the day-to-day operations of the Teriyaki Madness Business. The Designated Manager must successfully complete our training program. The Designated Manager need not have an ownership interest in the franchisee entity. If you replace a Designated Manager for any reason, the new Designated Manager must satisfactorily complete our training program. If, at any time during the term of the Franchise Agreement, you replace your Managing Owner and/or Designated Manager, that replacement must attend and successfully complete the first available Initial Training Program. You will be charged a training fee for each and every replacement Managing Owner and/or Designated Manager and will be responsible for all costs for airfare, ground transportation, lodging, meals, and expenses. You must also hire or otherwise obtain the services of an individual who is qualified to and capable of competently operating your accounting software and maintaining accurate books and records for your Teriyaki Madness Business, such as an experienced bookkeeper or an accountant. This individual may either be hired as an employee or independent contractor, or you may obtain these services through an outside accounting service.



Any Designated Manager and, if you are an entity, an officer that does not own equity in the franchisee entity must sign the System Protection Agreement, the form of which is attached to the Franchise Agreement as Attachment F. All of your employees, independent contractors, agents or representatives that may have access to our confidential information must sign a Confidentiality Agreement (unless they already signed a System Protection Agreement), the current form of which is attached to the Franchise Agreement as Attachment G. If you are an entity, each owner (i.e., each person holding an ownership interest in you) must sign an owner's agreement, the form of which is attached to the Franchise Agreement as Attachment D. If you are a partnership, we require that one owner has at least a fifty-one percent (51%) ownership in the partnership.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

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

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

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

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
(a) Term of the franchise term	3.1	10 years.
(b) Renewal or extension of term	3.2	One 10 year renewal period if you meet certain conditions.
(c) Requirements for franchisee to renew	3.3	The term "renewal" refers to extending our franchise relationship at the end of your initial term



Provision	Section in Franchise Agreement	Summary
		and any other renewal or extension of the initial term. Requirements include: written notice, full compliance, sign then-current form of franchise agreement, sign release, maintain possession of Teriyaki Madness Business location, complete refurbishing, and others. You may be asked to sign a contract with materially different terms and conditions than your original contract, and the boundaries of your territory may change, and the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees.
(d) Termination by franchisee	Not applicable	You may seek to terminate your agreement with us under any grounds available to you by law.
(e) Termination by franchisor without cause	Not applicable	
(f) Termination by franchisor with cause	16.1, 16.2, 16.3	We have the right to terminate your Franchise Agreement in certain circumstances.
(g) “Cause” defined – curable defaults	16.2, 16.3	10 days to pay amounts owed and obtain required insurance; 30 days for all other defaults.
(h) “Cause” defined – non-curable defaults	16.1	Material misrepresentation; failure to open Teriyaki Madness Business within 12 months; bankruptcy; assignment for benefit of creditors; abandonment; failure to cure health and safety concerns within 24 hours; felony conviction; unauthorized transfer; repeated violations; and others.
(i) Franchisee’s obligations on termination / nonrenewable	17	Return Manual; stop using System and Marks; pay amounts owed; de-identify; and others.
(j) Assignment of contract by franchisor	15.1	No restriction on our right to assign.
(k) “Transfer” by franchisee – defined	15.2	Transfer of interest in the Franchise Agreement, Teriyaki Madness Business, assets or you.
(l) Franchisor approval of transfer by franchisee	15.2	We have the right to approve any proposed transfer.
(m) Conditions for franchisor approval of transfer	15.3	Written notice, transferee qualifies, you are not in default, payment of transfer fee, transferor signs general release, transferee signs new franchise agreement, refurbish Teriyaki Madness Business, transferee successfully completes training program and others.
(n) Franchisor’s right of first refusal to acquire franchisee’s business	15.4	We can match any written and verified offer.



Provision	Section in Franchise Agreement	Summary
(o) Franchisor's option to purchase franchisee's business	17.11	Upon expiration or termination, we can buy all or part of your assets.
(p) Death or disability of franchisee	15.5	You must transfer the relevant interests within six months of the death, divorce, or mental incompetence of any owner. At our option we can also appoint an Interim Manager.
(q) Non-competition covenants during the term of the franchise	12.4	Prohibitions on diverting business to competitors, involvement in any similar business.
(r) Non-competition covenants after the franchise is terminated or expires	17.9	Prohibitions on diverting business to competitors, involvement in any competing business for two years and within 25 miles of any Teriyaki Madness Business, Owners may not solicit any customer of the Franchise or any Teriyaki Madness Franchise for 2 years.
(s) Modification of the agreement	19.2	We may modify the System and Manual -- no modification of agreement(s) unless in writing and signed (with exceptions).
(t) Integration / merger clause	19.6	Only the terms of the Franchise Agreement are binding (subject to applicable state law). Any representations or promises made outside disclosure document and franchise agreements may not be enforceable.
(u) Dispute resolution by arbitration or mediation	18	Except for certain claims, all disputes must be mediated and arbitrated in the city closest to our principal place of business (currently Denver, Colorado).
(v) Choice of forum	18.6	City closest to our principal place of business (currently Denver, Colorado), subject to state law.
(w) Choice of law	19.4	Colorado, subject to state law.

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

The information in the Gross Sales Table below contains Gross Sales information obtained from franchisees' Profit and Loss Statements and is a historical financial performance representation for the United States franchised Teriyaki Shops that met the following criteria: (a) have been in operation for at least two years; (b) were larger than 1,350 square feet (which match the footprint required of new Teriyaki Shops); (c) were in traditional locations; (d) that have had no change of ownership within the two year period; and (e) is not for sale described ("Conditions"). We have provided the financial information for those groups that met the Conditions each year from 2017 to 2019.

GROSS SALES TABLE

Year and Reporting Group	High Gross Sales	Low Gross Sales	Average Gross Sales (" <u>AGS</u> ")	Number of Teriyaki Shops at or above AGS	Percent of Teriyaki Shops at or above AGS	Median Gross Sales (" <u>MGS</u> ")	Number of Teriyaki Shops at or above MGS	Percent of Teriyaki Shops at or above MGS
2019 Reporting Group*	\$1,527,926	\$716,519	\$1,171,019	8	53%	\$1,227,210	8	53%
2018 Reporting Group*	\$1,430,790	\$631,431	\$1,134,507	7	54%	\$1,247,256	7	54%
2017 Reporting Group*	\$1,338,244	\$585,002	\$1,079,140	6	60%	\$1,126,762	6	60%

* Teriyaki Shops owned by our Predecessor's affiliate do not pay a Royalty Fee but do contribute Marketing Fund Contributions. These Shops are included in the, 2017, 2018 and 2019 data. The 2019 operating income statements for these Shops are not included below in this Item 19 under operating income statements

NOTES TO GROSS SALES TABLE:

- As of December 31, 2019, we had 60 franchised Teriyaki Shops. The information in the table above is a historical financial performance representation for the 15 franchised Teriyaki Shops that met the Conditions ("2019 Reporting Group"). Forty-five Teriyaki Shops did not meet this requirement and were not included. Thirty-two were not open for at least two years, six were smaller than 1,350 square feet, two were in a non-traditional space, three had a change of franchisee ownership within the two-year period and one was in resale. One Shop met the Conditions but did not provide reliable sales data or a viable income statement. This Shop was not included in the 2019 Reporting Group.
- As of December 31, 2018, we had 42 franchised Teriyaki Shops. The information in the table above is a historical financial performance representation for the 13 franchised Teriyaki Shops that met the Conditions ("2018 Reporting Group"). Twenty-nine Teriyaki Shops did not meet this requirement and were not included. Twenty-one were not open for at least two years, four were smaller than 1,350 square feet, one is in a non-traditional space and two had a change of franchisee ownership within the



two-year period. One Shop met the Conditions but did not provide reliable sales data or a viable income statement. This Shop was not included in the 2018 Reporting Group.

- 3 As of December 31, 2017, we had 41 franchised Teriyaki Shops. The information in the table above is a historical financial performance representation for the 10 franchised Teriyaki Shops that met the Conditions (“2017 Reporting Group”). Thirty-one franchised Teriyaki Shops did not meet this requirement and were not included. Twenty-four were not open for at least two years, three were smaller than 1,350 square feet, one was in a non-traditional space and three had a change of franchisee ownership within the two-year period.
- 4 “Gross Sales” means the revenues you receive from the sale of food, beverages, services and other items from in-store dining, carry-out, online orders, delivery, third party voucher sales, catering, and otherwise, including the sale of food and beverages, redemption of gift cards, and merchandise and all other income of every kind and nature related to the Teriyaki Madness Business or Teriyaki Madness Business operations whether for cash or credit and regardless of collection in the case of credit but not including: (a) any sales taxes or other taxes you collect from customers for, and thereafter paid directly to, the appropriate taxing authority; (b) any bona fide refunds you make to customers; or (c) any supplier rebates. Gross Sales are deemed received by you at the time the services or products from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on an account receivable) actually has been received by you.
- 5 The above financial performance representations figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the Gross Sales figures to obtain your net income or profit.

Some Teriyaki Madness Businesses have sold this amount. Your individual financial results are likely to differ. There is no assurance you’ll sell as much.

OPERATING INCOME STATEMENTS

These operating income statements below are for the 2019 calendar year and are reported by Teriyaki Shop owners. The operating income statements below are historical presentations for 11 franchisees in the 2019 Reporting Group that provided P&Ls. The Predecessors affiliate shops are not included in the income statements below. All Teriyaki Shops represented below have been open for a minimum of 24 months, are larger than 1,350 square feet, have not changed ownership in the last two years, are not in resale and are in traditional locations. We have not audited these statements.



Operating Income Statement



Location A

For Period Ending 12/31/2019

Sales

Sales - Beverage	\$	62,355.46	5.27%
Sales - Food		1,120,939.23	94.73%
Total Sales	\$	1,183,294.69	100.0%

Cost of Goods Sold

COGS - Food & Beverages	\$	485,334.77	41.02%
COGS - Rebate Income		-	0.0%
Cost of Goods Sold - Net	\$	485,334.77	41.02%

Gross Profit

	\$	697,959.92	58.98%
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Labor	\$	367,400.56	31.05%
Occupancy	\$	33,145.55	2.8%
*Other Operating Expenses	\$	200,895.10	16.98%

Total Operating Expenses

	\$	601,441.21	50.83%
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Operating Income	\$	96,518.71	8.16%
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*Does not include vendor rebates.

*Manager included in Labor



Operating Income Statement



Location B

For Period Ending 12/31/2019

Sales

	YEAR TO DATE	
	Amount	% Sales
Sales - Beverage	\$ 49,262.07	4.86%
Sales - Food	964,005.87	95.14%
Total Sales	\$ 1,013,267.94	100.0%

Cost of Goods Sold

COGS - Food & Beverages	\$ 336,232.94	33.18%
COGS - Rebate Income	-6,844.04	-0.68%
Cost of Goods Sold - Net	\$ 329,388.90	32.51%

Gross Profit

Labor	\$ 327,892.73	32.36%
Occupancy	\$ 27,835.05	2.75%
*Other Operating Expenses	\$ 221,281.32	21.84%

Total Operating Expenses

Operating Income	\$ 106,869.94	10.55%
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Operating Income Statement



Location C

For Period Ending 12/31/2019

	YEAR TO DATE	
	Amount	% Sales
Sales		
Sales - Food & Beverage	\$ 953,427.80	100.0%
Total Sales	\$ 953,427.80	100.0%
Cost of Goods Sold		
COGS - Food & Beverages	\$ 279,583.69	29.32%
COGS - Rebate Income	-	0.0%
Cost of Goods Sold - Net	\$ 279,583.69	29.32%
Gross Profit	\$ 673,844.11	70.68%
Labor - Staff	\$ 168,895.25	17.71%
Labor - Management	\$ 154,223.99	16.18%
Occupancy	\$ 86,368.00	9.06%
*Other Operating Expenses	\$ 194,991.39	20.45%
Total Operating Expenses	\$ 604,478.63	63.4%
Operating Income	\$ 69,365.48	7.28%

*Does not include vendor rebates.



Operating Income Statement



Location D
For Period Ending 12/31/2019

Sales

Sales - Beverage	\$	86,848.66	6.68%
Sales - Food		1,212,492.62	93.32%
Total Sales	\$	1,299,341.28	100.0%

Cost of Goods Sold

COGS - Food & Beverages	\$	485,788.46	37.39%
COGS - Rebate Income			0.0%
Cost of Goods Sold - Net	\$	485,788.46	37.39%

Gross Profit

Labor	\$	307,854.91	23.69%
Occupancy	\$	33,180.80	2.55%
*Other Operating Expenses	\$	267,842.34	20.61%

Total Operating Expenses

Operating Income	\$	204,674.77	15.75%
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*Does not include vendor rebates.

*Manager included in Labor



Operating Income Statement



Location E
For Period Ending 12/31/2019

Sales

	YEAR TO DATE	
	Amount	% Sales
Sales - Beverage	\$ 73,422.33	6.13%
Sales - Food	1,124,904.40	93.87%
Total Sales	\$ 1,198,326.73	100.0%

Cost of Goods Sold

COGS - Food & Beverages	\$ 436,086.35	36.39%
COGS - Rebate Income	-6,631.75	-0.55%
Cost of Goods Sold - Net	\$ 429,454.60	35.84%

Gross Profit

Gross Profit	\$ 768,872.13	64.16%
Labor - Staff	\$ 272,476.34	22.74%
Labor - Management	\$ 54,406.16	4.54%
Occupancy	\$ 34,261.04	2.86%
*Other Operating Expenses	\$ 235,665.44	19.67%

Total Operating Expenses

Total Operating Expenses	\$ 596,808.98	49.8%
Operating Income	\$ 172,063.15	14.36%



Operating Income Statement



Location F

For Period Ending 12/31/2019

Sales

Sales - Beverage	\$	76,946.34	5.99%
Sales - Food		1,208,313.25	94.01%
Total Sales	\$	1,285,259.59	100.0%

Cost of Goods Sold

COGS - Food & Beverages	\$	483,373.30	37.61%
COGS - Rebate Income		-	0.0%
Cost of Goods Sold - Net	\$	483,373.30	37.61%

Gross Profit

Labor	\$	333,067.29	25.91%
Occupancy	\$	32,966.16	2.56%
*Other Operating Expenses	\$	243,535.36	18.95%

Total Operating Expenses

Operating Income	\$	192,317.48	14.96%
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*Does not include vendor rebates.

*Manager included in Labor



Operating Income Statement



Location G
For Period Ending 12/31/2019

Sales

	YEAR TO DATE	
	Amount	% Sales
Sales - Beverage	\$ 31,550.92	3.07%
Sales - Catering	\$ 51,620.21	5.02%
Sales - Food	\$ 944,465.79	94.37%
Total Sales	\$ 1,027,636.92	100.0%

Cost of Goods Sold

COGS - Food & Beverages	\$ 312,610.61	30.42%
COGS - Rebate Income	-	0.0%
Cost of Goods Sold - Net	\$ 312,610.61	30.42%

Gross Profit

	\$ 715,026.31	69.58%
Labor - Staff	\$ 251,642.75	24.49%
Labor - Management	\$ 65,240.35	6.35%
Occupancy	\$ 107,674.94	10.48%
*Other Operating Expenses	\$ 209,428.65	20.38%

Total Operating Expenses

	\$ 633,986.69	61.69%
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Operating Income

	\$ 81,039.62	12.53%
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*Does not include vendor rebates.

*Includes salary for owner in Labor



Operating Income Statement



Location H
For Period Ending 12/31/2019

Sales

Sales - Beverage	\$	84,139.17	5.63%
Sales - Food		1,409,048.41	94.37%
Total Sales	\$	1,493,187.58	100.0%

Cost of Goods Sold

COGS - Food & Beverages	\$	467,095.26	31.28%
COGS - Rebate Income		-9,269.42	-62.0%
Cost of Goods Sold - Net	\$	457,825.84	30.66%

Gross Profit

	\$	1,035,361.74	69.34%
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Labor	\$	459,685.38	30.79%
Occupancy	\$	125,440.57	8.4%
*Other Operating Expenses	\$	263,175.51	17.62%

Total Operating Expenses

	\$	848,301.46	56.81%
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Operating Income	\$	187,060.28	12.53%
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*Labor includes Owner/Manager Salary



Operating Income Statement



Location I

For Period Ending 12/31/2019

Sales

	YEAR TO DATE	
	Amount	% Sales
Sales - Beverage	\$ 38,002.33	4.7%
Sales - Food	741,565.22	91.65%
Sales - Catering	3,035.00	3.65%
Total Sales	\$ 809,128.05	100.0%

Cost of Goods Sold

COGS - Food & Beverages	\$ 254,715.58	31.48%
COGS - Rebate Income	-6,330.64	-78.0%
Cost of Goods Sold - Net	\$ 248,384.94	30.7%

Gross Profit

	\$ 560,743.11	69.3%
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Labor - Staff	\$ 170,567.86	21.08%
Labor - Management	\$ 61,426.45	7.59%
Occupancy	\$ 50,996.55	6.3%
*Other Operating Expenses	\$ 213,064.21	26.33%

Total Operating Expenses

	\$ 496,055.07	61.31%
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Operating Income	\$ 64,688.04	7.99%
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Operating Income Statement



Location J

For Period Ending 12/31/2019

YEAR TO DATE		
	Amount	% Sales
Sales		
Sales - Food & Beverage	\$ 913,467.88	100.0%
Total Sales	\$ 913,467.88	100.0%
Cost of Goods Sold		
COGS - Food & Beverages	\$ 345,989.28	37.88%
COGS - Rebate Income	-	0.0%
Cost of Goods Sold - Net	\$ 345,989.28	37.88%
Gross Profit	\$ 567,478.60	62.12%
Labor - Staff	\$ 127,970.94	14.01%
Labor - Management	\$ 159,573.09	17.47%
Occupancy	\$ 78,707.24	8.62%
*Other Operating Expenses	\$ 179,030.35	19.6%
Total Operating Expenses	\$ 545,281.62	59.69%
Operating Income	\$ 22,196.98	2.43%

*Does not include vendor rebates.



Operating Income Statement



Location K
For Period Ending 12/31/2019

Sales

Sales - Beverage	\$	20,491.47	2.84%
Sales - Food		699,879.54	97.16%
Total Sales	\$	720,371.01	100.0%

Cost of Goods Sold

COGS - Food & Beverages	\$	236,584.26	32.84%
COGS - Rebate Income		-	-
Cost of Goods Sold - Net	\$	236,584.26	32.84%

Gross Profit

Labor	\$	253,640.54	35.21%
Occupancy	\$	107,984.99	14.99%
*Other Operating Expenses	\$	174,696.20	24.4%

Total Operating Expenses

Operating Income	\$	-52,535.00	-7.29%
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Does not include Vendor Rebates

* Management Salary included in Labor



NOTES TO OPERATING INCOME STATEMENTS:

1. Total Sales. “Total Sales” means the revenues you receive from the sale of food, beverages, services and other items from in-store dining, carry-out, online orders, delivery, third party voucher sales, catering, and otherwise, including the sale of food and beverages, redemption of gift cards, and merchandise and all other income of every kind and nature related to the Teriyaki Madness Business or Teriyaki Madness Business operations whether for cash or credit and regardless of collection in the case of credit but not including: (a) any sales taxes or other taxes you collect from customers for, and thereafter paid directly to, the appropriate taxing authority; (b) any bona fide refunds you make to customers; or (c) any supplier rebates. Total Sales are deemed received by you at the time the services or products from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on an account receivable) actually has been received by you.
2. Cost of Goods Sold. Cost of Goods Sold includes all food and beverage items and related supplies such as utensils, take-away containers, napkins, cups and straws.
3. Gross Profit. Gross Profit is defined as Total Sales less costs of goods sold.
4. Payroll and Labor. These expenses include wages, salaries and benefits and includes the actual labor costs of all personnel in the restaurants. Locations A, D, F, G, H, and K have manager’s or owner’s salaries expenses included in their reported labor costs, as noted.
5. Occupancy. These expenses include items such as rent and utilities.
6. Direct Operating Expenses. These expenses include Royalty Fee and Marketing Fund Contributions as well as other items such as insurance, marketing, miscellaneous supplies, repairs, and bank fees.
7. Operating Income. Operating Income is defined as Gross Profit less payroll and labor expenses, occupancy expenses, and direct operating expenses. It does not include interest, depreciation, amortization, business taxes, and other costs and expenses that must be deducted from Total Sales figures to obtain net income.

Some Teriyaki Madness Businesses have earned this amount. Your individual financial results are likely to differ. There is no assurance you’ll earn as much.

You should conduct an independent investigation of the costs and expenses you may incur in operating your Teriyaki Madness Business. Franchisees or former franchisees listed in this Franchise Disclosure Document may be one source of this information. Written substantiation for the financial performance representation will be made available to prospective franchisees upon reasonable request.

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



ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary For Years 2017 to 2019

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2017	33	41	+8
	2018	41	42	+1
	2019	42	60	+18
Company-Owned	2017	2	1	-1
	2018	1	2	+1
	2019	2	2	0
Total Outlets	2017	35	42	+7
	2018	42	44	+2
	2019	44	62	+18

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor) For Years 2017 to 2019

State	Year	Number of Transfers
Arizona	2017	0
	2018	1
	2019	0
California	2017	1
	2018	0
	2019	0
Florida	2017	2
	2018	0
	2019	2
Total	2017	3
	2018	1
	2019	2



Table No. 3
Status of Franchised Outlets
For Years 2017 to 2019

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Alabama	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Arizona	2017	1	1	0	0	0	0	2
	2018	2	0	1	0	0	0	1
	2019	1	2	0	0	0	0	3
California	2017	8	2	1	0	0	2	7
	2018	7	1	3	0	0	0	5
	2019	5	2	0	0	0	0	7
Colorado	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	1	0	0	0	0	2
Florida	2017	4	1	1	0	0	1	3
	2018	3	2	1	0	0	1	3
	2019	3	3	1	0	1	1	3
Georgia	2017	0	1	0	0	0	0	1
	2018	1	0	1	0	0	0	0
	2019	0	0	0	0	0	0	0
Illinois	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Indiana	2017	1	0	0	0	0	1	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
Iowa	2017	1	0	0	0	0	0	1
	2018	1	1	0	0	0	0	2
	2019	2	0	0	0	0	0	2
Maryland	2017	1	0	0	0	0	0	1
	2018	1	0	1	0	0	0	0
	2019	0	0	0	0	0	0	0



State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Michigan	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	2	0	0	0	0	3
Minnesota	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Montana	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Nebraska	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	1	0	0
	2019	0	0	0	0	0	0	0
Nevada	2017	11	3	0	0	0	0	14
	2018	14	2	0	0	0	0	16
	2019	16	2	0	0	0	0	18
New Jersey	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
New York	2017	0	1	1	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
North Carolina	2017	1	1	0	0	0	0	2
	2018	2	0	1	0	0	0	1
	2019	1	1	0	0	0	0	2
Ohio	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	1	0	0	0	0
Oklahoma	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Oregon	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	1	0	0	0	0	2



State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Pennsylvania	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
South Carolina	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	1	0	0	0	0
South Dakota	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Tennessee	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	2	0	0	0	0	2
Texas	2017	1	2	0	0	0	0	3
	2018	3	3	1	0	0	0	5
	2019	5	2	0	0	0	1	6
Utah	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Virginia	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Total	2017	33	15	3	0	0	4	41
	2018	41	12	9	0	1	1	42
	2019	42	24	3	0	1	2	60

Table No. 4
Status of Company-Owned Outlets
For Years 2017 to 2019

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Colorado	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
	2019	0	1	0	0	0	1



State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Florida	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
	2019	0	0	1	1	0	0
Nebraska	2017	0	0	0	0	0	0
	2018	0	0	1	0	0	1
	2019	1	0	0	1	0	0
Texas	2017	1	0	0	1	0	0
	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
Virginia	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
Total Outlets	2017	2	0	0	1	0	1
	2018	1	0	1	0	0	2
	2019	2	1	1	2	0	2

Table No. 5
Projected Openings as of December 31, 2019

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	0	1	0
Arizona	1	1	0
California	7	4	0
Colorado	4	2	1
Delaware	1	1	0
Florida	5	6	0
Georgia	1	0	0
Hawaii	1	1	0
Idaho	1	0	0
Illinois	4	1	0
Kansas	1	1	0
Louisiana	1	0	0
Michigan	2	1	0
Missouri	2	1	0
Nevada	2	0	0



State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
New Jersey	2	0	0
Ohio	1	0	0
Pennsylvania	3	0	0
Tennessee	1	0	0
Texas	3	1	0
Utah	2	2	0
Virginia	2	0	0
Wisconsin	5	0	0
Total	52	23	1

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

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document will be listed on Exhibit F to this Franchise Disclosure Document when applicable. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise System.

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Teriyaki Madness System. You may wish to speak with current and former franchisees, but know that not all such franchisees can communicate with you.

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

ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit B to this Franchise Disclosure Document are our financial statements required to be included with this Franchise Disclosure Document: our audited financial statements for the period ending December 31, 2019, December 31, 2018 and December 31, 2017. Our fiscal year end is December^o31.

ITEM 22 CONTRACTS

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

Exhibit C Franchise Agreement



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

ITEM 23 RECEIPTS

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



EXHIBIT A

**STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**



**STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

<p><u>CALIFORNIA</u></p> <p><u>State Administrator and Agents for Service of Process:</u></p> <p>Commissioner Department of Business Oversight 320 W. 4th Street, #750 Los Angeles, CA 90013 (213) 576-7500 (866) 275-2677</p> <p><u>HAWAII</u></p> <p>Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722</p> <p><u>Agents for Service of Process:</u></p> <p>Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722</p> <p><u>ILLINOIS</u></p> <p>Illinois Attorney General Chief, Franchise Division 500 S. Second Street Springfield, IL 62706 (217) 782-4465</p> <p><u>INDIANA</u></p> <p>Secretary of State Securities Division Room E-018 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681</p>	<p><u>MARYLAND</u></p> <p>Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360</p> <p><u>Agents for Service of Process:</u></p> <p>Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020</p> <p><u>MICHIGAN</u></p> <p>Michigan Department of Attorney General Consumer Protection Division 525 W. Ottawa Street Lansing, MI 48913 (517) 373-7117</p> <p><u>MINNESOTA</u></p> <p>Department of Commerce Commissioner of Commerce 85 Seventh Place East, Suite 280 St. Paul, MN 55101-3165 (651) 539-1600</p> <p><u>NEW YORK</u></p> <p><u>Administrator:</u></p> <p>NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8236</p> <p><u>Agent for Service of Process:</u></p> <p>New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492</p>	<p><u>NORTH DAKOTA</u></p> <p>North Dakota Securities Department State Capitol, Fifth Floor, Dept. 414 600 E. Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-4712</p> <p><u>RHODE ISLAND</u></p> <p>Department of Business Regulation 1511 Pontiac Avenue, Bldg. 68-2 Cranston, RI 02920 (401) 462-9527</p> <p><u>SOUTH DAKOTA</u></p> <p>Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563</p> <p><u>VIRGINIA</u></p> <p>State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, VA 23219</p> <p><u>Agent for Service of Process:</u></p> <p>Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219</p> <p><u>WASHINGTON</u></p> <p>Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760</p> <p><u>WISCONSIN</u></p> <p>Department of Financial Institutions Division of Securities 201 W. Washington Avenue Madison, WI 53703 (608) 266-3364</p>
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Rev. 100318



EXHIBIT B
FINANCIAL STATEMENTS



M.H. FRANCHISE COMPANY INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(Together with Independent Auditors' Report)

WIPFLi LLP
CPAs and Consultants



M.H. FRANCHISE COMPANY INC.
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INDEPENDENT AUDITORS' REPORT

To the Stockholder of
M.H. Franchise Company Inc.
Denver, Colorado

We have audited the accompanying financial statements of M.H. Franchise Company Inc., which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of income (loss), changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of M.H. Franchise Company Inc. as of December 31, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, M.H. Franchise Company Inc. adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as of and for the year ended December 31, 2019. The ASU has been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Wipfli LLP

Wipfli LLP
Denver, Colorado

March 10, 2020



M.H. FRANCHISE COMPANY INC.

Balance Sheets December 31, 2019 and 2018

ASSETS

	2019	2018 As Adjusted
<u>Current Assets</u>		
Cash and cash equivalents	\$ 829,509	\$ 509,220
Related-party receivable	1,565,764	825,979
Prepaid expenses and other	8,748	9,109
Current portion of deferred franchise commissions	659,672	567,052
Total Current Assets	3,063,693	1,911,360
<u>Other Assets</u>		
Deferred franchise commissions, net of current portion	1,046,905	590,382
Franchise agreements, net	746,162	867,984
Total Other Assets	1,793,067	1,458,366
TOTAL ASSETS	\$ 4,856,760	\$ 3,369,726

LIABILITIES AND STOCKHOLDER'S EQUITY

<u>Current Liabilities</u>		
Accounts payable	\$ 211,282	\$ 88,817
Related-party payable	12,087	37,810
Current portion of deferred revenue	1,672,566	1,501,578
Total Current Liabilities	1,895,935	1,628,205
<u>Deferred revenue, net of current portion</u>	2,740,074	1,563,354
Total Liabilities	4,636,009	3,191,559
<u>Stockholder's Equity</u>		
Common stock, \$0.10 par value per share; 50,000 shares authorized, issued and outstanding	5,000	5,000
Additional paid-in capital	1,219,298	1,219,298
Retained earnings (accumulated deficit)	(1,003,547)	(1,046,131)
Total Stockholder's Equity	220,751	178,167
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 4,856,760	\$ 3,369,726

See accompanying notes to financial statements.

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M.H. FRANCHISE COMPANY INC.

**Statements of Income (Loss)
Years Ended December 31, 2019 and 2018**

	2019		2018 As Adjusted	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<u>Revenues</u>				
Franchise fees	\$ 1,450,082	100.0%	\$ 595,672	100.0%
<u>Costs and Expenses</u>				
Franchise commissions	718,614	49.6%	252,387	42.4%
Salaries, taxes, and benefits	258,393	17.8%	225,554	37.9%
Advertising and promotion	122,770	8.5%	105,550	17.7%
Amortization of franchise agreements	121,822	8.4%	121,822	20.5%
Professional fees	59,204	4.1%	49,040	8.2%
Office expenses	37,234	2.6%	17,375	2.9%
Office rent	35,844	2.5%	-	0.0%
Dues and subscriptions	32,159	2.2%	19,564	3.3%
Travel, meals, and entertainment	21,458	1.5%	47,489	8.0%
Total Costs and Expenses	1,407,498	97.1%	838,781	140.8%
Net Income (Loss)	\$ 42,584	2.9%	\$ (243,109)	-40.8%

See accompanying notes to financial statements.

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M.H. FRANCHISE COMPANY INC.

Statements of Changes in Stockholder's Equity Years Ended December 31, 2019 and 2018

	Common Shares Issued and Outstanding	Common Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Total Stockholder's Equity
Balance, January 1, 2018 **	50,000	\$ 5,000	\$ 1,219,298	\$ (803,022)	\$ 421,276
Net Loss **	-	-	-	(243,109)	(243,109)
Balance, December 31, 2018 **	50,000	5,000	1,219,298	(1,046,131)	178,167
Net Income	-	-	-	42,584	42,584
Balance, December 31, 2019	<u>50,000</u>	<u>\$ 5,000</u>	<u>\$ 1,219,298</u>	<u>\$ (1,003,547)</u>	<u>\$ 220,751</u>

** As adjusted for Adoption of ASC 606

See accompanying notes to financial statements.

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M.H. FRANCHISE COMPANY INC.

Statements of Cash Flows Years Ended December 31, 2019 and 2018

	2019	2018 As Adjusted
<u>Cash Flows From Operating Activities</u>		
Net income (loss)	\$ 42,584	\$ (243,109)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Amortization of franchise agreements	121,822	121,822
Changes in operating assets and liabilities:		
Related-party receivable	(739,785)	(601,555)
Prepaid expenses and other	361	7,447
Deferred franchise commissions	(549,143)	(510,998)
Accounts payable	122,465	77,533
Related-party payable	(25,723)	9,602
Deferred revenues	1,347,708	1,545,975
Net Cash Flows From Operating Activities	<u>320,289</u>	<u>406,717</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	320,289	406,717
CASH AND CASH EQUIVALENTS, beginning of year	<u>509,220</u>	<u>102,503</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 829,509</u>	<u>\$ 509,220</u>

See accompanying notes to financial statements.

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1. Summary of Significant Accounting Policies

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

Nature of Operations

The Company is engaged in the business of offering franchises, which operate Teriyaki Madness restaurants. M.H. Enterprises, Inc. (the "Parent") is the stockholder of the Company. The Company was formed on February 12, 2016 and became the franchisor to 46 of the outstanding franchises as of February 13, 2016, of which three were operated by the Parent. The Company has 102 and 73 outstanding franchisees and 62 and 44 franchised outlets in operation as of December 31, 2019 and 2018, respectively.

The following summarizes the franchisee activity for the Teriyaki Madness network for the years ending December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Franchisees at the beginning of year	73	49
Franchisees issued	41	35
Franchisees closed	<u>(12)</u>	<u>(11)</u>
Franchisees as of the end of the year	<u>102</u>	<u>73</u>
Franchised outlets in operation as of the end of the year	<u>62</u>	<u>44</u>

Use of Estimates in Preparation of Financial Statements

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

Cash and Cash Equivalents

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

Deferred Franchise Commissions

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

1. Summary of Significant Accounting Policies (continued)

Franchise Agreements

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

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

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

The franchise agreements are being amortized using the straight-line method over 10 years. The accumulated amortization as of December 31, 2019 and 2018, was \$472,061 and \$350,239, respectively.

Estimated amortization expense is as follows:

<u>Year Ending December 31,</u>	
2020	\$ 121,822
2021	121,822
2022	121,822
2023	121,822
2024	121,822
Thereafter	<u>137,052</u>
Total	<u>\$ 746,162</u>

Impairment of Long-Lived Assets

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

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Company accounts for revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers, which was adopted on January 1, 2019, using the full-retrospective method.

The Company charges an initial franchise fee for providing operational materials, location and design assistance, training and other professional services. Franchise fees associated with training and other services are considered distinct from the franchise right and separate performance obligations under the franchise contract. Franchise fee revenue allocated to training and other professional services is recognized when those services have been substantially completed, which is generally when the store opens. Revenues associated with training and other professional services totaled approximately \$1,059,000 and \$385,000 for 2019 and 2018, respectively. Revenue associated with the franchise right is recognized on a straight-line basis over the ten year life of the franchise agreement. Revenues associated with the franchise right totaled approximately \$391,000 and \$211,000 for 2019 and 2018, respectively. Prior to adoption of ASC Topic 606, the Company recognized the entire franchise fee upon completion of the franchisee's training.

When the timing of goods and services is different from the timing of the payments made by customers, we recognize either a contract asset (performance precedes contractual due date) or a contract liability (customer payment precedes performance). The Company has no contract assets. Contract liabilities relate to upfront payments received from franchisees for which performance obligations are not satisfied. Revenue is recognized when the performance obligation is completed.

Income Taxes

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

Generally accepted accounting principles require an entity to disclose any material uncertain tax positions that management believes do not meet a "more-likely-than-not" standard of being sustained under an income tax audit and to record a liability for any such taxes including penalty and interest. As of December 31, 2019 and 2018, management has not identified any uncertain tax positions required to be recorded or disclosed.

Advertising and Promotion Costs

Advertising and promotion related costs are expensed as incurred. Advertising and promotion expense totaled \$122,770 and \$105,550, respectively, for the years ended December 31, 2019 and 2018.

1. Summary of Significant Accounting Policies (continued)

Recently Adopted Accounting Pronouncement

In accordance with Accounting Standards Codification (ASC), the Company adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (ASC 606), effective January 1, 2019. The new standard clarifies existing guidance on revenue recognition and supersedes current revenue recognition requirements in Revenue Recognition (ASC 605) and most industry-specific guidance. The Core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

The Company has adopted the new standard using the full-retrospective method which requires each prior reporting period presented to be adjusted beginning with this issuance of the Company's financial statements.

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, Leases (Topic 842), which requires lessees to recognize on the balance sheet a right-to-use asset and a lease liability for most lease arrangements with a term greater than one year. The new standard also requires new disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for nonpublic companies for fiscal years beginning after December 15, 2020. Early adoption is permitted. The amendments in this update should be applied using a modified retrospective basis. The Company is currently evaluating the effect that ASU 2016-02 will have on its financial statements.

Subsequent Events

The Company has evaluated subsequent events occurring through March 10, 2020, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

2. Concentration

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

M.H. FRANCHISE COMPANY INC.
Notes to Financial Statements
December 31, 2019 and 2018

3. Restatement for Adoption of ASC 606

The following tables summarize the restatement of previously reported amounts presented in the financial statements as of and for the year ended December 31, 2018. Accumulated deficit at December 31, 2017 was adjusted to \$803,022 from the previously issued amount of \$4,076. The Company's historical net cash flows are not impacted by this accounting change.

<u>Balance Sheet</u> <u>December 31, 2018</u>	<u>As Reported</u>	<u>Adjustments</u>	<u>Recast for</u> <u>Adoption of</u> <u>ASC 606</u>
Current assets	\$ 1,344,308	\$ -	\$ 1,344,308
Deferred franchise commissions.	<u>288,822</u>	<u>278,230</u>	<u>567,052</u>
Total Current Assets	1,633,130	278,230	1,911,360
Deferred franchise commissions	-	590,382	590,382
Franchise agreements, net	<u>867,984</u>	-	<u>867,984</u>
Total Assets	<u>\$ 2,501,114</u>	<u>\$ 868,612</u>	<u>\$ 3,369,726</u>
Current liabilities	\$ 126,627	\$ -	\$ 126,627
Deferred revenue	<u>1,027,746</u>	<u>473,832</u>	<u>1,501,578</u>
Total Current Liabilities	1,154,373	473,872	1,628,205
Deferred revenue	-	1,563,354	1,563,354
Total Liabilities	<u>1,154,373</u>	<u>2,037,186</u>	<u>3,191,559</u>
Common stock	5,000	-	5,000
Additional paid-in capital	1,219,298	-	1,219,298
Retained earnings	<u>122,443</u>	<u>(1,168,574)</u>	<u>(1,046,131)</u>
Total Stockholder's Equity	<u>1,346,741</u>	<u>(1,168,574)</u>	<u>178,167</u>
Total Liabilities and Equity	<u>\$ 2,501,114</u>	<u>\$ 868,612</u>	<u>\$ 3,369,726</u>
<u>Statement of Income (Loss)</u> <u>Year Ended December 31, 2018</u>	<u>As Reported</u>	<u>Adjustments</u>	<u>Recast for</u> <u>Adoption of</u> <u>ASC 606</u>
Revenue - Franchise fees	<u>\$ 1,305,900</u>	<u>\$ (710,228)</u>	<u>\$ 595,672</u>
Costs and Expenses			
Franchise commissions	592,987	(340,600)	252,387
Other operating costs	<u>586,394</u>	-	<u>586,394</u>
Total Costs and Expenses	<u>1,179,381</u>	<u>(340,600)</u>	<u>838,781</u>
Net Income (Loss)	<u>\$ 126,519</u>	<u>\$ (369,628)</u>	<u>\$ (243,109)</u>



4. Related-Party Transactions

The Company has receivables from the following related-parties as of December 31, 2019 and 2018. All receivables are a result of interest free cash transfers between the Company and the related entity and are due on demand.

	<u>2019</u>	<u>2018</u>
M.H. Enterprises International, Inc.	\$ 1,402,597	\$ 713,812
M.H. Enterprises, Inc.	<u>163,167</u>	<u>112,167</u>
Total	<u>\$ 1,565,764</u>	<u>\$ 825,979</u>

The Company has payables to the following related-party as of December 31, 2019 and 2018. All payables are a result of interest free cash transfers between the Company and the related entity and are payable on demand.

	<u>2019</u>	<u>2018</u>
M.H. Enterprises Marketing, Inc.	<u>\$ 12,087</u>	<u>\$ 37,810</u>

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

- M.H. Enterprises, Inc.: The sole shareholder of M.H Franchise Company Inc. Provides general administrative management of the Teriyaki Madness franchise name. Owns the recipes, trademarks, and other intellectual property involved in operating Teriyaki Madness Businesses.
- M.H. Enterprises International, Inc.: Provides ongoing operational support to the franchisees to assist them in achieving financial success and maintaining Teriyaki Madness quality standards. The primary revenue source for this entity are royalties based on a percentage of store sales.
- M.H. Enterprises Marketing, Inc.: Provides Teriyaki Madness brand marketing through national campaigns and local franchisee market support. The primary revenue source for this entity is cooperative Advertising Fund fees based on a percentage of store sales.

4. Related-Party Transactions (continued)

Operating Lease

In October 2018, the Company entered into a long-term operating sublease agreement with M.H. Enterprises, Inc., for its office facilities in Denver, Colorado. The sublease agreement expires December 31, 2023. Future minimum lease payments under this agreement are as follows for the years ending December 31:

2020	\$ 36,600
2021	37,400
2022	38,100
2023	<u>38,900</u>
	<u>\$ 151,000</u>

Rent expense under all lease agreements totaled \$35,844 for the year ended December 31, 2019. M.H. Enterprises, Inc. did not charge the Company rent in 2018.

5. Retirement Plan

The Company has established an employee benefit plan under Section 401(k) of the Internal Revenue Code (the Plan). The Plan covers all employees aged twenty-one or older and who have attained 3 months of service. Employees may elect to defer a portion of their compensation, subject to certain limits, as allowed under the Internal Revenue Code. The Company may also contribute an additional amount, to be determined each year, to each employee. The Company contributed \$14,302 and \$6,443 to the Plan for the years ended December 31, 2019 and 2018, respectively.

M.H. FRANCHISE COMPANY INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2018 and 2017
(Together with Independent Auditors' Report)

WIPFLi_{LLP}
CPAs and Consultants



M.H. FRANCHISE COMPANY INC.
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INDEPENDENT AUDITORS' REPORT

To the Stockholder of
M.H. Franchise Company Inc.
Denver, Colorado

We have audited the accompanying financial statements of M.H. Franchise Company Inc., which comprise the balance sheet as of December 31, 2018, and the related statements of income, changes in stockholder's equity and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the 2018 financial statements referred to above present fairly, in all material respects, the financial position of M.H. Franchise Company Inc. as of December 31, 2018, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States.

Prior Period Financial Statements

The financial statements of M.H. Franchise Company Inc. as of December 31, 2017, were audited by other auditors whose report dated March 8, 2018, expressed an unmodified opinion on those statements.

Wipfli LLP

Wipfli LLP
Denver, Colorado

February 22, 2019



M.H. FRANCHISE COMPANY INC.

Balance Sheets December 31, 2018 and 2017

ASSETS

	2018	2017
<u>Current Assets</u>		
Cash and cash equivalents	\$ 509,220	\$ 102,503
Related party receivable	825,979	224,424
Prepaid expenses and other	9,109	16,556
Deferred franchise commissions	288,822	115,425
Total Current Assets	1,633,130	458,908
<u>Other Assets</u>		
Franchise agreements	1,218,223	1,218,223
Less: accumulated amortization	350,239	228,417
Total Other Assets	867,984	989,806
TOTAL ASSETS	\$ 2,501,114	\$ 1,448,714

LIABILITIES AND STOCKHOLDER'S EQUITY

<u>Current Liabilities</u>		
Accounts payable	\$ 88,817	\$ 11,284
Related party payable	37,810	28,208
Deferred revenue	1,027,746	189,000
Total Current Liabilities	1,154,373	228,492
<u>Stockholder's Equity</u>		
Common stock, \$0.10 par value per share; 50,000 shares authorized, issued and outstanding	5,000	5,000
Additional paid-in capital	1,219,298	1,219,298
Retained earnings (accumulated deficit)	122,443	(4,076)
Total Stockholder's Equity	1,346,741	1,220,222
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 2,501,114	\$ 1,448,714

See accompanying notes to financial statements.

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M.H. FRANCHISE COMPANY INC

Statements of Income
Years Ended December 31, 2018 and 2017

	2018		2017	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<u>Revenues</u>				
Franchise fees	\$ 1,305,900	100.0%	\$ 1,034,500	100.0%
<u>Costs and Expenses</u>				
Franchise commissions	592,987	45.4%	430,690	41.6%
Salaries, taxes and benefits	225,554	17.3%	207,705	20.1%
Amortization of franchise agreements	121,822	9.3%	121,822	11.8%
Advertising and promotion	105,550	8.1%	109,963	10.6%
Professional fees	49,040	3.8%	57,540	5.6%
Travel, meals and entertainment	47,489	3.6%	71,326	6.9%
Dues and subscriptions	19,564	1.5%	15,725	1.5%
Office expenses	17,375	1.3%	14,096	1.4%
Total Costs and Expenses	1,179,381	90.3%	1,028,867	99.5%
Net Income	<u>\$ 126,519</u>	<u>9.7%</u>	<u>\$ 5,633</u>	<u>0.5%</u>

See accompanying notes to financial statements.

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M.H. FRANCHISE COMPANY INC

Statements of Changes in Stockholder's Equity Years Ended December 31, 2018 and 2017

	Common Shares Issued and Outstanding	Common Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Total Stockholder's Equity
Balance, January 1, 2017	50,000	\$ 5,000	\$ 1,219,298	\$ (9,709)	\$ 1,214,589
Net Income	-	-	-	5,633	5,633
Balance, December 31, 2017	50,000	5,000	1,219,298	(4,076)	1,220,222
Net Income	-	-	-	126,519	126,519
Balance, December 31, 2018	50,000	\$ 5,000	\$ 1,219,298	\$ 122,443	\$ 1,346,741

See accompanying notes to financial statements.

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M.H. FRANCHISE COMPANY INC

Statements of Cash Flows Years Ended December 31, 2018 and 2017

	2018	2017
<u>Cash Flows From Operating Activities</u>		
Net income	\$ 126,519	\$ 5,633
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Amortization of franchise agreements	121,822	121,822
(Increase) decrease in:		
Related party receivable	(601,555)	4,931
Prepaid expenses and other	7,447	3,514
Deferred franchise commissions	(173,397)	39,775
Increase (decrease) in:		
Accounts payable	77,533	(21,613)
Related party payable	9,602	(51,258)
Accrued expenses	-	(259)
Deferred revenues	838,746	(110,000)
Net cash provided by (used in) operating activities	<u>406,717</u>	<u>(7,455)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	406,717	(7,455)
CASH AND CASH EQUIVALENTS, beginning of year	<u>102,503</u>	<u>109,958</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 509,220</u>	<u>\$ 102,503</u>

See accompanying notes to financial statements.

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1. Summary of Significant Accounting Policies

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

Nature of Operations

The Company is engaged in the business of offering franchises, which operate Teriyaki Madness restaurants. M.H. Enterprises, Inc. (the "Parent") is the stockholder of the Company. The Company was formed on February 12, 2016 and became the franchisor to 46 of the outstanding franchises as of February 13, 2016, of which three were operated by the Parent. The Company has 73 and 49 outstanding franchisees and 44 and 42 franchised outlets in operation as of December 31, 2018 and 2017, respectively.

The following summarizes the franchisee activity for the Teriyaki Madness network for the years ending December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Franchisees at the beginning of year	49	44
Franchisees issued	35	12
Franchisees closed	<u>(11)</u>	<u>(7)</u>
Franchisees as of the end of the year	<u>73</u>	<u>49</u>
Franchised outlets in operation as of the end of the year	<u>44</u>	<u>42</u>

Use of Estimates in Preparation of Financial Statements

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

Cash and Cash Equivalents

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

Deferred Franchise Commissions

Commission paid on franchise sales for which revenue has not been recognized are deferred until the related revenue is recorded.

1. Summary of Significant Accounting Policies (continued)

Franchise Agreements

When an individual franchise is sold, the Parent and its subsidiaries, including the Company, agree to provide certain services to the franchisee. Generally, these services may include assistance in site selection, training personnel, and design of a quality control program.

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

The franchise agreements are being amortized using the straight-line method over 10 years. The accumulated amortization as of December 31, 2018 and 2017 was \$350,239 and \$228,417, respectively.

Estimated amortization expense is as follows:

Year Ending December 31,

2019	\$ 121,822
2020	121,822
2021	121,822
2022	121,822
2023	121,822
Thereafter	<u>258,874</u>
Total	<u>\$ 867,984</u>

Impairment of Long-Lived Assets

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

Revenue Recognition

Initial franchise fees are due upon the 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, which is generally considered to be when the new franchisee has attended training.

1. Summary of Significant Accounting Policies (continued)

Income Taxes

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

Generally accepted accounting principles require an entity to disclose any material uncertain tax positions that management believes do not meet a "more-likely-than-not" standard of being sustained under an income tax audit and to record a liability for any such taxes including penalty and interest. As of December 31, 2018 and 2017, management has not identified any uncertain tax positions required to be recorded or disclosed.

Advertising and Promotion Costs

Advertising and promotion related costs are expensed as incurred. Advertising and promotion expense totaled \$105,550 and \$109,963, respectively, for the years ended December 31, 2018 and 2017.

Reclassification

Certain amounts in the 2017 financial statements have been reclassified, where appropriate, to conform to the presentation used in the 2018 financial statements.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605 Revenue Recognition, and most industry specific guidance. When adopted, the amendments in the ASU must be applied using either a full or modified retrospective method. ASU No. 2014-09 is effective for nonpublic companies for fiscal years beginning after December 15, 2018. The Company is currently evaluating the impact of the provisions of ASC 606 on its financial statements.

Subsequent Events

The Company has evaluated subsequent events occurring through February 22, 2019, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

2. Concentration

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

3. Related Party Transactions

The Company has receivables from the following related parties as of December 31, 2018 and 2017. All receivables are a result of interest free cash transfers between the Company and the related entity and are due on demand.

	<u>2018</u>	<u>2017</u>
M.H. Enterprises International, Inc.	\$ 713,812	\$ 163,257
M.H. Enterprises, Inc.	<u>112,167</u>	<u>61,167</u>
Total	<u>\$ 825,979</u>	<u>\$ 224,424</u>

The Company has payables to the following related parties as of December 31, 2018 and 2017. All payables are a result of interest free cash transfers between the Company and the related entity and are payable on demand.

M.H. Enterprises Marketing, Inc.	<u>\$ 37,810</u>	<u>\$ 28,208</u>
Total	<u>\$ 37,810</u>	<u>\$ 28,208</u>

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

- M.H. Enterprises, Inc.: The sole shareholder of M.H Franchise Company Inc. Provides general administrative management of the Teriyaki Madness franchise name. Owns the recipes, trademarks and other intellectual property involved in operating Teriyaki Madness Businesses.
- M.H. Enterprises International, Inc.: Provides ongoing operational support to the franchisees to assist them in achieving financial success and maintaining Teriyaki Madness quality standards. The primary revenue source for this entity are royalties based on a percentage of store sales.
- M.H. Enterprises Marketing, Inc.: Provides Teriyaki Madness brand marketing through national campaigns and local franchisee market support. The primary revenue source for this entity is cooperative Advertising Fund fees based on a percentage of store sales.

4. Retirement Plan

The Company has established an employee benefit plan under Section 401(k) of the Internal Revenue Service (the Plan). The Plan covers all employees aged twenty-one or older and who have attained 3 months of service. Employees may elect to defer a portion of their compensation, subject to certain limits, as allowed under the Internal Revenue Code. The Company may also contribute an additional amount, to be determined each year, to each employee. The Organization contributed \$6,443 and \$3,031 to the Plan for the years ended December 31, 2018 and 2017, respectively.



EXHIBIT C
FRANCHISE AGREEMENT



TERIYAKI MADNESS®

Franchise Agreement

TERIYAKI MADNESS®

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ATTACHMENTS:

Attachment A – Teriyaki Shop Rider

Attachment A-1 – Teriyaki Shop Approved Location

Attachment A-2 – Teriyaki Shop Lease Addendum

Attachment A-3 – Teriyaki Shop On-site Training Agreement

Attachment B-1 – Single Franchise Addendum

Attachment B-2 – Standard Franchise Addendum

Attachment B-3 – Platinum Franchise Addendum

Attachment C – ACH Form



Attachment D –Owners Agreement
Attachment E – Ownership Interests in Franchise Owner
Attachment F – System Protection Agreement
Attachment G– Confidentiality Agreement



TERIYAKI MADNESS® FRANCHISE AGREEMENT

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

1. RECITALS

1.1 System and Marks

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

1.2 Desire to Franchise

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

2. GRANT AND LIMITATIONS

2.1 Grant of Franchise

Subject to all of the terms and conditions in this Agreement, we grant to you, and you accept, the license to use the System and the Marks (the “**Franchise**”) in connection with the establishment and operation of one or more Teriyaki Shops, each situated at a specific location (the “**Approved Location**”). Upon signing this Agreement, you and we will execute a Teriyaki Shop Rider attached as Attachment A to this Agreement (the “**Teriyaki Shop Rider**”), which will set forth the term for the initial Teriyaki Shop to be opened and operated by you.

2.2 Development Rights and Obligations

If you have purchased the right to open one Teriyaki Madness Business, your franchise will be referred to herein as a “**Single Franchise**,” and you will sign the Single Franchise Addendum attached hereto as Attachment B-1, which will set forth the Initial Franchise Fee. Once your Teriyaki Shop is open and operating, you will have no further development obligations. If



you have purchased the right to open three (3) Teriyaki Madness Businesses, your franchise will be referred to herein as a “**Standard Franchise**,” and you will sign the Standard Franchise Addendum attached hereto as Attachment B-2. If you have purchased the right to open five (5) Teriyaki Madness Businesses, your franchise will be referred to herein as a “**Platinum Franchise**,” and you will sign the Platinum Franchise Addendum attached hereto as Attachment B-3. If you have purchased a Standard Franchise or Platinum Franchise, you are agreeing to open each Teriyaki Shop on the schedule (“**Development Schedule**”) specified in Attachment B-2 or Attachment B-3, and you and we will execute additional Teriyaki Shop Riders for each additional Teriyaki Shop that is authorized to be opened under this Agreement. Further, if you operate multiple Teriyaki Shops under Teriyaki Shop Riders, each reference to “the Teriyaki Shop” or a “Teriyaki Shop” herein shall refer to each individual Teriyaki Shop that you operate, unless otherwise specified, under this Agreement. All obligations under this Agreement shall apply individually to each Teriyaki Shop that you operate.

2.3 Limitations on Grant.

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

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

(c) Location. The Franchise granted by this Agreement is limited to a single Teriyaki Shop at the Approved Location identified in the Teriyaki Shop Rider for each Teriyaki Shop. The Teriyaki Shop must be located at the Approved Location. If a particular site has not been selected and approved at the time this Agreement is signed, the Teriyaki Shop Rider will describe the Approved Location in general terms. In that case, after we have approved a location for your Teriyaki Shop, we will unilaterally modify the Teriyaki Shop Rider and the specific address of that location will automatically become the Approved Location as if originally set forth in the Teriyaki Shop Rider instead of the general description. You have no rights under this Agreement to use, and you will not use, the System or Marks at any other location, without our prior express written consent.

(d) Relocation. You will not relocate the Teriyaki Shop without our prior express written consent. If a Teriyaki Shop’s lease expires or terminates without your fault or if the site is condemned, destroyed or otherwise rendered unusable, you must seek our approval to relocate the Teriyaki Shop to a new location that meets our then-current site selection criteria, subject to the territorial rights of other Teriyaki Shops operated by franchisees or our affiliates.



You must pay to us our then-current relocation fee for that Teriyaki Shop, and you must comply with all of the requirements of Section 5 with regard to any relocation.

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

2.4 Non-Exclusive License

During the term of this Agreement, neither we nor any of our affiliates will establish or operate, or franchise any entity to establish or operate, a Teriyaki Shop using the Marks and System at any location within the market area described in Attachment A-1 of each Teriyaki Shop Rider (the “**Protected Territory**”). Otherwise, the Franchise is non-exclusive.

Other than the limited rights expressly granted to you under this Agreement, we (on behalf of ourselves and our affiliates) reserve all rights to use the Marks and System, including the following rights, in any manner and on any terms and conditions we deem advisable, and without granting you any rights, accommodation, or compensation:

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

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

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

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

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

(f) to use any marks or system (including the Marks and System), or to license others to use any marks or system, to sell any products, including products that are the same or similar to those which you will sell through any alternative channels of distribution within or outside of the Protected Territory, regardless of their proximity to the Approved Location or their impact on your existing or potential customers. This includes, but is not limited to, grocery stores, convenience stores, club stores, other retail outlets, direct marketing sales, and other channels of



distribution such as television, direct mail, mail order, catalog sales, telemarketing, delivery, catering, or over the Internet. We exclusively reserve the Internet, including computerized or remote entry ordering systems, as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce unless you have received our prior written permission or unless such activities are expressly authorized by the Manual; and

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

3. TERM AND EXTENSION

3.1 Term

The term of this Agreement begins on the Effective Date and will continue for one period of 10 years, unless terminated sooner by either party. You have no rights under this Agreement to use, and you will not use, the System or Marks after expiration or termination of this Agreement. Some of your duties and obligations under this Agreement will survive after expiration or termination of this Agreement as provided herein.

3.2 Renewal Franchise Rights

If you meet all of the conditions specified in Section 3.3, we will offer you up to one (1) renewal franchise agreement for each Teriyaki Shop you operate under this Agreement with a term of ten (10) years to become effective following the expiration of this Agreement.

3.3 Conditions to Renewal Franchise

To qualify for an offer of a renewal franchise agreement, you must satisfy all of the following conditions:

(a) At least 6 months (but no more than 9 months) before the end of the term of this Agreement, you must give us written notice of your request for an extension of franchise rights, and you must pay us a renewal fee equal to 10% of our then-current franchise fee for each Teriyaki Shop you operate under this Agreement.

(b) At least 2 months (but no more than 6 months) before the end of the term of this Agreement, you must upgrade each Teriyaki Shop you operate under this Agreement to make it consistent with the then-current System Standards for new Teriyaki Shops.

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

(d) At least 1 month before the end of the term of this Agreement, you must sign the then-current version of our standard franchise agreement for similar restaurants for each



restaurant that you own, to become effective upon the expiration of this Agreement. You acknowledge that the terms and conditions of that agreement may be materially different from this Agreement, and they might not be as favorable to you. However, you will not be required to pay the then-current Initial Franchise Fee; you will not have another option to extend the Franchise; and the Protected Territory will be the same as under this Agreement.

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

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

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

3.4 Interim Period

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

4. PAYMENTS AND REPORTS

4.1 Initial Franchise Fee

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

4.2 Shop Opening Assistance Fee

In addition to the Initial Franchise Fee paid to us, you must pay our affiliate, Teriyaki Madness, Inc., a “**Shop Opening Assistance Fee**” of \$24,500 for the first Teriyaki Shop that you



intend to open. This fee offsets our costs in supporting your efforts to find and develop a permanent site. You will pay the Shop Opening Assistance Fee at the same time as the Initial Franchise Fee. The Shop Opening Assistance Fee is non-refundable, and is fully earned when we sign this Agreement. If you have purchased a Standard Franchise or Platinum Franchise, the Shop Opening Assistance Fee for the second and each additional Teriyaki Shop opened pursuant to this Agreement will be waived.

4.3 Royalty Fee

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

4.4 Marketing Fund Contribution

You will pay a Marketing Fund contribution equal to 3% of your Gross Sales, as described in Section 7.2 below.

4.5 Place and Method of Payment

You will be required to establish a designated bank account (“**Designated Account**”) that shall be used exclusively for the operation of the Teriyaki Shops. Upon execution of this Agreement, you shall provide the bank name, address, ABA routing numbers, account numbers, voided checks from the Designated Account, and sign and give to us and your bank, all documents, including Attachment C to this Agreement, necessary to effectuate your electronic payment of amounts due under this Agreement. The Designated Account must be located within the United States and governed by its laws. In the event you change banks or accounts for the bank account required by this Section 4.5, you shall, prior to such change, provide such information and documentation as required in this Section 4.5. Your failure to provide such information concerning the bank account required by this Section 4.5 or any new account, or your withdrawal of authorization as required hereunder for whatever reason shall be a breach of this Agreement. You shall bear all expenses, if any, associated with such authorizations and payments. You agree to execute any and additional documents as may be necessary to effectuate and maintain the



electronic funds transfer, as we require. On Tuesday of each week (your “Weekly Billing Day”), we will initiate an electronic funds transfer of all Royalty Fees, and Marketing Fees required by this Agreement based on your Gross Sales for the preceding business week (Monday through Sunday). If we are unable to access your Teriyaki Madness Franchise’s Gross Sales for any reporting period, then we shall be authorized, at our option, to debit your account for the higher of: (a) the fees transferred from your account for the last reporting period for which a report of your Teriyaki Madness Franchise’s Gross Sales was provided to us, or (b) an estimated amount due. All other fees and payments due to us under this Agreement will be made to us at our headquarters in Denver, Colorado, or as we otherwise specify in writing. If in our sole discretion we allow you to make any payment to us by credit card for any fee required, we may charge a service fee of up to 3% of the total charge. We have the right to periodically specify (in the Manual or otherwise in writing) different payees, payment timing, and/or payment methods for any fees due under this agreement, such as, but not limited to, weekly/biweekly/monthly payment, payment by auto-draft, credit card and payment by check. You must promptly comply with any such changes.

4.6 Late Fee and NSF Fee

If we do not receive any fee or any other amount due to us under this Agreement on or before the applicable due date, you will pay us a late fee equal to \$100, plus the lesser of the daily equivalent of 15% per year simple interest or the highest amount allowed under law, on any overdue amount for each day any amount is past due, accruing until the past due amount is paid in full. This provision does not permit or excuse late payments. If there are insufficient funds in the Designated Account or if any check, electronic payment, or other payment due under this Agreement is not honored for any reason, you will pay us an insufficient funds fee of \$100 to help offset bank charges and administrative expenses.

4.7 Taxes

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

4.8 Allocation of Payments

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

4.9 Right of Offset

We will have the right, at any time before or after termination of this Agreement, without notice to you, to offset any amounts or liabilities that you may owe to us against any amounts or



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

5. TERIYAKI SHOP DEVELOPMENT

5.1 Site Selection

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

5.2 Lease Provisions

After we have approved a proposed site, you must then lease or purchase the approved site. If you will lease the site, your lease must include certain provisions for our protection. You must provide us with a copy of your proposed lease agreement for our review and approval before you sign it. We will review the proposed lease for the Teriyaki Shop site after you submit the proposed lease to us. If the proposed lease complies with the requirements in this Section 5.2 of this Agreement and is otherwise acceptable to us, we will approve it. We will promptly advise you of our decision regarding the proposed lease. You must not sign the proposed lease agreement until after you have our express written approval. However, the final decision whether to acquire a particular approved site or whether to sign a particular approved lease rests solely with you. You are solely responsible for negotiating the legal and business terms of your lease. Any lease relating to the Teriyaki Shop's premises must contain the following provisions in contractual language acceptable to us:

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



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

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

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

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

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

(g) The total possible term of the lease (including the initial term and all renewal terms that are at the tenant's option) must be for at least 5 years.

(h) Upon expiration or termination of this Agreement, we (or our designee) will have the right to an assignment of the lease with the landlord's consent (which consent will not be unreasonably withheld) and without payment of any assignment fee or similar charge or increase in any rent. The tenant will remain solely responsible for all obligations, debts, and payments under the lease accruing before the effective date of any assignment to us (or our designee).

We have included a lease addendum which incorporates some of these required terms as Attachment A-2 of each Teriyaki Shop Rider. It is your responsibility to secure signature of the lease addendum or to negotiate the required provisions into any lease.

5.3 Construction, Remodeling and Build-out

Upon your execution of an approved lease for the Teriyaki Shop premises, we will provide you with a list of architects and general contractors approved by us. You must prepare architectural and construction drawings, designs, and site plans using architects approved by us, and undertake the construction, build-out, and remodeling of the site using a general contractor approved by us. If you desire to use an architect or general contractor that is not approved, the proposed architect or general contractor must meet the minimum requirements of other approved architects or general contractors, and be approved in writing by our design and construction department before they are used in the development of the Teriyaki Shop. Promptly after obtaining possession of the approved site for the Teriyaki Shop, you will: (a) have prepared and submit to us for approval plans for the construction, build-out or remodeling of the site consistent with the System Standards and



applicable law, if you are unable to use our standard plans; provided, that any altered plans must be submitted to us and receive our approval before such plans can be used. You acknowledge that our review of your amended plans is not meant to assess any compliance with applicable laws, regulations, and/or building codes, all of which is your responsibility; (b) obtain all required permits, licenses, and zoning variances; (c) complete the construction, build-out, and/or remodeling of the Teriyaki Shop premises consistent with the approved plans, the System Standards, and applicable law; (d) purchase or lease and install all required equipment, furnishings, fixtures, signs, and décor as required by this Agreement and the System Standards; (e) obtain all customary contractors sworn statement and waivers of liens; and (f) otherwise prepare the Teriyaki Shop for opening for business as required by this Agreement and the System Standards. We will provide you with the consultation we deem advisable regarding constructing, remodeling, or build-out of the Teriyaki Shop.

5.4 Furnishings, Fixtures, Equipment, and Signs

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

5.5 Inventory and Supplies

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

5.6 Commencement of Business

Unless we agree in writing to a later opening date, you must open the Teriyaki Shop and begin business within 12 months after the Effective Date of this Agreement (or Teriyaki Shop Rider Effective Date for subsequent Teriyaki Madness Businesses). Before opening the Teriyaki Shop, you must comply with all of your applicable development and operating obligations under this Agreement, including: (a) obtain all required permits and licenses; (b) properly complete all construction, remodeling, and build-out of the Teriyaki Shop; (c) properly complete installation of



all furnishings, fixtures, equipment, and signs; (d) properly display and stock all required inventory and supplies; (e) successfully complete the initial training programs; (f) provide to us proper evidence of required insurance coverage; (g) provide to us an executed “Franchisee On-site Training Agreement,” the current form of which is Attachment A-3 of each Teriyaki Shop Rider; and (h) provide to us any other information or documents relating to the Teriyaki Shop’s readiness for opening or your compliance with applicable System Standards. You must obtain our written approval before opening the Teriyaki Shop, and you must schedule the opening on a mutually convenient date. If you do not open your Teriyaki Shop within the prescribed time frame, you will be required to pay an opening extension fee of \$250 per week until such time as the Teriyaki Shop is open or this Agreement is terminated. In our sole discretion, we may waive the opening extension fee if requested in writing within 9 months of signing the Agreement. If you have purchased a Standard Franchise or Platinum Franchise and fail to open any Teriyaki Shop within the timeframe indicated on your Shop Rider, you will forfeit the rights to open all additional shops under this Agreement.

6. TERIYAKI SHOP OPERATIONS

6.1 Compliance with System Standards

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

6.2 Approved Items and Services

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

6.3 Suggested Retail Prices

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



to establish maximum retail prices for use with multi-area advertisement programs and special price programs.

6.4 Catering and Delivery

You must follow our off-site policies and procedures in our Manual, which may require you to provide catering and/or delivery services (the “Off-Site Services”) in accordance with our then-current guidelines. You may be allowed to provide Off-Site Services in the territories of other Teriyaki Madness Businesses without compensating the operator of those restaurants, and we, our affiliates, or other Teriyaki Madness Businesses may provide Off-Site Services in your Protected Territory without compensating you. We may impose restrictions in the future that prevent you from providing catering and delivery services outside of your Protected Territory.

6.5 Additional Items, Services, and Suppliers

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

6.6 Purchasing Assistance

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

6.7 Computer and Communications System

You will, at your expense, purchase or lease, maintain, and upgrade any point-of-sale system, cash drawers, computer hardware and software, back office and accounting systems, tablets or portable electronic devices, ticket dispensers, communication equipment, communication services, Internet services (including the requirement to maintain a high speed internet connection), mobile application services, online and/or digital ordering and delivering services, dedicated telephone and power lines, modems, printers, and other related accessories or



peripheral equipment that we may specify for use in each Teriyaki Shop, as prescribed in the Manual, and as modified periodically by us in our sole discretion. You will provide any assistance we require to connect your point-of-sale system or computer system with our computer system. We will have the right at any time to retrieve data and other information from your point-of-sale system, or computer system as we, in our sole discretion, deem necessary or desirable. This may include posting financial information of each franchisee on an intranet website and using the financial information of the Teriyaki Shop in our Franchise Disclosure Document. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. You shall ensure that we have access at all times to your point-of-sale system and any video monitoring systems that we require at your cost. You will strictly comply with System Standards for all items associated with your point-of-sale system, computer system, and communication equipment and services. You will keep the point-of-sale system, computer system and communication equipment in good maintenance and repair, and you will promptly install, at your expense, any additions, changes, modifications, or substitutions to your point-of-sale system, computer hardware, software, communication equipment, telephone and power lines, and other related accessories or peripheral equipment, as we may specify periodically. We may require that you license from us proprietary software for use in the Teriyaki Shop, and, if so, you will sign the software license agreement we specify, and you will comply with all of its terms and conditions. You will utilize the point-of-sale system, computer system, and communication equipment and services in connection with the Teriyaki Shop pursuant to the System Standards. For use of our application development and service, online systems, email, data sharing, loyalty program, restaurant management platform, and other Internet related functions, you will pay us a monthly technology fee which is due on the first Tuesday of each month for each Teriyaki Shop. We reserve the right to increase this technology fee up to \$600 per month per Teriyaki Shop upon 30 days' written notice. You will pay a reduced monthly technology fee for your first Teriyaki Shop until it is open. You acknowledge that you may also be responsible for paying our approved third party vendors directly for certain technology, including, but not limited to, mobile applications and online and/or digital ordering and delivery services.

6.8 Customer List

You will protect the privacy of your customers by keeping their personal information confidential. You will not disclose customer information to anyone other than your employees and us without our prior written consent.

6.9 Hours of Operation

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

6.10 Uniforms

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



6.11 Teriyaki Shop Image

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

6.12 Lease Compliance

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

6.13 Maintenance of Teriyaki Shop

You will install and maintain at the Teriyaki Shop, at your expense, all furnishings, fixtures, equipment, and signs as required by the System Standards. You will not install or permit to be installed on or about the Teriyaki Shop premises any furnishings, fixtures, equipment, signs, décor, vending machines, video games, or similar items that we have not previously approved. You will maintain the Teriyaki Shop premises, and all furnishings, fixtures, equipment, and signs in a clean, attractive condition, and in good working order and repair. If we notify you of any deficiency as to the general state of repair or appearance of the Teriyaki Shop's premises, furnishings, fixtures, equipment, signs, or décor, you must undertake the action we reasonably specify to correct the deficiency within the time period we specify.

6.14 Refurbishing the Teriyaki Shop

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

6.15 Goodwill

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



of customers, creditors, lenders, investors, and the public as to the ownership and operation of the Teriyaki Shop.

6.16 Quality and Customer Service Standards

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

6.17 Compliance with Sound Business Practices

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

6.18 Compliance with Laws

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

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your



owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

6.19 Notification of Legal Proceedings and Crisis Management Events

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

6.20 Step-In Rights

In order to prevent any interruption of the Teriyaki Shop operations that would cause harm to the Teriyaki Shop, thereby depreciating the value thereof, we have the right, but not the obligation, to step-in and designate an individual of our choosing (an **"Interim Manager"**) for up to 90 consecutive days at a time to temporarily manage your Teriyaki Shop: (i) if you fail to comply with any provision of this Agreement and do not cure the failure within the time period specified by the Agreement or us; (ii) if we determine in our sole judgment that the operation of your Teriyaki Shop is in jeopardy; (iii) if we determine in our sole discretion that operational problems require that we operate the Teriyaki Shop; (iv) if you abandon or fail to actively operate the Teriyaki Shop; (v) upon your or the Designated Manager's absence, termination, death, divorce, or disability; or (vi) if we deem you or your Designated Manager incapable of operating the Teriyaki Shop (**"Step-in Rights"**). If we exercise the Step-In Rights:

(a) You agree to pay us, in addition to all other amounts due under this Agreement, an amount equal to \$500 per day that the Interim Manager manages the Teriyaki Shop, plus the Interim Manager's direct out-of-pocket costs and expenses.

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

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



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

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

7. TERIYAKI SHOP MARKETING

7.1 Marketing Programs

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

7.2 Marketing Fund

We have established an advertising and marketing fund for Teriyaki Madness Franchises (the “**Marketing Fund**”). You must contribute to the Marketing Fund 3% of your Gross Sales (as such term is defined in Section 4.3) for each Teriyaki Shop. Your Marketing Fund contribution will be due at the same time and in the same manner as the Royalty Fee. Teriyaki Madness Franchises owned by us or our affiliates are not obligated to contribute to the Marketing Fund but may do so on a voluntary basis. The Marketing Fund may allocate resources to advertise locally, regionally, and/or nationally, in printed materials, on radio, on television, and/or on the Internet, in our sole discretion. We will direct all programs that the Marketing Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. We have no fiduciary obligation to you for administering the Marketing Fund. We may use the Marketing Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Marketing Fund, the Marketing Funds’ other administrative costs, travel expenses of personnel while they are on business relating to the Marketing Fund, meeting costs, overhead relating to Marketing Fund business, and other expenses



that we incur in activities reasonably related to administering or directing the Marketing Fund and their programs, including, without limitation, conducting market research; public relations; preparing advertising, promotion, and marketing materials; and collecting and accounting for Marketing Fund contributions. We may at any time defer or reduce a franchisee's Marketing Fund contributions and, upon 30 days' prior written notice to you, reduce or suspend Marketing Fund contributions and operations for one or more periods of any length and terminate and/or reinstate the Marketing Fund. If we terminate the Marketing Fund, we will distribute all unused contributions to contributing franchisees, and to us or our affiliates, in proportion to respective contributions during the preceding 24-month period.

7.3 Grand Opening Marketing Program

We will provide you with a marketing campaign for your grand opening marketing, which you are required to conduct. You must spend at least \$10,000 on local advertising, promotion, and other marketing activities, of which \$1,500 must be spent on marketing activities and vendors that we specify in connection with your grand opening. Such amount shall be spent before your Teriyaki Shop opens and during its first 30 days of operation. You must submit to us proof of these expenditures within 120 days after your Teriyaki Shop first opens for business. This requirement is in addition to your Local Advertising Requirement under Section 7.4, and the expenditures towards your grand opening do not count towards the Local Advertising Requirement.

7.4 Local Advertising Requirement

In order to provide your Teriyaki Shop with the best chance of success, you will be required to follow the marketing plan that we prescribe for your Teriyaki Shop ("**Marketing Plan**") and spend a minimum of \$15,000 per year, per Teriyaki Shop, in accordance with the Marketing Plan ("**Local Advertising Requirement**"). The Marketing Plan will include local advertising, public relations, and promotional and other marketing programs for your Teriyaki Shop. If you fail to provide required documentation that you spent the portion of the Local Advertising Requirement required by your Marketing Plan for any calendar quarter, we may, at our option, debit the amount that you failed to spend from your Designated Account and contribute such funds to the Marketing Fund. Your marketing materials must use the Marks correctly, comply with System Standards and applicable law, and be expressly approved by us in writing before use. If you use advertising that has not been approved by us, you will be required to pay us \$250 per incident, which will be deposited into the Marketing Fund. Upon our request, you will immediately stop using any marketing materials or programs that we, in our sole opinion, deem to be outdated, false, misleading, illegal, in violation of this Agreement, inconsistent with the System Standards, harmful to the System or Marks, or potentially harmful to the goodwill, reputation, or customer relations of us or our franchisees or affiliates. At our request, all marketing and promotional materials used by you shall include specific language, such as "Franchises Available" and our website address and telephone number.

7.5 Cooperative Marketing

We may, in our discretion, form local or regional marketing cooperatives covering your Protected Territory and the territory of at least one other franchisee for the purpose of developing



and implementing local or regional marketing programs, or we may approve of the formation of such a marketing cooperative by our franchisees. If we require you to join a local or regional marketing cooperative (the “**Co-op**”), then you must: join the Co-op; participate with other franchisees in the Co-op’s marketing programs; and pay your share of the Co-op’s marketing expense up to 3% of your Gross Sales (as such term is defined in Section 4.3). Any payments you make for the Co-op’s marketing will be applied towards your Local Advertising Requirement, but will not affect your obligation to make Marketing Fund contributions under this Agreement. If the amount you contribute to a Co-op is less than the Local Advertising Requirement, then you shall nevertheless spend the difference locally. The Co-op’s marketing expenses will be allocated among its members based on the number of participating franchisees or on some other reasonable basis as may be determined by the franchise advisory council or us. We or our designee will be responsible for administering the Co-op; however, we may delegate this authority to the franchise advisory council or some other committee of franchisees. The Co-op will operate under written governing documents prepared by us or our designee, which will be made available to you upon reasonable request. An accounting of the operation of the Co-op will be prepared annually by the Co-op, at the Co-op’s expense, and made available to Co-op members upon request. We have the right, in our sole discretion, to modify, merge or dissolve any Co-op upon written notice to its members; however, a Co-op will not be dissolved until all of the money in the Co-op has been spent for marketing purposes.

7.6 Advisory Council

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

7.7 Press Releases

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

7.8 Contributions and Donations

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

7.9 Telephone and Email Address

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



7.10 Internet Presence

We or an affiliate will sponsor and maintain the official Teriyaki Madness® website on the Internet. So long as you are not in default under this Agreement, we will cause your Teriyaki Shop to be listed on this official website and/or provide you with a web page specific to your Teriyaki Shop on this website. You will not, directly or indirectly, create or maintain an Internet web page, website address, or Internet directory listing relating in any way to your Teriyaki Shop, or which uses any Marks. You are prohibited from conducting any aspect of the Teriyaki Shop through the Internet (except email communications). You are strictly prohibited from promoting your Teriyaki Shop and using the Marks in any manner on social and/or networking websites, including, but not limited to, Facebook, Instagram, LinkedIn, and Twitter, without our prior written consent.

8. TERIYAKI SHOP MANAGEMENT AND TRAINING

8.1 Corporation, Limited Liability Company, or Partnership

If you are a corporation, limited liability company, or general or limited partnership, you agree and represent that:

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

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

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

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

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

8.2 Management

The Teriyaki Madness Business shall be managed by you or, if you are an entity, by your Managing Owner. You (or the Managing Owner if you are an entity) agree to work full time excluding holidays, sick days, and up to two weeks for vacation, to supervise the day-to-day operations of the Teriyaki Madness Business and continuously exert your best efforts to promote and enhance the Teriyaki Madness Business. At your request, we may—in our sole discretion—allow you to appoint a designated manager (the “**Designated Manager**”) to supervise the day-to-



day operations of the Teriyaki Madness Business. The Designated Manager shall have similar responsibilities as a Managing Owner and must also be identified on Attachment E but need not have an ownership interest in the franchisee entity. You must not hire any Designated Manager or successor Designated Manager without first receiving our written approval of such Designated Manager's qualifications. If we determine, in our sole discretion, during or following completion of the initial training program, that your Designated Manager (if any) is not qualified to act as Designated Manager, then we have the right to require you to choose (and obtain our approval of) a new individual for that position. Any Designated Manager and any of your officers (if you are an entity) that does not own equity in the franchisee entity must sign our then-current System Protection Agreement, the current form of which is Attachment G to this Agreement, agreeing to maintain our confidential information and to abide by certain non-compete and/or non-solicitation covenants.

8.3 Initial Training

We provide an initial training program ("**Initial Training Program**") for you or your Managing Owner and your Designated Manager, if applicable, for the first Teriyaki Shop you open, and for any initial Designated Manager for any additional Teriyaki Shop authorized by a Teriyaki Shop Rider. The Initial Training Program is offered periodically as we determine, but will occur at a minimum of six times per year. The Initial Training Program is conducted at either our designated training facility in Denver, Colorado or at one of our affiliate locations. If you would like additional people to attend the Initial Training Program and we have additional capacity, you will be charged an additional fee per person per day. You will also need to pay for the cost of travel, room and board, and other personal expenses for each person attending.

8.4 Hands - On Training

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

8.5 Manager Training

You (or your Managing Owner if you are an entity) and your Designated Manager, if applicable, must, before the opening of the first Teriyaki Shop you open, attend and complete to our satisfaction the Initial Training Program within 90 days of signing this Agreement, and shall attend and complete to our satisfaction the Hands-On Training Program at least 20 days prior to the opening of the Teriyaki Shop. Any initial Designated Manager for each additional Teriyaki Shop authorized by a Teriyaki Shop Rider must also attend and complete to our satisfaction the Initial Training Program and Hands-On Training Program. If, at any time, you replace your Managing Owner or Designated Manager (each a "**Manager**"), the replacement Manager must complete to our satisfaction all training programs required for Managers before managing any Teriyaki Shop. We will provide instructors, facilities, and training materials for the training of



you and/or your initial Managers (a maximum of two trainees for your first Teriyaki Shop you open, provided that all of your trainees attend the same initial training programs, and one trainee for any additional Teriyaki Shop authorized by a Teriyaki Shop Rider). All other expenses incurred in connection with attendance of training, including the cost of travel, transportation, meals, lodging, and any wages will be your responsibility. You will pay to us the then-current tuition (or then-current per diem fee) and expenses we incur for the initial training programs we may require for any successor Manager you later employ, including the reasonable travel, transportation, meals, and lodging expenses we incur if we elect to provide this training at your Teriyaki Shop. If any Manager fails to successfully complete the initial training programs to our satisfaction, we may require your Manager to attend additional training programs (at your cost) or we may require you to appoint a new Manager and to send that new Manager to the initial training programs (at your cost). If, after this corrective action, your Manager fails to successfully complete the initial training programs to our satisfaction, we may terminate this Agreement.

8.6 Other Training

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

8.7 Pre-Opening and Opening Assistance

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

8.8 Employee Training

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

8.9 Staffing

You must hire and supervise efficient, competent, and courteous persons as your employees for the operation of your Teriyaki Shop. You must require all your employees to work in clean uniforms purchased from our approved supplier, but furnished at your cost or the employees’ cost as you may determine or as determined by your state’s employment laws. You understand and acknowledge it is your responsibility to hire and supervise a satisfactory number of employees in order to efficiently operate the Teriyaki Shop and meet your obligations under



this Agreement. All employees or independent contractors hired by or working for you will be your employees or independent contractors alone and will not, for any purpose, be deemed our employees or subject to our control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state, or federal governmental agency. You alone are responsible for all employment decisions and functions of your Teriyaki Shop, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees, regardless of whether you have received advice from us on these subjects or not. We will have no liability for any action or settlement related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees and you agree to indemnify us for any such liabilities we incur. You and we will file our own tax, regulatory, and payroll reports, and be responsible for all employee benefits and workers compensation payments with respect to our respective employees, and operations, and we will save and indemnify one another of and from any liability of any nature whatsoever by virtue thereof. You agree that any direction you receive from us regarding employment policies should be considered as examples, that you alone are responsible for establishing and implementing your own policies, and that you understand that you should do so in consultation with local legal counsel well-versed in employment law. You agree to obtain the services of a qualified bookkeeper or accountant capable of properly operating your accounting software and maintaining accurate books and records for your Teriyaki Madness Business.

8.10 Continuing Consultations

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

8.11 Intranet System

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

8.12 Conferences

We may sponsor periodic conferences for our franchisees, at which seminars, workshops, and other training may be conducted. You will receive at least 90 days' notice of each conference.



Each conference will be designated as “required” or optional. For any required conference, we may require you or your Manager to attend and we may charge you, in the same manner as the Royalty Fee, a fee to cover our expenses (the “Conference Fee”), regardless of whether or not you attend the conference. You will pay the Conference Fee via electronic funds transfer at least 90 days before the beginning of each required conference. Once paid, the Conference Fee is non-refundable for any reason. Mandatory training for franchisees or their Managers may be held at a conference. The Conference Fee may vary based on the number of Teriyaki Shops each franchisee has or the number of attendees each franchisee sends to the conference. We may charge you an additional fee if you send more than two individuals to a conference. We may choose to waive the Conference Fee for some conference speakers, members of the FAC, or any reason at our discretion. You will be responsible for all travel, transportation, meals, and incidental expenses and compensation of the people you send to any conference. Currently, the only required conference is the annual conference. If at least one of your required attendees attends the annual conference, we will credit \$500 of the Conference Fee back to you in the form of a royalty rebate. If you fail to attend an annual conference for any reason, we shall be entitled to use the Conference Fee paid by you for any purpose in our sole discretion.

8.13 Management and Training Requirements for Additional Teriyaki Shops.

The management and training requirements described in this Section 8 shall apply to any additional Teriyaki Shops authorized by a Teriyaki Shop Rider.

9. REPORTING

9.1 Books and Records

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

9.2 Reports

You will prepare written periodic reports, in the forms required by the System Standards, containing the information we require about your operations during each reporting period. You will submit all required weekly reports by Tuesday each week for the preceding business week (Monday through Sunday). You will submit all required monthly reports including the local advertising report and the Universal Profit and Loss Statement to us within 15 days after the month to which they relate, and all other reports within the time period required by the System Standards. If you do not submit any required report to us within five days of the due date or our request, you will be required to pay a late fee of \$100 per occurrence and \$100 per week until you submit the required report. These fees will be debited from your bank account and deposited into the Marketing Fund. You will prepare and submit other reports and information about your operations as we may reasonably request in writing or as required by the System Standards. We may require, at our option, that certain reports you are required to submit be certified as accurate and complete by you, your owners, or your chief financial officer, and that certain reports be submitted using the formats and communication media that we specify. If your records and procedures are untimely or insufficient to permit a proper determination of Gross Sales, we shall have the right to



deliver to you an estimate, made by us based on historical figures, of Gross Sales for the period under consideration and you shall immediately pay to us any amount shown thereby to be owing on account of the Royalty Fee, Marketing Fund Contribution, and other sums due on account of any understatement. Any such estimate shall be final and binding upon you. Any report of our auditor rendered from time to time pursuant to this Section 9.2, shall be final and binding upon all of the parties hereto.

9.3 Financial Statements

You will deliver to us, no later than 15 days from the end of each of your fiscal quarters, a profit and loss statement covering the Teriyaki Shop for the relevant quarter and a balance sheet of the Teriyaki Shop as of the end of that quarter, all of which you must certify as complete and accurate. You must prepare all financial statements in any format we may require. In addition, you must, within 30 days after we request, deliver to us a financial statement, certified as accurate and complete, in a form which is satisfactory to us and which fairly represents your total assets and liabilities. You shall also submit any current financial statements and other reports as we may reasonably request to evaluate or compile research and performance data on any operational aspect of the Teriyaki Shop. We have the right to use such financial statements in our Franchise Disclosure Document to make financial performance representations and to share these reports on a system-wide intranet or systems.

9.4 Tax Returns

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

9.5 Record Retention

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

10. SYSTEM STANDARDS AND COMPLIANCE

10.1 Loan of Manual

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

10.2 System Standards

The System includes, without limitation: (a) our trade secrets and other intellectual property, including Confidential Information (as defined in Section 12.1), the Manual, and know-



how; (b) marketing, advertising, publicity, public relations, and other promotional materials and programs; (c) System Standards; (d) training programs and materials; and (e) service quality and customer satisfaction standards and programs. You acknowledge and agree that every detail of the System is important to us and all of our franchisees in order to develop and maintain high and uniform operating standards, to increase the demand for the items and services marketed by all franchisees, and to protect our reputation and goodwill. You will maintain the high System Standards with respect to your Teriyaki Shop premises, facilities, furnishings, fixtures, equipment, signs, services, items, and operations. You will strictly comply with all of the mandatory System Standards in the Manual or that we otherwise provide to you in writing.

10.3 Modification of the Manual

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

10.4 Ownership of the System

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

10.5 System Improvements

During the term of this Agreement and any Interim Period, any improvements or additions to the System, patents, Copyrighted Materials, recipes, website or any other documents or information pertaining to or relating to the System or the Teriyaki Shop, or any new trade names, trade and service marks, logos, or commercial symbols related to the Teriyaki Shop or any advertising and promotional ideas or inventions related to the Teriyaki Shop (collectively, the **“Improvements”**) that you, your employee, or your agent, conceive of or develop, shall become our property, and we shall be entitled to use and license others to use such Improvements unencumbered by moral rights. . You agree to assign and do hereby assign to us, all right, title and interest in and to the Improvements, including the right to grant sublicenses to any such Improvement. Where applicable, you agree to obtain any other assignments of rights in the Improvements from another person or entity necessary to ensure our right in the Improvements. You shall fully disclose the Improvements to us, without disclosure of the Improvements to others, and shall obtain our written approval prior to using such Improvements. Any such Improvement may be used by us and all other Teriyaki Madness franchisees without any obligation to you for royalties or other fees. We may, at our discretion, apply for and own copyrights, patents, trade names, trademarks, and service marks relating to any such Improvement and you shall cooperate with us in securing such rights. In return, we shall authorize you to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees. If any of the Improvements are copyrightable materials, they shall be works made for hire within the



meaning of the United States Copyright Act and, to the extent the Copyrighted Materials are not works made for hire or rights in the Copyrighted Materials do not automatically accrue to us, you irrevocably assign and agree to assign to us, the entire right, title, and interest to any and all rights, including all copyrights and related rights, in such Copyrighted Materials, which you and the author of such Copyrighted Materials warrant and represent as being created by and wholly original with the author.

10.6 Variations

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

10.7 Inspections

You hereby grant to us and our employees, representatives, and agents the right to enter the Teriyaki Shop during regular business hours. You will permit our employees, representatives, and agents access to your offices, Teriyaki Shop premises, storage areas, POS systems, video monitoring systems, and other places of business, to perform inspections of your operations, files, documents, records, and Mark usage. and to audit your financial and operating books and records (including tax returns) relating to the Teriyaki Shop, with or without prior notice of the inspection or audit. The inspections will occur during normal business hours, although we may observe your operations and audit your book, records, or other accounting activity at any time. You, and your owners, officers, Managers, employees, agents, and representatives, will cooperate with our inspectors and auditors in the performance of their duties. You will permit our inspectors and auditors to, among other things: take photographs, video recordings, or sound recordings; interview your Managers, employees, agents, and representatives; interview your customers; make copies of your books, records, and other documents relating to the Teriyaki Shop; and take samples of food, beverages, ingredients, documents, inventory, supplies, items and other materials from your Teriyaki Shop premises, storage areas, and other facilities used in connection with the Teriyaki Shop. We may publish or disclose the results of our inspections and audits. If you or your owners, officers, Managers, employees, agents, or representatives fail to fully cooperate with our auditors or inspectors, you will pay us the reasonable travel, lodging, and meal expenses, and other audit and inspection costs we incur. If you fail any public health, food safety, or Teriyaki Shop cleanliness inspection or audit we, our designee, any applicable restaurant association or any public health and safety agency conducts, we will require you to undergo an additional food safety audit at your own expense within 45 days. You agree to pay the third party auditor directly upon invoicing.



10.8 Unapproved Items and Services

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

10.9 Other Corrective Action

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

10.10 Payment Discrepancies

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

11. INTELLECTUAL PROPERTY

11.1 Ownership of the Marks

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

11.2 Registration

We or our affiliates have taken and will take all steps reasonably necessary, in our and their sole opinion, to preserve and protect ownership of, and the validity of, the Marks. You will not apply for governmental registration of the Marks, or contest the registration status of the Marks. You will display the Marks, and give notice of trademark registration and claims in the following



manner: “Teriyaki Madness®” (or as otherwise required in the Manual). You will cooperate fully and in good faith with us and our affiliates for the purpose of maintaining registrations and prosecuting applications for the Marks, and otherwise securing and preserving our rights in and to the Marks.

11.3 Use of the Marks

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

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

11.4 Copyrighted Materials

You acknowledge and agree that:

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

(b) You will not dispute, contest, or challenge, directly or indirectly, the validity or enforceability of the Copyrighted Materials or our ownership of the Copyrighted Materials, or counsel, procure, or assist anyone else to do the same. You will nor take any action inconsistent with our ownership of the Copyrighted Materials, and you will not represent that you have any



right, title, or interest in the Copyrighted Materials other than those expressly granted by this Agreement.

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

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

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

11.5 Benefits of Usage

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

11.6 Infringement and Litigation

You will promptly notify us in writing of (a) any adverse or infringing uses of the Marks (or names or symbols confusingly similar), Confidential Information (as defined in Section 12.1), or other System intellectual property, and (b) any threatened or pending litigation related to the Marks or System against (or naming as a party) you or us, of which you become aware. We or our affiliates will handle disputes with third parties concerning use of all or any part of the Marks or System in any manner we or they deem appropriate, in our or their sole discretion. You will cooperate fully and in good faith with our or their efforts to resolve these disputes. We or our affiliates may bring suit in your name or join you as a party to the relevant proceedings. We or our affiliates may resolve any dispute by obtaining a license of the property for you at no expense to you, or by requiring that you discontinue using the infringing property or modify use to avoid infringing the rights of others. We need not initiate suit against imitators or infringers who do not, in our sole opinion, have a material adverse impact on the Teriyaki Shop, and we need not initiate any other suit or proceeding to enforce or protect the Marks or System in a matter that we do not believe, in our sole opinion, to be material. We will defend you against any third party claim, suit, or demand arising out of your use of the Marks. If we determine in our sole discretion that you have used the Marks in accordance with this Agreement, we will bear the cost of your defense,



including the cost of any judgment or settlement. If we determine in our sole discretion that you have not used the Marks in accordance with this Agreement, you must bear the cost of your defense, including the cost of any judgment or settlement. If there is any litigation relating to your use of the Marks, you will sign all documents and do all acts as may be necessary in our opinion to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that any litigation results from your use of the Marks in a manner inconsistent with the terms of this Agreement, we will reimburse you for your out-of-pocket litigation costs in cooperating with us in the litigation. We are not obligated to protect any rights that you have to use the Marks or Copyrighted Materials or to protect you against claims of infringement or unfair competition. You have right to protect yourself, at your sole cost, from any of these claims if we elect not to prosecute or defend the claim of infringement or unfair competition.

11.7 Substitution of Marks

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

11.8 Photo/Video Release

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

12. CONFIDENTIAL INFORMATION

12.1 Confidential Information

We possess certain non-public trade secrets, proprietary information, technical data, and know-how that relate to our business, System, services or items, or to a Teriyaki Shop, including the Manual, System Standards, quality-control systems, training materials, and information regarding salary, research, recipes, proprietary items and services, developments, inventions, processes, techniques, designs, marketing, finances, and operations (collectively, “**Confidential Information**”) that we will provide to you. You will also obtain other Confidential Information during the term of this Agreement. You acknowledge that your entire knowledge of the operation of a Japanese-style teriyaki restaurant, including the method of establishing this type of restaurant, preparing Japanese-style teriyaki and related items, and marketing this type of restaurant, and the



related specifications, standards, and procedures involved in the operation of a Teriyaki Shop, are derived solely from Confidential Information we disclosed (or will disclose) to you.

12.2 Protection of Confidential Information

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

12.3 Disclosure of Confidential Information

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

12.4 Non-Competition

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

12.5 Confidentiality Agreements

Any Managers that are not required to sign the System Protection Agreement in accordance with Section ____ hereof, must sign a Confidentiality Agreement stating that they will maintain the confidentiality of information they receive in connection with their employment. We may require that these contracts be in a form satisfactory to us, including specific identification of us as a third



party beneficiary of the contracts, with the independent right to enforce them. We may require your other employees to sign similar agreements.

13. RELATIONSHIP OF THE PARTIES

13.1 Independent Contractor

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

14. INSURANCE AND INDEMNIFICATION

14.1 Insurance Coverage

Before your Teriyaki Shop first opens for business, you will obtain insurance in the types and amounts specified herein. Your insurance policies must designate us, our directors, officers, employees, agents, and other designees as additional named insureds, and your policies must provide that the insurer will not cancel or materially alter the policies without giving us at least 30 days' prior written notice. You will maintain all required insurance in force during the term of this Agreement, and you will obtain and maintain any additional or substituted insurance coverage, limits, and amounts as we may periodically require. All insurance coverage will be underwritten by a company acceptable to us, with a Best's Rating of no less than "A+." If you fail to purchase required insurance conforming to our standards, we may obtain insurance for you, and you will



pay us the cost of insurance plus a 20% administrative surcharge. Your compliance with these insurance provisions does not relieve you of any liability under any indemnity provisions of this Agreement.

We currently require you to maintain the following insurance coverage per Teriyaki Shop: (1) commercial general liability insurance with limits of at least \$1 million per occurrence, at least \$2 million aggregate, and at least \$1 million per person, with \$5,000 per person medical benefits, and a maximum deductible of \$15,000; (2) all risks coverage insurance on all furniture, fixtures, equipment, inventory, supplies, and other property used in the operation of the Teriyaki Shop (including flood and/or earthquake coverage where there are known risks) for full replacement value; (3) commercial auto liability insurance in the amount we specify in the Operations Manual; and (4) workers compensation insurance consistent with applicable law. Our insurance requirements are subject to change during the term of this Agreement, and you agree to promptly comply with each such change.

14.2 Proof of Insurance

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

14.3 Your Indemnification of Us

Independent of your obligation to procure and maintain insurance, you will indemnify, defend, and hold us and our affiliates, the respective officers, directors, partners, shareholders, employees, agents, and contractors of these entities, and the successors, assigns, personal representatives, heirs, and legatees of all of these persons or entities (collectively, the “**Indemnitees**”) harmless, to the fullest extent permitted by law, from and against all expenses, losses, payments, or obligations to make payments either (a) to or for third party claimants by any and all Indemnitees, including refunds, or (b) incurred by any and all Indemnitees to investigate, take action, respond to or defend a matter, including investigation and trial charges, costs and expenses, fees, fees paid to professionals, attorney fees, experts’ fees, court costs, settlement amounts, judgments and costs of collection (collectively, “**Losses and Expenses**”), incurred by any Indemnatee for any investigation, claim, action, suit, demand, administrative or alternative dispute resolution proceeding, actually or allegedly, directly or indirectly, relating to, arising out of, or resulting from or in connection with: any transaction, occurrence, or service involving the Teriyaki Shop or this Agreement; your employment or other contractual relationship with your employees, workers, managers, or independent contractors, including but not limited to any allegation, claim, finding, or ruling that we are an employer or joint employer of your employees; your marketing, selling, or providing of items and services; and any breach or violation of any agreement (including this Agreement), or any law, regulation or ruling by, or any act, error or omission (active or passive) of, you, any party associated or affiliated with you or any of the owners, officers, directors, Managers, employees, and agents of you or your affiliates, including when the active or passive negligence of any Indemnatee is alleged or proven.



14.4 Your Indemnification Duties

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

14.5 Our Indemnification of You

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

15. TRANSFERS

15.1 Transfer by Us

We shall have the right to sell or transfer our stock, or to assign this Agreement and all of our attendant rights and privileges, to any person, firm, corporation, or other entity ("**Transferee**") provided that, with respect to any sale or assignment resulting in the subsequent performance by the Transferee: (i) the Transferee shall, at the time of such assignment, be financially responsible for and economically capable of performing our obligations; and (ii) the Transferee shall expressly assume and agree to perform such obligations.

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

15.2 Transfer by You

You acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted these rights in reliance on your business experience, skill, financial resources, and personal character (and that of your owners, officers, directors, Managers and guarantors, if any). Accordingly, neither you, nor any immediate or remote successor to any part



of your interest in this Agreement, nor any individual, partnership, corporation, or other legal entity which directly or indirectly owns any interest in you will sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Agreement, or in you, or in all or substantially all of the assets of the Teriyaki Shop (collectively, a “**Transfer**”), unless we consent and all of the requirements of Section 15.3 and Section 15.4 are satisfied. Any transaction requiring our consent under this Section 15.2 for which our express written consent is not first obtained will be null and void, and shall be a material default of this Agreement. In that event: we may terminate this Agreement under Section 16.1; you will remain responsible for performing the post-termination obligations in Section 17; and the purported transferee may not operate the Teriyaki Shop under the Marks or the System, and may not operate a Japanese-style restaurant located at the premises of the Teriyaki Shop.

15.3 Transfer Conditions

We may, to the extent permitted by applicable law, condition and withhold our consent to a Transfer, when required under Section 15.2, until the transferee and you meet certain conditions. If a Transfer is to occur: (a) the proposed transferee must apply for a Teriyaki Madness Franchise and must meet all of our then-current standards and requirements for becoming a Teriyaki Madness® franchisee, in our sole discretion; (b) you or the proposed transferee must provide to us in writing the circumstances of the proposed Transfer; (c) the proposed transferee must provide to us the same supporting documents as a new franchise applicant; (d) you or the proposed transferee must pay us a transfer fee of 50% of our then-current initial franchise fee per Teriyaki Shop at the time of approval of a Transfer; (e) the proposed transferee must sign the form of franchise agreement we then offer to prospective franchisees, which agreement will provide for a new initial term of 10 years, and the transferee’s owners will sign the form of owners agreement we then require of franchisees’ owners; (f) the proposed transferee and its manager must complete to our satisfaction the initial training then required for new franchisees and their managers; (g) you or the proposed transferee must refurbish the Teriyaki Shop to conform to our then-current standards and specifications; (h) we must receive general releases from you and each of your owners, and payment of all amounts then owed to us and our affiliates by you and your owners and affiliates, and the transferee and its owners and affiliates, under this Agreement or otherwise; (i) you must not be in default under this Agreement or any other agreement with us or any of our affiliates; (j) you must give us at least 30 days’ prior written notice of any proposed Transfer; (k) you must reimburse us for any broker fees, commissions or finder’s fees, and similar charges incurred by us related to the Transfer; and (l) you or the transferee must provide us with any additional information that we may reasonably request. We may withhold consent to the proposed transfer until all of these conditions are completely satisfied.

15.4 Our Right of First Refusal

Any individual or entity holding any direct or indirect interest in this Agreement or in a substantial portion of the assets of the Teriyaki Shop or in you (if you are an entity) and who desires to accept any bona fide offer from a third party to purchase the relevant interest or assets must notify us in writing of each offer, and must provide the information and documentation relating to the offer as we may require. We have the right and option, exercisable within 30 days after receipt of this written notification, to send written notice to the seller that we or our designee intend to purchase the seller’s interest on the same terms and conditions offered by the third party.



If we or our designee elect to purchase the seller's interest, closing of the purchase will occur within 60 days from the date of notice to the seller of the election to purchase by us or our designee. If we decline to purchase the seller's interest, the seller will have 90 days from the date it gives written notice to us of its purchase offer to sell its interest on the same terms and conditions and to the same transferee as described to us in the written notice. Any material change thereafter in the terms of the offer from a third party will constitute a new offer which will be subject to our right of first refusal under this Agreement. Our failure to exercise the option afforded by this Section 15.4 will not constitute a waiver of any other provision of this Agreement, including all of the other requirements of Section 15.3 with respect to the proposed Transfer. If the consideration, terms or conditions offered by a third party are of the type that we or our designee may not reasonably be able to furnish the same consideration, terms or conditions, then we or our designee may purchase the relevant interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration terms or conditions offered by the third party, then each party will select an independent appraiser. The two appraisers will then have up to 15 business days to agree on a reasonable equivalent in cash. If they cannot agree during that period, then the reasonable equivalent in cash will be the average of the two appraisals.

15.5 Death, Divorce, or Incapacity

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

15.6 No Waiver

Our consent to a Transfer hereunder will not constitute a waiver of any claims we may have against you or the transferring party or our right to demand exact compliance with any provision of this Agreement.



16. DEFAULT AND TERMINATION

16.1 Termination by Us without Right to Cure

You will be deemed to be in material incurable default under this Agreement, and we may, at our option, suspend performance of certain or all of our services to you during the time period you are under default of this Agreement, or terminate this Agreement (including any Teriyaki Shop Rider(s) then in effect) for good cause effective immediately upon delivery of notice of termination to you, for any of the following grounds:

(a) you (or any of your owners) are judged a bankrupt, become insolvent, make an assignment for the benefit of creditors, are unable to pay your debts as they become due, a petition under any bankruptcy law is filed against you, or a receiver or other custodian is appointed for a substantial part of the assets of the Teriyaki Shop;

(b) you or any of your owners are charged with committing a felony or other crime which substantially impairs the goodwill associated with the Marks;

(c) you or your owners made any material misrepresentation or omission in the application for the Franchise;

(d) you make an unauthorized Transfer;

(e) the interest of a deceased, divorced, or incapacitated person is not timely Transferred in accordance with the terms of this Agreement;

(f) you intentionally understate any of the Teriyaki Shop's revenues you operate under this Agreement in any report or financial statement;

(g) you commit any two or more defaults under this Agreement within any 12-month period, regardless of whether any default is cured;

(h) you operate the Teriyaki Shop in violation of the System Standards, and we reasonably believe that such violation presents a health or safety risk, and you fail to correct the violation within 24 hours of receiving notice of such violation;

(i) you fail to operate or keep the Teriyaki Shop open for more than five consecutive business days without our express written approval;

(j) you default under any loan, lending agreement, mortgage, deed of trust, or lease with any party covering any Teriyaki Shop's premises you operate under this Agreement, and the other party treats the relevant act or omission as a default, and you fail to timely cure the default;

(k) you fail to begin operation of any Teriyaki Shop you operate under this Agreement within 12 months from the Effective Date of this Agreement (or Teriyaki Shop Rider for subsequent Teriyaki Madness Businesses), or your Manager fails to complete our training program to our satisfaction, after giving you the opportunity to designate a successor Manager;



(l) you sell, offer for sale, or give away, at any Teriyaki Shop you operate under this Agreement, any items or services which have not been previously approved by us in writing, or which have been subsequently disapproved, and you fail to cease these sales or gifts within 24 hours after receipt of notice by us;

(m) you suffer termination of any other agreement with us or any of our affiliates; (n) you fail to comply with all applicable laws and ordinances relating to the Teriyaki Shop, including Anti- Terrorism Laws; or

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

16.2 Termination by Us with 10-Day Cure Period

If you fail or refuse to pay any amounts owed to us or any of our affiliates as they are due, or if you fail to obtain or maintain insurance as required by this Agreement, or if you fail to provide us with proof of insurance policies as required by this Agreement, we may, at our option, terminate this Agreement (including any Teriyaki Shop Rider(s) then in effect) by giving you 10 days' written notice of default. If you do not cure the default within this 10-day period, we may terminate this Agreement (including any Teriyaki Shop Rider(s) then in effect) for good cause effective upon expiration of the 10-day period.

16.3 Other Termination by Us

Except as provided in Sections 16.1 and 16.2, if you are in any other default under the terms of this Agreement, we, at our option, may terminate this Agreement by giving you 30 days' written notice of default. If you do not cure any the default within this 30-day period, we may terminate this Agreement for good cause effective upon expiration of the 30-day period.

16.4 Additional Remedies

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



16.5 Governing State Law

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

17. POST-TERMINATION RIGHTS AND OBLIGATIONS

17.1 Cease Use of System and Marks

Upon the expiration or termination of this Agreement by any means or for any reason, you will immediately cease to be a franchisee of ours and you will cease to operate the Teriyaki Shop (including any Teriyaki Shop Rider(s) then in effect) under the System or Marks. You will also immediately cease to use, in any manner whatsoever, any methods, procedures, or techniques associated with the System and cease to use the Marks. Unless otherwise approved in writing by us, you will return to us all copies of materials bearing the Marks. You will not, directly or indirectly, represent to the public that the former Teriyaki Shop is or was operated or in any way connected with the System or hold yourself out as a present or former franchisee of ours.

17.2 Payment of Amounts Owed

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

17.3 Return Manual and Other Materials

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

17.4 Change of Identification

Upon the expiration or termination of this Agreement by any means or for any reason, you will, upon our request, immediately remove or obliterate the Marks from all marketing materials, supplies, signage, and other items bearing any Marks. You will follow the other steps we may require in the Manuals or otherwise in writing for changing the identification of your premises and/or operations. You will promptly paint over or remove the distinctive System trade dress, color schemes, signage, and other physical features. You will not use any reproduction, counterfeit copy, or colorable imitation of the Marks either in connection with any business or the promotion thereof, which is likely to cause confusion, mistake, or deception or that is likely to dilute our exclusive rights in and to the Marks, and you will not utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us so as to constitute unfair competition. You will make modifications or alterations to the Teriyaki Shop premises immediately upon expiration or termination of this Agreement as may be necessary to prevent any association between us or the System and any business later operated by you or others, and will make specific additional changes thereto as we may reasonably request for



that purpose. If you fail or refuse to comply with the requirements of this Section 17.4, we will have the right to enter upon the Teriyaki Shop premises, without liability for trespass or any other tort, to make or cause to be made any changes as may be required, at your expense, which expense you agree to pay us upon demand. We will exercise reasonable care in making these changes, but we will have no obligation or liability to restore your premises to its condition before making these changes. We will have the right to remove or obliterate the Mark-bearing portion of your supplies and equipment, and you will promptly pay or reimburse us for our costs for doing so.

17.5 Transfer of Identifiers

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

17.6 Cancel Assumed Name

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

17.7 Customer Lists

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

17.8 Assignment of Lease

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



17.9 Non-Solicitation and Non-Competition

You will not, directly or indirectly, for a period of two (2) years after the expiration or termination of this Agreement or any Transfer:

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

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

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

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

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

17.10 Other Post-Termination Obligations

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

17.11 Right to Purchase

Upon the expiration or termination of this Agreement by any means or for any reason, we will have the right, but not the obligation, to purchase some or all of the assets of the Teriyaki Shop, including any furnishings, fixtures, equipment, signs, items, inventory, supplies, and



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

17.12 Survival of Certain Provisions

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

17.13 Liquidated Damages

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



18. DISPUTE RESOLUTION

18.1 Informal Dispute Resolution

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

18.2 Mediation

Except as otherwise provided in this Agreement, any claim or controversy arising out of or related to this Agreement, or the making, performance, breach, interpretation, or termination thereof, except for any actions brought regarding: (i) the Marks; (ii) issues concerning the alleged violations of federal or state antitrust laws; (iii) securing injunctive relief or specific performance; or (iv) the right to indemnification or the manner in which it is exercised, shall first be subject to non-binding mediation in the city and state of our principal business address, which is currently in Denver, Colorado. Mediation shall not defer or suspend our exercise of any termination right under Section 16. Non-binding mediation hereunder shall be concluded within the time period agreed upon by the parties in writing (the "**Mediation Termination Date**"). All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatsoever. The parties shall bear their own costs of mediation, and shall share equally in the cost of the mediator or mediation service. No arbitration or litigation may be commenced on any claim subject to mediation under this Section prior to the Mediation Termination Date, as defined hereafter, whether or not the mediation has been commenced. Mediation under this Section is not intended to alter or suspend the rights or obligations of the parties under this Agreement or to determine the validity or effect of any provision of this Agreement, but should furnish the parties an opportunity to resolve disputes amicably, expeditiously, and in a cost-effective manner on mutually acceptable terms. The non-binding mediation provided for hereunder shall be commenced by the party requesting mediation. The request shall specify with reasonable particularity the matters for which non-binding mediation is sought. Non-binding mediation hereunder shall be conducted by a mediator or mediation program designated by us in writing. We shall make the designation within a reasonable time after issuance of the request.

18.3 Binding Arbitration

Without limiting our rights and remedies under Section 16, the parties hereto acknowledge and agree that any dispute or controversy arising out of or relating to this Agreement not settled by informal negotiations or mediation will, at the request of either party, be settled by final and binding arbitration conducted in the city and state of our principal business address, which is currently in Denver, Colorado, in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association or its successor organization (the "**AAA**") and otherwise



as set forth below on an individual basis (not a class action). Except for claims excluded from mediation and arbitration herein, the arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability, or formation of this Agreement, including but not limited to any claim that all or any part of this Agreement is void or voidable.

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

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

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

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

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

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

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



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

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

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

18.4 Provisional Remedies

Despite the provisions of Sections 18.1, 18.2, or 18.3, each party will have the right to seek from an appropriate court any provisional remedies, including declaratory relief, specific enforcement, temporary restraining orders, or preliminary injunctions, before, during, or after informal dispute resolution, mediation, or arbitration. Neither party is required to await the outcome of any informal dispute resolution, mediation, or arbitration before seeking provisional remedies. The seeking of provisional remedies will not be deemed to be a waiver of either party's right to compel informal dispute resolution, mediation, or arbitration. You acknowledge that any failure to fully and strictly comply with Section 17 will result in irreparable injury to us for which there is no adequate remedy at law, and you agree that, in the event of any noncompliance with any of Section 17, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. An action seeking provisional remedies will be brought in any state or federal court within the jurisdiction in which we then have our principal place of business, or in any other state court or federal district court with proper jurisdiction. The parties consent to the exercise of personal jurisdiction over them by these courts, and to the propriety of venue in these courts for the purpose of this Section 18.4, and the parties waive any objections that they would otherwise have in this regard.

18.5 Costs of Enforcement

If we secure any provisional remedy pursuant to Section 18.4 of this Agreement, or if any provision of this Agreement is otherwise enforced at any time by us, or if any amounts due from



you to us are collected by or through an attorney at law or collection agency, you will be liable to us for all costs and expenses of enforcement and collection including, but not limited to, court costs and reasonable attorney fees and expenses incurred by us (including the fair market value of any time expended by in-house legal counsel).

18.6 Jurisdiction

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

19. GENERAL PROVISIONS

19.1 Partial Invalidity

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



19.2 Waivers, Modifications, Approvals, and Delegations

Whenever this Agreement requires our prior approval or consent, you will make a timely written request to us therefore, and we may withhold, condition, or withdraw our consent in our sole discretion. No failure of ours to exercise any power reserved to us by this Agreement and no custom or practice of the parties at variance with the terms hereof will constitute a waiver of our right to demand exact compliance with any of the terms herein. A waiver or approval by us of any particular default by you or any other franchisee or acceptance by us of any payments due hereunder will not be considered a waiver or approval by us of any preceding or subsequent breach by you of any term, covenant, or condition of this Agreement. To be effective, any modifications, waivers, approvals and consents of, or under, this Agreement by us must be designated as such, in writing, and signed by our authorized representative. Notwithstanding anything to the contrary herein, you acknowledge and agree that we have the right, under this Agreement, to modify the System in our sole discretion. You agree we have the right to delegate to third party designees, whether these designees are our agents or independent contractors with whom we have contracted (1) the performance of any portion or all of our obligations under this Agreement, and (2) any right that we have under this Agreement. If we do so, such third party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

19.3 Notices

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

19.4 Governing Law

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

19.5 Counterparts

This Agreement may be signed in any number of counterparts, each of which when signed and delivered will be deemed an original, but all counterparts together will constitute one and the same instrument.

19.6 Construction

No provision of this Agreement will be interpreted in favor of or against either party merely because of that party's role in the preparation of this Agreement, or because of the nature or type



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

19.7 Force Majeure

Notwithstanding anything contained in this Agreement to the contrary, neither party will be in default hereunder by reason of its delay in performance of, or failure to perform, any of its obligations hereunder, if this delay or failure is caused by strikes or other labor disturbance; acts of God, or the public enemy, riots or other civil disturbances, fire, or flood; interference by civil or military authorities; compliance with governmental laws, rules, or regulations which were not in effect and could not be reasonably anticipated as of the date of this Agreement; delays in transportation, failure of delivery by suppliers, or inability to secure necessary governmental priorities for materials; a public health emergency or pandemic; or, any other fault beyond its control or without its fault or negligence. In this case, the time required for performance of the relevant obligation will be the duration of the unavoidable delay. “Force majeure” shall specifically exclude your lack of available financing.

20. SECURITY INTEREST

20.1 Collateral

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

20.2 Indebtedness Secured

The Security Interest is to secure payment of the following (the “**Indebtedness**”):

- (a) All amounts due under this Agreement or otherwise by you;



(b) All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;

(c) All expenses, including reasonable attorney fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and

(d) All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not you execute any extension agreement or renewal instruments.

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

20.3 Additional Documents

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

20.4 Possession of Collateral

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

20.5 Our Remedies in Event of Default

You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of Colorado (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

20.6 Special Filing as Financing Statement

This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind



or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

21. ACKNOWLEDGMENTS

21.1 Accurate Information

You represent that all information set forth in any and all applications, financial statements and submissions to us is true, complete, and accurate in all respects. You acknowledge that we are relying upon the truthfulness, completeness, and accuracy of this information in our decision to enter into this or any related Agreement with you.

Your initials: _____

21.2 Proper Disclosure

You acknowledge that we or our agent have provided you with our current Franchise Disclosure Document not later than the earlier of the first personal meeting held to discuss the sale of the Franchise, or 14 calendar days before you sign this Agreement, or 14 calendar days before you make any payment of any consideration in connection with this transaction.

Your initials: _____

21.3 Consultation and Understanding

You represent and acknowledge that: (a) you have read and understood this Agreement and our Franchise Disclosure Document; (b) we have fully and adequately explained the provisions of each to your satisfaction; (c) we have advised you to consult with your own attorneys, accountants, or other advisors about the potential benefits and risks of entering into this Agreement; (d) you have had ample opportunity to consult with advisors of your own choosing; and (e) our attorneys have not advised or represented you with respect to this Agreement or the relationship created hereby.

Your initials: _____

21.4 Independent Investigation of Risks

You represent that you have conducted an independent investigation of the business contemplated by this Agreement, and you acknowledge that, like any other business, an investment in the Teriyaki Shop involves unavoidable business risks. You acknowledge that the success of the Teriyaki Shop is primarily dependent upon the business abilities and efforts of you and your Manager and employees.

Your initials: _____



21.5 No Warranty or Guarantee

You acknowledge that you have not received or relied upon any warranty or guarantee, express or implied, as to the potential revenues, income, profits, volume, or success of the business venture contemplated by this Agreement. You acknowledge that you have read this Agreement and our Franchise Disclosure Document, and that you have no knowledge of any representation by us or any of our officers, directors, shareholders, employees, or agents that are contrary to the statements made in our Franchise Disclosure Document or contrary to the terms hereof. We expressly disclaim the making of any warranty, guarantee, or representations of this type.

Your initials: _____

21.6 Reasonable Covenants

The covenants not to compete in this agreement are fair and reasonable, and will not impose any undue hardship on you or your owners, since you and your owners have other considerable skills, experience and education which afford you and your owners the opportunity to derive income from other endeavors.

Your initials: _____

21.7 No Other Agreements

You acknowledge that this Agreement, the documents referred to herein, the attachments hereto, and other agreements signed concurrently with this Agreement, if any, including the Teriyaki Shop Rider(s) to this Agreement, constitute the entire, full, and complete Agreement between us and you concerning the subject matter hereof. This Agreement terminates and supersedes any prior agreement between the parties concerning the same subject matter, and any oral or written representations which are inconsistent with the terms of this Agreement or our Franchise Disclosure Document.

Your initials: _____

21.8 No Business Opportunity Representations

You acknowledge that neither we nor any of our officers, directors, shareholders, employees, or agents have made any representation that: (a) we may purchase any or all products made, produced, fabricated, or modified by you; (b) we guarantee that you will derive income from the Teriyaki Shop which will exceed the Initial Franchise Fee; (c) we guarantee that we will refund all or part of the Initial Franchise Fee if you are not satisfied with the Franchise; or (d) we will provide a sales program or marketing program which will enable you to derive income from the Teriyaki Shop which exceeds the Initial Franchise Fee.

Your initials: _____



21.9 No Reliance on Our Staff Participation

You acknowledge that we maintain a staff to manage and operate the System and that staff members can change as employees come and go. You acknowledge that you did not sign this Agreement in reliance on the continued participation by or employment of any of our shareholders, directors, officers, or employees. We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.

Your initials: _____

IN WITNESS WHEREOF, the parties hereto have duly signed this Agreement as of the Effective Date.

FRANCHISEE:

Entity name (if any): _____

By: _____

Printed Name: _____

Title: _____

By: _____

Printed Name: _____

Title: _____

Franchisee's Address for Notices:

Date Signed: _____

FRANCHISOR:

M. H. FRANCHISE COMPANY INC

By: _____

Name: _____

Title: _____

Effective Date: _____



ATTACHMENT A TO THE FRANCHISE AGREEMENT

TERIYAKI SHOP RIDER

THIS OPERATING TERIYAKI SHOP RIDER (the “**Teriyaki Shop Rider**”) is entered into and made effective as of the date set forth on the signature page hereof (“**Teriyaki Shop Rider Effective Date**”), by and between M. H. Franchise Company Inc (“**MH Franchise**”) and the franchisee named on the signature page of this Teriyaki Shop Rider (“**Franchisee**”). This Teriyaki Shop Rider relates to that certain Teriyaki Madness Franchise Agreement dated _____, 20__ (“**Franchise Agreement**”), and supplements the terms of the Franchise Agreement in relation to the Teriyaki Shop addressed herein. To the extent this Teriyaki Shop Rider conflicts with the terms of the Franchise Agreement, the terms of this Teriyaki Shop Rider shall control.

1. **Teriyaki Shop Number.** Franchisee may be authorized by Franchisor to operate more than one Operating Teriyaki Shop. Each Teriyaki Shop is evidenced by a Teriyaki Shop Rider. This Teriyaki Shop Rider evidences the _____ Teriyaki Shop of _____ total Teriyaki Shops Franchisee is authorized to open and operate as of the Teriyaki Shop Rider Effective Date noted below.

2. **Defined Terms.** All capitalized terms not otherwise defined herein shall have the meaning ascribed to it in the Franchise Agreement.

3. **Teriyaki Shop.** Franchisee and MH Franchise agree that pursuant to the Franchise Agreement and for one of Franchisee’s Teriyaki Shops, which Franchisee is authorized to operate under the Franchise Agreement, any Addendum and this Teriyaki Shop Rider to the Franchise Agreement, Franchisee will open and operate a Teriyaki Madness Teriyaki Shop (the “**Teriyaki Shop**”). The Teriyaki Shops shall be referred to herein as the “**Teriyaki Shops**” or individually as a “**Teriyaki Shop.**”

4. **Shop Opening Assistance Fee.** The Shop Opening Assistance Fee set forth in Section 4.2 of the Franchise Agreement is: \$_____.

5. **Approved Location and Protected Territory.** If a particular site for the Teriyaki Shop has been selected and approved at the time of the signing this Rider, it shall be entered on Attachment A-1 as the Approved Location and the Approved Location shall have the Protected Territory listed in Attachment A-1. If a particular site has not been selected and approved at the time of the signing this Rider, this Rider will describe the location in general terms below in the “**General Description.**” The General Description does not confer any territory rights to you and is only used for a reference. We may sell other franchised locations in the area in the General Description.

After we have approved a location for your Teriyaki Shop in writing, we shall complete the Approved Location and the Protected Territory in Attachment A-1. As the Protected Territory is dependent on the location of the Teriyaki Shop, we will present you with the Protected Territory upon the identification of the site for the Teriyaki Shop. If you do not wish to accept the Protected Territory, you may choose another site location and we will present you with another Protected Territory based on the site selected.



General Description of Area for Approved Location. (if the Approved Location is not specified above as of the signing of the Rider):

6. **Sites.** Franchisee shall obtain MH Franchise's prior written approval for the site ("Site") at which Franchisee will operate its Teriyaki Shop and must complete and submit all information regarding the Site prior to signing a lease or any binding agreement for the Site as set forth in Section 5 of the Franchise Agreement. MH Franchise will not approve any sites that do not meet MH Franchise's criteria. MH Franchise will continually update the other criteria it considers and will share this information with Franchisee as developed.

7. **Lease for Sites.** Before entering into a lease agreement or other binding agreement to acquire the proposed site, you must submit to us the information of the proposed site for our approval; and otherwise comply with the requirements of Section 5 of the Franchise Agreement, including incorporating required lease provisions in Section 5.2 and utilizing the Lease Addendum attached as Attachment A-2. We will then approve or disapprove the proposed site. If we disapprove the proposed site, you must select an alternate site and repeat the site approval process until we have approved a proposed site for your Teriyaki Shop. Franchisee acknowledges that Franchisee has the ultimate responsibility in choosing and obtaining the Site for Franchisee's Teriyaki Shop. MH Franchise's consultation and approval of the Site and the lease is not a promise or guarantee that the Teriyaki Shop or the location will be successful or profitable.

8. **Services Provided by MH Franchise for the Teriyaki Shop.** Except as otherwise provided in the Franchise Agreement, MH Franchise or its designees shall provide the pre-opening and ongoing services set forth in the Franchise Agreement to Franchisee related to its Teriyaki Shop.

9. **Termination, Expiration, and Renewal.** This Teriyaki Shop Rider and Franchisee's right to operate the Teriyaki Shop hereunder shall terminate as of the date of termination or expiration of the Franchise Agreement, or upon a transfer of the Teriyaki Shop in compliance with the provisions of the Franchise Agreement, regardless of when this Teriyaki Shop Rider is executed, and shall be subject to the renewal provisions of Section 3 of the Franchise Agreement.



The parties have executed this Teriyaki Shop Rider to be made effective as of the date listed below.

M. H. FRANCHISE COMPANY INC:

By: _____

Title: _____

Print Name: _____

Date: _____

FRANCHISEE:

By: _____

Title: _____

Print Name: _____

Date: _____

“Teriyaki Shop Rider Effective Date”:

Date: _____

OR, if a corporation, partnership or other
business entity:

By: _____

Title: _____

Date: _____



ATTACHMENT A-1 TO THE TERIYAKI SHOP RIDER

TERIYAKI SHOP APPROVED LOCATION

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

Approved Location for Teriyaki Shop:

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

Protected Territory:

The Protected Territory as provided in Section 2.4 of the Agreement is:

FRANCHISEE:

Entity name (if any):

By:_____

Print Name:_____

Title:_____

Date:_____

FRANCHISOR:

M. H. FRANCHISE COMPANY INC

By:_____

Print Name:_____

Title:_____

Date:_____



ATTACHMENT A-2 TO THE TERIYAKI SHOP RIDER

TERIYAKI SHOP LEASE ADDENDUM

This Addendum to Lease ("Addendum"), dated _____, 20____, is entered into by _____ and _____ between _____ ("Lessor") and _____ ("Lessee") and M. H. Franchise Company Inc ("Franchisor"), collectively referred to herein as the "Parties".

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

B. Lessor acknowledges that Lessee intends to operate a franchised business from the leased premises ("Premises") pursuant to a Franchise Agreement ("Franchise Agreement") with M. H. Franchise Company Inc ("Franchisor") under Franchisor's trademarks and other names designated by Franchisor (herein referred to as "Franchised Business" or "Franchise Business").

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

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

1. Assignment. Lessee shall have the right, without further consent from Lessor, to sublease or assign all of Lessee's right, title, and interest in the Lease to a Franchise Assignee at any time during the term of the Lease, including any extensions or renewals thereof. In the event of any assignment or purported assignment under this Addendum, Lessee shall remain liable under the terms of the Lease and the assignee or sublessee shall retain all of the Lessee's rights granted in the Lease related to: (i) any grant of a protected territory or use exclusivity; and (ii) the renewal or extension of the Lease term. With respect to any assignment, Lessor hereby waives any rights to modify any terms or conditions of the Lease. Franchisor shall have the right to sublet or reassign the Lease to another Franchise Assignee without Lessor's consent in which event Franchisor shall be released of any obligation or liability under the Lease. "Franchise Assignee" means: (i) Franchisor or Franchisor's parent, subsidiary, or affiliate; or (ii) any franchisee of Franchisor or of Franchisor's parent, subsidiary, or affiliate.

2. Default and Notice.

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

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



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

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

3. Termination or Expiration.

a. Upon Lessee's default and failure to timely cure under either the Lease or the Franchise Agreement, a Franchise Assignee designated by Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest under the Collateral Assignment of Lease attached hereto as Schedule A or otherwise, provided such Franchise Assignee cures a default of the Lease no later than ten days following the end of Lessee's cure period.

b. If Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the Franchisor's trademarks and franchise system and to distinguish the Premises from a Franchised Business.

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

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

LESSOR:

LESSEE:

By: _____

By: _____

Title: _____

Title: _____



SCHEDULE A TO TERIYAKI SHOP LEASE ADDENDUM

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, as of the ____ day of _____, 20____ (“Effective Date”), the undersigned, _____ (“Assignor”) hereby assigns, transfers and sets over unto M. H. Franchise Company Inc (“Assignee”) all of Assignor’s right, title, and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as Exhibit A (“Lease”) with respect to the premises located at _____. This Collateral Assignment of Lease (“Assignment”) is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee expressly assume the obligations of Assignor thereunder.

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

Upon a default by Assignor under the Lease or under that certain franchise agreement for a franchise between Assignee and Assignor (“Franchise Agreement”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered, in Assignee’s sole discretion, to: (i) cure Assignor’s default of the Lease; (ii) take possession of the premises demised by the Lease; (iii) expel Assignor from the premises, either temporarily or permanently; (iv) terminate Assignee’s rights, title, and interest in the Lease; and/or (v) assume the Lease. If Assignee expends sums to cure a default of the Lease, Assignor shall promptly reimburse Assignee for the cost incurred by Assignee in connection with such performance, together with interest thereon at the rate of two percent (2%) per month, or the highest rate allowed by law.

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

(Signatures on following page)



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

ASSIGNOR:

By: _____

Its: _____

ASSIGNEE:

By: _____

Its: _____

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ATTACHMENT A-3 TO THE TERIYAKI SHOP RIDER

FRANCHISEE ON-SITE TRAINING AGREEMENT

Dates of Training: _____

Franchisee: _____

Franchisor Representative: _____

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

Pre-Opening Obligations

Teriyaki Madness has provided you with assistance including site selection, site evaluation, lease review, and construction project management, as we have outlined in our Manual.

Teriyaki Madness has reviewed your lease agreement for the Teriyaki Shop to ensure that its terms contain our required provisions and otherwise meet our minimum standards.

You have chosen, obtained and developed the site for your Teriyaki Madness Business.

You received an estimate on your build-out cost, furniture, fixtures and equipment before signing a lease as well as bids for the actual costs before construction began and approved all expenditures for your location.

Teriyaki Madness provided you with specifications for all initial and replacement furniture, fixtures, equipment, inventory, and supplies required to operate your Teriyaki Madness Business

Teriyaki Madness counseled you on necessary pre-opening procedures and assisted you with inventory ordering of products, equipment and supplies, through our affiliate or other suppliers, as applicable, which are necessary for commencement of operations

Teriyaki Madness loaned to you or made available to you on our website one (1) copy of the Manual, which may include audio and video media, compact disc media, computer software, other electronic media, and/or written materials. The Manual contains mandatory and suggested specifications, standards, operating procedures, and rules ("System Standards"). The Manual includes approximately 276 pages.

Teriyaki Madness provided you with a list of our approved items, services and suppliers, and consultation on required purchases as we deemed necessary and appropriate

Teriyaki Madness provided and you successfully completed an initial training program.



Teriyaki Madness provided and you successfully completed 10 days of hands-on training in a store.

Teriyaki Madness provided you with templates for certain promotional and advertising materials and consultation in connection with the grand opening marketing for your Teriyaki Madness Business

You have completed the following:

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

I, _____, the franchise operator, understand there may be additional costs incurred to me if the support team has to extend their stay as a result of my unpreparedness. All costs associated with the extended stay (hotel, meals, airfare costs, car rental) will be billed directly to me upon the support team's return after completing the on-site training.

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

I have read, acknowledge and agree to this document.

Please print name: _____ Date: _____

Signature: _____



ATTACHMENT B-1 TO THE FRANCHISE AGREEMENT

SINGLE FRANCHISE ADDENDUM

THIS SINGLE FRANCHISE ADDENDUM (this “Addendum”) relates to that certain Teriyaki Madness Franchise Agreement dated _____, 20__ (“**Franchise Agreement**”) by and between M. H. Franchise Company Inc (“**Franchisor**”) and the franchisee named on the signature page of this Addendum (“**Franchisee**”). This Addendum supplements the terms of the Franchise Agreement and is entered into and made effective as of the date thereof. To the extent this Addendum conflicts with the terms of the Franchise Agreement, the terms of this Addendum shall control.

1. **Initial Franchise Fee.** The Initial Franchise Fee payable pursuant to Section 4.1 of the Franchise Agreement is \$45,000 for a single Teriyaki Shop (the “Single Franchise”).

FRANCHISEE:

Entity name (if any):

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISOR:

M. H. FRANCHISE COMPANY INC

By: _____

Print Name: _____

Title: _____

Date: _____



ATTACHMENT B-2 TO THE FRANCHISE AGREEMENT

STANDARD FRANCHISE ADDENDUM

THIS STANDARD FRANCHISE ADDENDUM (this “Addendum”) relates to that certain Teriyaki Madness Franchise Agreement dated _____, 20____ (“**Franchise Agreement**”) by and between M. H. Franchise Company Inc (“**Franchisor**”) and the franchisee named on the signature page of this Addendum (“**Franchisee**”). This Addendum supplements the terms of the Franchise Agreement and is entered into and made effective as of the date thereof. To the extent this Addendum conflicts with the terms of the Franchise Agreement, the terms of this Addendum will control.

1. **Initial Franchise Fee.** The Initial Franchise Fee payable pursuant to Section 4.1 of the Franchise Agreement is \$99,000 for the right to open three (3) Teriyaki Shops (a “Standard Franchise”). The Initial Franchise Fee is fully earned immediately upon receipt and non-refundable, regardless of whether Franchisee opens any Teriyaki Shops.

2. **Franchise Agreement and Teriyaki Shop Riders.** Franchisee will exercise the rights under this Addendum only by entering into a separate Teriyaki Shop Rider with Franchisor for each additional Teriyaki Shops. Franchisee will sign the current form of Teriyaki Madness Teriyaki Shop Rider then being used by Franchisor. Franchisee acknowledges that the then-current form of Teriyaki Shop Rider may differ from the Teriyaki Shop Rider found in the Franchise Agreement. Franchisee will not be required to pay a separate Initial Franchise Fee.

3. **Development Schedule.** Franchisee will open one (1) Teriyaki Madness Business within the first year and the two (2) remaining Teriyaki Madness Businesses within five years of signing the Franchise Agreement. Should Franchisee fail to open the second or third shop within this timeframe, Franchisee will forfeit the rights to open all additional shops under the Franchise Agreement.

4. **Limited Rights.** This Addendum does not grant Franchisee the right to franchise, license, subfranchise, or sublicense others to operate Franchised Businesses. Only Franchisee (and/or Franchisee affiliated entities Franchisor approves) may develop, open, and operate additional Teriyaki Shops pursuant to this Addendum and Teriyaki Shop Riders. This Addendum only grants Franchisee the right to enter into Teriyaki Shop Riders to open additional Teriyaki Shops subject to the terms of the Franchise Agreement for such additional Teriyaki Shops. Franchisee is not granted any territorial rights or other rights except those granted under the Franchise Agreement pursuant to the Teriyaki Shop Riders for the additional Teriyaki Shops. Franchisee is liable for all costs and expenses incurred in opening the additional Teriyaki Shops.

[Signature Page Follows]



FRANCHISEE:Entity name (if any):

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISOR:M. H. FRANCHISE COMPANY INC

By: _____

Print Name: _____

Title: _____

Date: _____



ATTACHMENT B-3 TO THE FRANCHISE AGREEMENT

PLATINUM FRANCHISE ADDENDUM

THIS PLATINUM FRANCHISE ADDENDUM (this “Addendum”) relates to that certain Teriyaki Madness Franchise Agreement dated _____, 20____ (“**Franchise Agreement**”) by and between M. H. Franchise Company Inc (“**Franchisor**”) and the franchisee named on the signature page of this Addendum (“**Franchisee**”). This Addendum supplements the terms of the Franchise Agreement and is entered into and made effective as of the date thereof. To the extent this Addendum conflicts with the terms of the Franchise Agreement, the terms of this Addendum will control.

1. **Initial Franchise Fee.** The Initial Franchise Fee payable pursuant to Section 4.1 of the Franchise Agreement is \$150,000 for the right to open five (5) Teriyaki Shops (a “Platinum Franchise”). The Initial Franchise Fee is fully earned immediately upon receipt and non-refundable, regardless of whether Franchisee opens any Teriyaki Shops.

2. **Protected Development Area.** The development area for the Platinum Franchise is the geographical area described as follows, and illustrated on the map attached hereto as Schedule B-3-3 (map provided for illustrative purposes only, description controls) (the “Protected Development Area”):

3. **Franchise Agreement and Teriyaki Shop Riders.** Franchisee will exercise the rights under this Addendum only by entering into a separate Teriyaki Shop Rider with Franchisor for each additional Teriyaki Shop. Franchisee will sign the current form of Teriyaki Madness Teriyaki Shop Rider then being used by Franchisor. Franchisee acknowledges that the then-current form of Teriyaki Shop Rider may differ from the Teriyaki Shop Rider found in the Franchise Agreement. Franchisee will not be required to pay a separate Initial Franchise Fee.

4. **Development Schedule.** Franchisee will open one (1) Teriyaki Madness Business within the first year after signing the Franchise Agreement, the second Teriyaki Madness Businesses within two (2) years after signing the Franchise Agreement, the third Teriyaki Madness Businesses within three (3) years after signing the Franchise Agreement, the fourth Teriyaki Madness Businesses within four (4) years after signing the Franchise Agreement, and the fifth Teriyaki Madness Businesses within five (5) years after signing the Franchise Agreement. Should Franchisee fail to open any Teriyaki Shop within the required timeframe, Franchise will forfeit the rights to open all additional shops under the Franchise Agreement.

5. **Limited Rights.** This Addendum does not grant Franchisee the right to franchise, license, subfranchise, or sublicense others to operate Teriyaki Shops. Only Franchisee (and/or Franchisee affiliated entities Franchisor approves) may develop, open, and operate additional



Teriyaki Shops pursuant to this Addendum and Teriyaki Shop Riders. This Addendum only grants Franchisee the right to enter into Teriyaki Shop Riders to open additional Teriyaki Shops subject to the terms of the Franchise Agreement. Franchisee is liable for all costs and expenses incurred in opening the additional Teriyaki Shops.

6. **Right of First Refusal.** During the term of the Franchise Agreement, so long as (1) Franchisee has fully complied with the Development Schedule as required by this Addendum and all Teriyaki Madness Businesses then-required by the Development Schedule are currently open and operating; (2) none of Franchisee's or its affiliates' agreements with Franchisor have been terminated; and (3) Franchisee and its affiliates are in substantial compliance with all the terms and conditions of their franchise agreements, Franchisee has a right of first refusal for the Development Area as described herein. If Franchisor desires (directly or through its affiliates) to develop, enter into a license agreement for, or approve a location for a third party to develop, any Teriyaki Madness businesses at a location in the Development Area, we will first provide Franchisee the right and option to develop a Teriyaki Madness business at that location through written notice. Franchisee will have sixty (60) days from the date of receipt of such notice to exercise its option by entering into a Teriyaki Shop Rider to develop such business under the Franchise Agreement or, if the Development Schedule is complete, to enter into a new franchise agreement with us on the then-current terms (including fees) we are then offering for such agreements to new franchisees. If Franchisee fails to enter into any such agreement, then any right and option Franchisee has regarding the proposed location will expire and be of no force or effect.

7. **Additional Support.** Franchisee will be "VIP Support" includes the following: (a) an enhanced On-Site Training Program as described in Section 8.7 of up to 21 days, in our discretion; (b) additional complementary in-person consultations with business coaches during the first twelve months of operations pursuant to Section 8.10; and (c) a right of first refusal in the Development Area as set forth in Paragraph 6 above.

FRANCHISEE:

Entity name (if any):

By: _____

Print Name: _____

Title: _____

Date: _____

FRANCHISOR:

M. H. FRANCHISE COMPANY INC

By: _____

Print Name: _____

Title: _____

Date: _____



SCHEDULE B-3-3
MAP OF DEVELOPMENT AREA

(Attached; if applicable)



ATTACHMENT C TO THE FRANCHISE AGREEMENT

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee Email Address

Bank Account Information:

Bank Name	
Bank Mailing Address (street, city, state, zip)	
Bank Account No.	Bank Routing No. (9 digits) <input type="checkbox"/> Checking <input type="checkbox"/> Savings (check one)
Bank Mailing Address (city, state, zip)	
Bank Phone No.	

Authorization:

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

Signature: _____ Date: _____
Name: _____
Its: _____

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Federal Tax ID Number: _____

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



ATTACHMENT D TO THE FRANCHISE AGREEMENT

Franchisee: _____

FORM OF OWNERSHIP (Check One)

____ Individual ____ Partnership ____ Corporation ____ Limited Liability Company

If a **Partnership**, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Limited Liability Company**, give the state and date of formation, the name and address of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

Management (managers, officers, board of directors, etc.):

Name	Title

Members, Stockholders, Partners:

Name	Address	Percentage Owned

Identification of Managing Owner. Your Managing Owner as of the Effective Date is _____. You may not change the Managing Owner without prior written approval.

Identification of Designated Manager. Your Designated Manager, if applicable, as of the Effective Date is _____. You may not change the Designated Manager without prior written approval.

FRANCHISEE:

By: _____

Printed Name: _____

Title: _____



ATTACHMENT E TO THE FRANCHISE AGREEMENT

OWNERS AGREEMENT

As a condition to the execution by M. H. Franchise Company Inc (“we” or “us”), of a Franchise Agreement with _____ (“Franchisee”), each of the undersigned individuals (“Owners”), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee, as well as their respective spouses, covenant and agree to be bound by this Owners Agreement (“Owners Agreement”).

1. Acknowledgments.

1.1 **Franchise Agreement.** Franchisee entered into a franchise agreement with us effective as of _____, 20____ (“Franchise Agreement”). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

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

2. Non-Disclosure and Protection of Confidential Information.

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

2.2 Owners acknowledge that they could circumvent the purpose of Section 2.1 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.1 if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in Section 3, below, if performed by Owners.



However, Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member.

3. Covenant Not To Compete and To Not Solicit.

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

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

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

4. Guarantee.

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

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

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



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

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

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

5. Transfers.

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

6. Notices.

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

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

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

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



7. Enforcement of This Owners Agreement.

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

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

8. Miscellaneous.

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change, or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e. to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.



8.3 No Third Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

8.6 Successors. References to “Franchisor” or “the undersigned,” or “you” include the respective parties’ heirs, successors, assigns or transferees.

8.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.8 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.9 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the effective date of the Franchise Agreement.

OWNERS:

[Insert Name of Owner]

[Insert Name of Spouse]

[Insert Name of Owner]

[Insert Name of Spouse]



[Insert Name of Owner]

[Insert Name of Spouse]

[Insert Name of Owner]

[Insert Name of Spouse]

M. H. Franchise Company Inc hereby accepts the agreements of the Owner(s) hereunder.

M. H. FRANCHISE COMPANY INC

By:_____

Title:_____



ATTACHMENT F TO THE FRANCHISE AGREEMENT

FORM OF SYSTEM PROTECTION AGREEMENT

This System Protection Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of M. H. Franchise Company Inc, a Colorado company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“**Competitive Business**” means any business that derives at least fifty percent (50%) of its revenues from making and selling Japanese-style teriyaki dishes or similar food items. A Competitive Business does not include a Teriyaki Madness Franchise business operating pursuant to a franchise agreement with us.

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

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

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

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

“**Manual**” means our confidential operations manual for the operation of a Teriyaki Madness Franchise business.

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

“**Prohibited Activities**” means any or all of the following: (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is



a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

“Restricted Period” means the two year period after you cease to be a manager of Franchisee’s Teriyaki Madness Franchise business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “Restricted Period” means the one year period after you cease to be a manager or officer of Franchisee’s Teriyaki Madness Franchise business.

“Restricted Territory” means the geographic area within: (i) a 25 minimum mile radius from Franchisee’s Teriyaki Madness Franchise business (and including the premises of the Teriyaki Shop); and (ii) a 25 minimum mile radius from all other Teriyaki Madness Franchise businesses that are operating or under construction as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “Restricted Territory” means the geographic area within a 12.5 mile radius from Franchisee’s Teriyaki Madness Franchise business (and including the premises of the Teriyaki Shop).

“System” means our system for the establishment, development, operation and management of a Teriyaki Madness Franchise business, including Know-how, proprietary programs and products, confidential operations Manuals and operating System.

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

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

4. Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are a manager of Franchisee’s Teriyaki Madness Franchise business by engaging in any Prohibited Activities.

5. Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply



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

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

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

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

9. Miscellaneous.

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



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

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

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

EXECUTED on the date stated below.

Date _____

Signature

Typed or Printed Name



ATTACHMENT G TO THE FRANCHISE AGREEMENT

FORM OF CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of M. H. Franchise Company Inc, a Colorado company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“***Teriyaki Madness Franchise Business***” means a business that makes and sells Japanese-style teriyaki dishes and other related services and products using our Intellectual Property.

“***Copyrights***” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow Franchisees to use, sell or display in connection with the marketing and/or operation of a Teriyaki Madness Franchise Business, whether now in existence or created in the future.

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

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

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

“***Manual***” means our confidential operations manual for the operation of a Teriyaki Madness Franchise Business.

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

“***System***” means our system for the establishment, development, operation and management of a Teriyaki Madness Franchise Business, including Know-how, proprietary programs and products, confidential operations manuals and operating System.



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

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

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

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

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



you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

7. Miscellaneous.

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

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

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

EXECUTED on the date stated below.

Date _____

Signature

Typed or Printed Name



EXHIBIT D

FRANCHISE DISCLOSURE QUESTIONNAIRE



FRANCHISE DISCLOSURE QUESTIONNAIRE

As you know, M. H. Franchise Company Inc (“we” or “us”), and you are preparing to enter into a Franchise Agreement for the operation of one or more Teriyaki Madness Franchises. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer(s) in the chart at the end of this Questionnaire.

1. Yes___ No___ Have you received and personally reviewed the Franchise Agreement and each attachment or schedule attached to it?
2. Yes___ No___ Have you received and personally reviewed the Franchise Disclosure Document we provided?
3. Yes___ No___ Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
4. Yes___ No___ Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?
5. Yes___ No___ Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor, or have you had the opportunity for such review and chosen not to engage such professionals?
6. Yes___ No___ Have you discussed the benefits and risks of developing and operating a Teriyaki Madness Franchise with an existing Teriyaki Madness Franchise franchisee?
7. Yes___ No___ Do you understand the risks of developing and operating a Teriyaki Madness Franchise?
8. Yes___ No___ Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts, and those of the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs, and other relevant factors?
9. Yes___ No___ Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be arbitrated in Colorado, if not resolved informally or by mediation?
10. Yes___ No___ Do you understand that you must satisfactorily complete the initial training course before we will allow your Teriyaki Madness Business to open or consent to a transfer?



11. Yes___ No___ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Teriyaki Madness Franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
12. Yes___ No___ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement concerning advertising, marketing, media support, marketing penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
13. Yes___ No___ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Teriyaki Madness Franchise will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
14. Yes___ No___ Do you understand that the Franchise Agreement and attachments to the Franchise Agreement contain the entire agreement between us and you concerning the franchise for the Teriyaki Madness Franchise business, meaning any prior oral or written statements not set out in the Franchise Agreement or the attachments to the Franchise Agreement will not be binding?
15. Yes___ No___ Do you understand that we are relying on your answers to this Questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

(Signatures on following page)



Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated _____

Dated _____

EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):

Questionnaire Number	Explanation of Negative Response



EXHIBIT E

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OPERATIONS MANUAL TABLE OF CONTENTS

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EXHIBIT F

LIST OF CURRENT AND FORMER FRANCHISEES



Current Franchisees as of December 31, 2019

First Name	Last Name	Address	City	State	Zip	Phone
Manoj	Patel	7709 Hwy 72 W #300, 35758	Madison	AL	35758	256.325.1575
Keith	Colson*	3131 S Market Street Suite 108	Gilbert	AZ	85295	480.306.7807
Keith	Colson*	4225 South Gilbert Road, Suite 1	Chandler	AZ	85249	480.306.7807
Eric	Persson**	1229 S. Power Rd. Suite 105	Mesa	AZ	85206	
Jaspreet	Singh	251 Pittman Road Suite B	Fairfield	CA	94534	707.673.2250
Jon	Marsh*	110 General Stillwell Building B, #102	Marina	CA	93933	831.324.4932
George	Zien	28227 Newhall Ranch Rd	Santa Clarita	CA	91355	661.753.3366
Mario	Essary*	1240 Truman St. Unit 165	San Fernando	CA	91340	818.900.0978
Mario	Essary*	13762 Foothill Blvd	Sylmar	CA	91342	818.928.7202
Tania	Batista	2535 Otay Center Drive Suite C	San Diego	CA	92154	619.274.5241
Hassan	Abdalla*	23647 El Toro Rd, Suite D	Lake Forest	CA	92630	925.550.1048
Qing	Li*	8547 East Arapahoe Road Suite F	Greenwood Village	CO	80112	303.771.5280
Steve	Beck	3500 Youngfield Street	Wheat Ridge	CO	80033	720.767.4581
Steve	Freedman***	9025 SW 72nd Place	Miami	FL	33156	786.496.0093
Becky	Richmond*	304 N. Kentucky Ave.	Lakeland	FL	33801	402.850.4603
Scott	Lingeman*	28152 Paseo Drive, Unit 160	Wesley Chapel	FL	33543	314.378.6181
Lhakpa	Sherpa	3721 State Street	Bettendorf	IA	52722	563.888.1187
Adam	Thielen*	1035 Lawrence Drive	Burlington	IA	52601	319.753.2695
Nik	Patel*	795 E Butterfield Road	Lombard	IL	60148	847.477.8359
Bernie	Wong	15619 Hall Road	Macomb Township	MI	48044	586.566.6288
Matt	Jones	28880 Wixom Road	Wixom	MI	48393	734.233.4794
Katie	Catlin	517 N. Lapeer Street	Lapeer	MI	48446	
Chris	Tayson	8366 3rd Street North	Oakdale	MN	55128	612.363.2738
Aaron	Weissman	1710 10th Avenue	Great Falls	MT	59401	406.315.3388
Ken	Fay*	1100 Metropolitan Ave Suite 130	Charlotte	NC	28204	704.910.2076
Richard	Nordstrom*	160 Shenstone Blvd	Garner	NC	27529	919.397.1489
Della	Jagad	137 Halsey St	Newark	NJ	7102	732.331.5183
Gurjeet	Samra	625 Cortney Drive	Elko	NV	89801	775.397.3531
Arnaldo	Gomez*	2548 Wigwam Pkwy, Ste. 150	Henderson	NV	89074	702.604.8757
Arnaldo	Gomez*	2548 Wigwam Pkwy #150	Henderson	NV	89074	702.898.8623
Arnaldo	Gomez*	43 S Stephanie St. Suite 160	Henderson	NV	89012	702.228.8623
Arnaldo	Gomez*	72 West Horizon Ridge Pkwy B 105	Henderson	NV	89012	702.473.9273
Alan	Arreola*	9845 S Maryland Pkwy Suite C	Las Vegas	NV	89183	702.252.8623
Alan	Arreola*	7481 West Lake Mead	Las Vegas	NV	89128	702.982.8689
Alan	Arreola*	9151 W Sahara #104	Las Vegas	NV	89117	702.331.6756
Alan	Arreola*	4503 Paradise Road #320	Las Vegas	NV	89619	702.463.8205
Alan	Arreola*	10300 W Charleston Blvd, Suite 7	Las Vegas	NV	89135	406.315.3388



First Name	Last Name	Address	City	State	Zip	Phone
Robert	Gonzalez*	2530 S Decatur Blvd Suite 110	Las Vegas	NV	89102	702.436.1060
Robert	Gonzalez*	21 N Nellis Blvd, Suite 21	Las Vegas	NV	89110	702.436.1060
Rob	Masiello*	8520 W Warm Springs Rd. Suite 102	Las Vegas	NV	89148	702.878.8623
Rob	Masiello*	4870 Blue Diamond Road Suite 110	Las Vegas	NV	89139	702.586.7600
Dean	Clarino*	725 W Craig Rd. Suite 132	North Las Vegas	NV	89032	702.341.8623
Dean	Clarino*	5705 Centennial Ctr Blvd. Suite 190	Las Vegas	NV	89149	702.331.0999
Dean	Clarino*	6171 N Decatur Blvd Suite #110	Las Vegas	NV	89130	702.816.4000
Gillian	Beerman	13963 S. Virginia St, Suite 904	Reno	NV	89511	530.961.2785
Rohit	Patel*	15124 Lleytons Court #104	Oklahoma City	OK	73134	405.726.0853
Farhan	Khan	45 Division Ave Suite J	Eugene	OR	97404	541.357.4894
Ken	Richardson*	67295 Gist Rd	Bend	OR	97703	541.647.7416
Donald	Moore	243 Walker Road	Chambersburg	PA	17201	717.250.5748
Chetan	Patel	4812 S Louise Ave	Sioux Falls	SD	57106	605.695.1350
Ted	Moss*	674 Paul Huff Pkwy NW, Suite 402	Cleveland	TN	37312	423.665.3194
Ankit	Patel	1006 Glenbrook Way, Suite 110	Hendersonville	TN	37075	615.975.2791
Chad	Rodriguez	1333 N. Main Street	Andrews	TX	79714	432.355.4000
Rob	Smithson*	2800 S IH-35 Suite 140	Round Rock	TX	78684	737.212.8623
Timothy	Raper	4770 State Highway 121 Suite 140	Lewisville	TX	75056	972.922.7241
Phat	Vu*	13410 Briar Forest Drive	Houston	TX	77077	832.877.3377
Maulik	Patel	636 Highway 6, Suite 900	Sugarland	TX	77478	832.696.1317
Kevin	Jennings	1501 Lake Robbins Drive, Suite 110	The Woodlands	TX	77380	832.833.5420
Kevin	Bowman*	15 South River Road, Suite 320	St. George	UT	84790	702.413.2384
Tejal	Patel	10692 Fairfax Blvd.	Fairfax	VA	22030	703.273.3600

* Standard Franchise

** Franchisee has the right to develop 20 units

*** Franchisee has the right to develop 10 units.



Franchisees with Unopened Outlets as of December 31, 2019:

First Name	Last Name	City	State	Zip	Phone
Anil	Patel	Hoover	AL	35226	201.355.9638
Dominic	Do*	Scottsdale	AZ	85260	702.426.7545
Inderpreet	Singh	Fontana	CA	92337	909.353.2765
Harpreet	Singh*	Bakersfield	CA	93313	661.889.7318
TJ	Moffet	Los Angeles	CA	90017	310.948.2563
Elliot	Fliesler	Los Gatos	CA	95032	650.245.2330
Avez	Bashadi ⁽¹⁾	San Jose	CA	95124	408.460.3122
Sid	Prem	Sunnyvale	CA	94087	408.306.3693
Tim	McCurry*	Firestone	CO	80504	303.898.7980
Terry	Criger	Littleton	CO	80125	303.870.5013
Michael	Janes*	Loveland	CO	80537	970.690.8474
George	Hart	Colorado Springs	CO	80920	719.237.2279
Oualid	Marghin	Grand Junction	CO	81505	801.499.9418
Jignesh	Patel	Middletown	DE	19709	302.494.4658
Phong	Ho*	Ave Maria	FL	32142	239.272.1340
Kyle	Trugenberger	Navarre	FL	32566	443.454.4341
Clemente	Sierra	Miami	FL	33176	305.877.3198
Shane	Kennedy*	Windemere	FL	32819	407.619.9433
Juancarlos	Perez	Miramar	FL	33027	954.412.1082
Gonzalo	De Aristegui	Atlanta	GA	30327	678.200.4408
Ohmar	Villavicencio ⁽³⁾	Kapolei	HI	96707	702.303.5945
Casey	Thornton	Meridian	ID	83646	702.326.8504
Sean	Chinna	Cherry Valley	IL	61016	608.449.7825
Antonio	Underwood	Chicago	IL	60643	773.319.3999
David	Rounds*	Gurnee	IL	60031	224.440.2498
Ahmad	Fraitekh	Shawnee	KS	66218	913.271.3211
Jeff	Gaudin*	Prairieville	LA	70769	255.571.3597
Tim	Steckly	Fraser	MI	48026	586.944.4365
Kris	Dobrowitsky*	Holland	MI	49424	616.566.0801
Ali	Bayazid	Kansas City	MO	64138	816.820.7292
Doug	Mason	Battlefield	MO	65619	417.860.9373
Bola	Abiola	Sicklerville	NJ	8081	609.790.9556
Nikunj	Marvania	Harrison	NJ	7029	917-825-9404
Dhruv	Patel	Hilliard	OH	43026	614.745.6220
Sola	Salami	King of Prussia	PA	19406	267.574.3622
Laron	Casey*	Harrisburg	PA	17111	717.777.1349
Kevin	Jones*	Collierville	TN	38017	901.483.5517
Femi	Taiwo*	Allen	TX	75002	240.606.1213
Sylvester	John*	Katy	TX	77494	340.642.6204
Shawn	Franks ⁽²⁾	The Woodlands	TX	77381	281.627.0912
Necia	Bulloch*	St. George	UT	84790	435.229.8487



First Name	Last Name	City	State	Zip	Phone
Dac	Carbone	Virginia Beach	VA		
John	Widmer ⁽⁴⁾	Milwaukee	WI		

*Standard Franchise

⁽¹⁾ License for five outlets in California

⁽²⁾ License for six outlets in Texas

⁽³⁾ License for ten outlets in Hawaii

⁽⁴⁾ Contact for investment group which collectively has licenses for six outlets.



Former Franchisees:

The name and last known address of every franchisee who had a Teriyaki Madness Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2019 to December 31, 2019, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

First Name	Last Name	City	State	Zip	Phone
Russ	McCray*	Atlanta	GA	30315	843.513.0614
Harpiar	Gandhi	Cape Coral	FL	33991	239.800.5688
Ken	Patel	Florence	SC	29501	843.799.5667
Syed	Alam	Astoria	NY	11102	718.755.0272
Felix	Gonzalez*	Henderson	NV	89011	702.569.2770
Gurpreet	Singh	North Las Vegas	NV	89084	909.709.9625
Matt	Thomas	Meadville	PA	16335	605.630.2068



EXHIBIT G

STATE ADDENDA AND AGREEMENT RIDERS



STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR M. H. FRANCHISE COMPANY INC

The following modifications are made to the M. H. Franchise Company Inc (“**Franchisor**,” “**us**,” “**we**,” or “**our**”) Franchise Disclosure Document (“**FDD**”) given to franchisee (“**Franchisee**,” “**you**,” or “**your**”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 20____ (“**Franchise Agreement**”). When the term “**Franchisor’s Choice of Law State**” is used, it means Colorado. When the term “**Supplemental Agreements**” is used, it means “none”.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State Specific Addendum (“**State Addendum**”) will modify these agreements to comply with the state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

CALIFORNIA

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD.

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

California Corporations Code Section 31125 requires us to give to you a FDD approved by the Department of Business Oversight before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Franchisor’s Choice of Law State. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement or Supplemental Agreements restricting venue to a forum outside the State of California. The Franchise Agreement may contain a mediation provision. If so, the parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator’s fees.

The Franchise Agreement and Supplemental Agreements require the application of the law of Franchisor’s Choice of Law State. This provision may not be enforceable under California law.



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

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

The Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, a covenant not to compete provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516).

Our website has not been reviewed or approved by the California Department of Business Oversight. Any complaints concerning the content of this website may be directed to the California Department of Business Oversight at www.dbo.ca.gov.

HAWAII

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.



THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed on the third page of the FDD on the page entitled, "State Effective Dates".
2. States which have refused, by order or otherwise, to register these Franchises are:

None
3. States which have revoked or suspended the right to offer the Franchises are:

None
4. States in which the proposed registration of these Franchises has been withdrawn are:

None

ILLINOIS

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate



jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

Item 17.w, Choice of Law, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act”.

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

INDIANA

Item 8 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The “Summary” column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

No competing business for two (2) years within the Protected Territory.

The “Summary” column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17.v. of the FDD is deleted and the following is inserted in its place:



Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor's Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice of law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The "Summary" column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor's Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor's Choice of Law State law, if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.
3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).
5. The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:



NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three (3) business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten (10) business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be cancelled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty (20) days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to M. H. Franchise Company Inc, 950 S. Cherry Street, Suite 850, Denver, Colorado 80246, not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

By:

Print Name:

Its:

Date:

MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENTS

Item 17 of the FDD and the Franchise Agreement are amended to state: "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

Representations in the Franchise Agreement are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the FDD and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.



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

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

MICHIGAN

For transactions governed by the Michigan Franchise Investment Law only, this Disclosure Document is amended by substituting the following information immediately after the Cover Page:

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise business are not subject to compensation. This subsection applies only if: (i) the term of the Franchise is less than five (5) years; and (ii) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Franchise or you do not receive at least six (6) months' advance notice of our intent not to renew the Franchise.
- (e) A provision that permits us to refuse to renew a Franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.



(g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the Franchise. Good cause shall include, but is not limited to:

(i) the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

(iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
525 W. Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.



2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.
3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.
4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.
5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.
6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.
7. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C.
8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.
9. Item 6 of the FDD and Section 4.6 of the Franchise Agreement is hereby amended to limit the Insufficient Funds Charge to \$30 per occurrence pursuant to Minnesota Statute 604.113.

NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR 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, NY 10005, 212-416-8236. 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.

The following is added at the end of Item 3:

Except as provided above, with regard to 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 injunction or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including without limitation, actions affecting a license as a real estate broker or sales agent.

The following is added to the end of Item 4:

Neither the Franchisor, its affiliate, its predecessor, officers or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.



The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for Franchisee to renew or extend,” and Item 17(m), entitled “Conditions for Franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

The following language replaces the “Summary” section of Item 17(d), titled “Termination by Franchisee”:

You may terminate the agreement on any grounds available by law.

The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by Franchisor”:

However, no assignment will be made except to an assignee who in good faith and judgment of the Franchisor, is willing and financially able to assume the Franchisor’s obligations under the Franchise Agreement.

The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of Forum”, and Item 17(w), titled “Choice of Law”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the Franchisor or upon the Franchisee by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.



Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 17 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

OHIO

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials _____ Date _____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to M. H. Franchise Company Inc, 950 S. Cherry Street, Suite 850, Denver, Colorado 80246, not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: _____

By: _____

Print Name: _____

Its: _____



RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

SOUTH DAKOTA

Intentionally left blank.

VIRGINIA

Item 17(h). The following is added to Item 17(h):

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable.”

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for M. H. Franchise Company Inc for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

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

WASHINGTON

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.



3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
8. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act §§19.100.010 through 19.100.940 are met independently without reference to this Amendment.

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

(Signatures on following page)



APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

☐ California
☐ Hawaii
☐ Illinois
☐ Iowa
☐ Indiana
☐ Maryland

☐ Michigan
☐ Minnesota
☐ New York
☐ North Dakota
☐ Ohio

☐ Rhode Island
☐ South Dakota
☐ Virginia
☐ Washington
☐ Wisconsin

The undersigned does hereby acknowledge receipt of this addendum.

Dated: _____, 20____

FRANCHISOR:

M. H. FRANCHISE COMPANY INC

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

Rev. 031516



EXHIBIT H

CONTRACTS FOR USE WITH THE TERIYAKI MADNESS FRANCHISE

The following contracts contained in Exhibit H are contracts that franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of a Teriyaki Madness Business. The following are the forms of contracts that franchisor uses as of the Issuance Date of the Franchise Disclosure Document. They are subject to change at any time.



EXHIBIT H-1

TERIYAKI MADNESS FRANCHISE

SAMPLE GENERAL RELEASE AGREEMENT

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims ("Release") is made as of _____, 20__ by _____, a(n) _____ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of M. H. Franchise Company Inc, a Colorado corporation ("Franchisor," and together with Releasor, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate a Teriyaki Madness business;

WHEREAS, [Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/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 franchise agreement/amendment/termination/other reason]; and

WHEREAS, as a condition to Franchisor's consent to [transfer the Agreement/enter into a successor franchise 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 Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

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

4. 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 Colorado.

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 of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

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

(Signatures on following page)



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

FRANCHISEE:

_____, a

By: _____

Printed Name: _____

Title: _____

FRANCHISEE'S OWNERS:

Signature

Date _____

Typed or Printed Name

Signature

Typed or Printed Name

Rev. 061518



EXHIBIT H-2

TERIYAKI MADNESS FRANCHISE

SAMPLE APPROVAL OF REQUESTED ASSIGNMENT

This Approval of Requested Assignment (“**Agreement**”) is entered into this ____ day of _____, 20____, between M. H. Franchise Company Inc (“**Franchisor**”), a Colorado corporation, _____ (“**Former Franchisee**”), the undersigned owners of Former Franchisee (“**Owners**”) and _____, a [State] [corporation/limited liability company] (“**New Franchisee**”).

RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated _____, 20____ (“**Former Franchise Agreement**”), in which Franchisor granted Former Franchisee the right to operate a Teriyaki Madness franchise located at _____ (“**Franchised Business**”); and

WHEREAS, Former Franchisee desires to assign (“**Requested Assignment**”) the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement, including that New Franchisee sign Franchisor’s current form of franchise agreement together with all exhibits and attachments thereto (“**New Franchise Agreement**”), contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement (“**Franchisor’s Assignment Fee**”).

2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee’s signing the New Franchise Agreement pursuant to Section 5 of this Agreement.

3. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor’s Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement and waives any obligation for Former Franchisee to enter into a subordination agreement pursuant to the Former Franchise Agreement.

4. Termination of Rights to the Franchised Business. The parties acknowledge and agree that effective upon the date of this Agreement, the Former Franchise Agreement shall terminate and all of Former Franchisee’s rights to operate the Franchised Business are terminated and that from the date of this



Agreement only New Franchisee shall have the sole right to operate the Franchised Business under the New Franchise Agreement. Former Franchisee and the undersigned Owners agree to comply with all of the covenants in the Former Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Former Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute the New Franchise Agreement for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of a Teriyaki Madness franchise as stated in Franchisor's Franchise Disclosure Document.

6. Former Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three-year period following the execution of this Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("**Transaction**") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Former Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or Franchised Business. New Franchisee hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Former Franchise Agreement.

11. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Colorado.



IN WITNESS WHEREOF, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

FRANCHISOR:

M. H. FRANCHISE COMPANY INC

By:_____

Printed Name:_____

Title:_____

FORMER FRANCHISEE:

By:_____

Printed Name:_____

Title:_____

NEW FRANCHISEE:

By:_____

Printed Name:_____

Title:_____

Rev. 082418



EXHIBIT H-3

RESTAURANT MANAGEMENT AGREEMENT

THIS RESTAURANT MANAGEMENT AGREEMENT ("RM AGREEMENT") is made and entered into by and between: (i) the owner identified on the signature page of this RM Agreement ("Owner") as of the date specified as the "Effective Date" on the signature page; and (ii) Restaurant Sherpas LLC ("Manager").

WITNESSETH:

WHEREAS, Owner has entered into a Franchise Agreement (the "Franchise Agreement") with M. H. Franchise Company Inc. ("Franchisor") pursuant to which Owner has agreed to open and operate a Teriyaki Madness restaurant at a location approved by Franchisor pursuant to the Franchise Agreement (the "Restaurant"), a copy of the Franchise Agreement is attached to this RM Agreement as Exhibit A;

WHEREAS, Owner and Manager desire to enter into an agreement under which Manager shall act as agent to assist with the management of the Restaurant for and on account of Owner and shall assist Owner in connection with its obligations under the Franchise Agreement, upon the terms and conditions in this Agreement.

NOW THEREFORE, the parties agree as follows:

1. AGREEMENT

1.1 Appointment. Owner appoints Manager as an independent contractor for the operation and management of the Restaurant upon the terms set forth in this RM Agreement. Manager accepts the appointment and agrees to furnish the Management Services (as defined below) in connection with the operation of the Restaurant.

1.2 Term. The term of this Agreement ("Term") shall commence on the Effective Date and, unless sooner terminated pursuant to the provisions of this RM Agreement or applicable law, shall continue for a period of one (1) year. Thereafter, the Term shall automatically renew on a year-to-year basis ("Renewal Term") unless Owner or Manager, as the case may be, provides written notice of non-renewal at least sixty (60) days prior to the expiration of the Term then in effect. Notwithstanding anything to the contrary contained in this RM Agreement, Owner may terminate this RM Agreement during any Renewal Term at any time by providing Manager with ninety (90) days' prior written notice.

1.3 Scope of Authority. Manager shall perform the Management Services in accordance with this RM Agreement. Manager shall negotiate (for approval and execution by Owner) such agreements as it deems necessary, in the exercise of its commercially reasonable discretion, to perform the Management Services and otherwise fulfill Manager's obligations under this RM Agreement.

2. OPENING OF THE TERIYAKI MADNESS SHOPS

2.1 Shop Status upon Execution. The provisions in this Section 2 shall not apply if Owner's Restaurant is open prior to the Effective Date.

2.2 Construction of the Restaurant. Owner shall approve a location that is approved by Franchisor for the operation of the Restaurant. Owner shall, with reasonable diligence, complete such



improvements to each of the locations as shall be necessary for the operation of a Teriyaki Madness Restaurant in accordance with the Franchise Agreement (the “Improvements”).

2.3 Technical Assistance. Manager shall make available its employees and those of affiliates to render technical assistance in connection with the completion of the Improvements and the selection and installation of the furnishings, fixtures and equipment necessary to operate the Restaurant in accordance with Franchisor’s system standards, as set forth in the Franchise Agreement, Franchisor operating manuals and other information provided by Franchisor (“Franchisor’s Standards”) and the requirements of federal, state and local law.

3. DUTIES AND POWERS

3.1 Manager. During the term of this RM Agreement and each renewal term, the Manager shall have the following duties and powers:

(a) Consistent with the provisions of the RM Agreement, Manager shall have the right to supervise and direct the management and operation of the Restaurant for the account of the Owner (“Management Services”).

(b) Manager shall supervise and direct the management and operation of the Restaurant in accordance with Franchisor’s Standards and, subject to such standards, shall have the right to determine operating policies, standards of operation, prices, quality of service and other matters affecting customer opinion. All phases of promotion and marketing with respect to the Restaurant shall be generally the responsibility of Manager.

(c) Within thirty (30) days before the opening of the Restaurant under this RM Agreement and at least thirty (30) days before the beginning of each renewal term, Manager shall submit to Owner an annual budget in reasonable detail for such year setting forth the plan, in reasonable detail and in accordance with the requirements of the Franchise Agreement, for the staffing of each Restaurant (including the training of the staff, hiring of a general manager and other personnel, and employee benefits;), for the advertising, promotion and marketing of the Restaurant, and for the purchase of inventory, operating supplies and other estimated expenditures during the operating year for repairs and maintenance; operating equipment and capital expenditures (which shall include replacements of fixtures and equipment); and all other anticipated operating expenses. Each such annual budget is referred to as an “Annual Plan.”

(d) No capital expenditures shall be made by Manager until that portion of the Annual Plan has been approved by Owner and no amount shall be expended by Manager in excess of or other than pursuant to the approved Annual Plan, without the approval of Owner unless Manager determines, in the exercise of its commercially reasonable discretion, that reasonable expenditures are necessary for the operation of the Restaurant which are in excess of the Annual Plan or that an emergency exists and that repairs are immediately necessary for the preservation or safety of the Restaurant, to avoid the suspension of essential services to the Restaurant, or to avoid danger to life or damage to property, in which case Manager may make such emergency repairs at Owner’s cost, without the prior approval of Owner, but Manager shall notify Owner of such emergency repairs and the cost thereof as soon as possible thereafter. Owner shall respond within thirty (30) days from the receipt of the Annual Plan from Manager. If and to the extent that any expenditures exceed the Annual Plan budget amounts, Manager agrees to provide Owner with a prompt and reasonable explanation of such excess, in such detail as Owner reasonably requests.

(e) Manager shall have the power and responsibility to hire, promote, discipline, discharge and supervise all of the employees of the Restaurant. All of such employees shall be and at all times shall remain the employees of Owner. Manager shall not be liable to such employees for their wages,



compensation or other employee benefits. Manager will not discriminate against any employee or applicant for employment by Manager because of race, creed, color, age, sex or national origin. Manager will take affirmative action to insure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, age, sex or national original.

(f) Manager shall negotiate and consummate, in the name of Owner, contracts or arrangements with inventory and other suppliers in accordance with the Annual Plan and to the extent necessary to the normal course of business of the Restaurant. Contracts or arrangements which are not customary or within the normal course of business of the Restaurant shall require the prior approval of the Owner.

(g) Manager shall have the right to enter into such contracts in the name of and at the expense of the Owner as may be deemed necessary or advisable for the furnishing of all services, operating supplies and other materials for the operation of the Restaurant.

(h) Manager shall, during the term of this RM Agreement and each renewal thereof, in the name of and at the expense of the Owner, but subject to the limitations of the Annual Plan for each such year, make all other reasonable needed expenditures for the maintenance and operation of the Restaurant.

(i) Manager shall apply for, obtain and maintain, in the name of and at the expense of the Owner, all licenses and permits required of the Owner or Manager in connection with the management and operation of the Restaurant.

(j) Manager shall cause to be performed at Owner's expense all such acts and things to be done in and about the Restaurant as shall be required by any statute, ordinance, law, rule regulation or order of any governmental agency, except such matters as in accordance with good business practice should be contested.

(k) Manager shall maintain and establish a commercial account or accounts (the "Operating Accounts") in Owner's name in a banking institution, and only authorized designees of Manager or Owner shall be empowered to sign checks on such accounts. There shall be deposited in the Operating Accounts all moneys furnished by Owner as working capital and all moneys received in connection with the operation of the Restaurant. To the extent practicable, all expenditures required to be made in connection with the ownership, maintenance and operation of the Restaurant (including the management fees of Manager hereunder) shall be paid out of the Operating Accounts. All funds in the Operating Accounts shall be the property of Owner. If additional funds are required at any time for payment of expenses, operating or capital, upon receipt and approval by Owner of a request for such funds from Manager, Owner shall, as soon as practical thereafter, but in no event later than fifteen (15) days after the receipt of such notice, advance or otherwise make available additional funds in the Operating Account to pay such expenses.

(l) Manager, through an outsourced third-party provider, on behalf of Owner, shall maintain in a form which is customary and consistent with good accounting principles, practices and procedures, books, records and accounts (which books, records and accounts shall be and remain the property of Owner) in which shall be entered each material financial transaction with respect to the operation of the Restaurant, including, without limitation, all items of income and expense.

(m) Notwithstanding any provision of this RM Agreement to the contrary, Manager shall not, without the prior approval of Owner or as specifically provided in an Annual Plan: (a) execute any contract or make any expenditure, except as specifically provided in this Section; (b) convey or



otherwise transfer, pledge or encumber any property or other asset of Owner; (c) retain attorneys on behalf of Owner; (d) institute or defend lawsuits or other legal proceedings on behalf of Owner; or (e) borrow money or execute any promissory note or other obligation or mortgage deed, security agreement or other encumbrances in the name of or on behalf of Owner.

3.2 Owner. During the term of this RM Agreement and each renewal term, the Owner shall have the following duties and powers:

(a) Owner shall promptly examine each Annual Plan submitted to it by Manager pursuant to and in accordance with this RM Agreement and, if such Annual Plan is reasonable and proper approve the same thirty (30) days after submission of the same by Manager to Owner.

(b) Owner shall cooperate with Manager in applying for, obtaining and maintaining all licenses and permits required in connection with the management and operation of the Restaurant and shall execute and deliver any and all applications and other documents that may be necessary or proper in connection therewith.

(c) Owner shall comply with all statutes, ordinances, laws, rules, regulations and orders of any federal, state or local government and appropriate departments, commissions, boards and officers having jurisdiction in the premises, which are applicable to Owner and relate to the manner and use of the premises occupied by the Restaurant, as well as with orders and requirements of the local board of fire underwriters or any other body which may hereafter exercise similar functions; provided that Owner, at its sole expense and without cost to Manager shall have the right to contest by proper legal proceedings the validity, so far as applicable to it, of any such statutes, ordinances, laws, rules, regulations or orders, provided such contest shall not result in a suspension of operations of any Restaurant. Owner shall prosecute all such proceedings with due diligence.

(d) Owner will cooperate with Manager in the promotion and marketing of the Restaurant.

(e) Owner shall provide and maintain in the Operating Accounts funds sufficient to pay payroll and other current liabilities of the Restaurant (including the management fee hereunder) as they fall due and to replace operating supplies and inventory as they are consumed, so that the Restaurant shall operate without interruption and efficiently, and Owner shall not make any withdrawals from the Operating Accounts inconsistent with such obligations. Owner shall be responsible for paying its employees at the Restaurant; making proper withholdings from the employees' payroll for all taxes and other deductions required by law or authorized by the employees; and, preparing all reports, returns and other documents necessary to be filed with any federal, state or local government regarding such employees and their payroll.

(f) Owner shall designate the name and address of a representative who shall act for Owner in all dealings with Manager hereunder, including the giving of approvals to be given hereunder by Owner. Manager may, until Owner gives written notice to Manager to the contrary, rely upon any approval, decision, or other act of such representative as being the approval, decision or act of Owner. Owner may from time to time by written notice to Manager, change the name or address of such representative. Any concerns or disputes regarding the operation of the Restaurant shall be brought to the attention of the Owner's designated representative for resolution.

(g) Owner will at all times be responsible for complying with the obligations of the Franchise Agreement notwithstanding anything to the contrary contained in this RM Agreement.



4. MANAGEMENT FEE.

4.1 Initiation/Deposit Fee. Owner shall pay to Manager upon execution of this agreement, an “Initiation Fee” equal to three (3) monthly Management Services Fee payments (defined in Section 4.2 below). The Initiation Fee will be applied upon termination to the final three (3) retainer payments.

4.2 Retainer. Manager shall be entitled to receive a basic fee from Owner, during the term of this RM Agreement and each renewal thereof. Until construction has commenced on the Restaurant, the fee shall be \$1,000 per month for site development services (the “Site Development Services Fee”); once construction has commenced at the Restaurant, the fee will increase to \$4,500, per month for management services (the “Management Services Fee”). The Site Development Fee and the Management Services Fee shall collectively be referred to herein as the “Management Fee.” The Management Fee shall be paid on a monthly basis commencing upon execution of this RM Agreement and shall thereafter be payable on or before the twentieth (20th) day of the month prior to the month for which it is due.

4.3 Profit Remittance to Owner. Manager shall, in respect of each of Owner’s fiscal years, acknowledge Owner’s right to withdraw its profit (“Owner’s Profit”) for each such year, after payment of the Management Fees earned for such year, as provided in Section 4.2. In respect of each month during such year, Owner shall withdraw out of the Operating Accounts (but only to the extent thereof) as a monthly installment on Owner’s total profit, an amount equal to the profit for the cumulative period ending with such month less all monthly installments of fees to Manager under Section 4.2, and less the amounts of profit previously withdrawn by Owner on account of such cumulative periods.

4.4 Incentive Fee. In addition to the Basic Fee, Manager shall, subject to the provisions of Section 4.2, be entitled to receive as its incentive fee an amount equal to ten percent (10%) of the Profit (defined below), if any (“Incentive Fee”). Such Incentive Fee shall be payable quarterly based on the statement of profit and loss for such quarter, out of the Operating Account to the extent funds are available, and otherwise by the Owner within fifteen (15) days after the end of each quarter in which Manager furnishes Management Services. If Owner terminates this RM Agreement under Section 1.2, Manager shall be entitled to receive a pro rata share of the Incentive Fee calculated as of the last day Manager furnishes Management Services in connection with the operation of the Restaurant.

4.5 Gross Revenue and Profit. “Gross Revenue” for any period during a year shall mean and include all revenues and income of any kind derived during such period directly or indirectly from the Restaurant, whether on a cash basis or on credit, paid or unpaid, collected or uncollected, excluding, however, any and all excise, privilege, sales and use taxes collected directly from customers of the Restaurant or as a part of the sales price of any goods or services. “Profit” shall mean Gross Revenue less all expenses for the operation of the Restaurant (excluding Owner’s Profit).

5. BOOKS AND RECORDS. Manager shall keep full and adequate books of account and other records reflecting the results of operation of the Restaurant. Such books and records shall be kept in all material respects in accordance with generally accepted accounting principles and Franchisor’s Standards. The books shall be available for Owner’s inspection at the Restaurant or at another location as agreed to by Manager and Owner.

6. REPAIRS AND CHANGES.

6.1 Repairs and Maintenance. Owner shall, except as otherwise limited in this RM Agreement, maintain the Restaurant in good repair and condition at the Owner’s expense.



6.2 Other Repairs and Maintenance. Any alteration, addition or improvement shall, if mutually agreed upon, be made promptly and shall be paid for by Owner.

7. GENERAL COVENANTS OF MANAGER AND OWNER

7.1 Operating Expenses. Subject to the provisions of this RM Agreement, Owner shall bear all of the costs and expenses of maintaining and operating the Restaurant, including, without limitation, the salaries and benefits of all of its employees at the Restaurant.

7.2 Hours of Operation. The hours of operation of the Restaurant shall be mutually agreed upon by Manager and Owner, consistent with Franchisor's Standards.

7.3 Right of Inspection and Review. Manager shall accord to Owner and the duly authorized officers, accountants, employees, agents and attorneys of Owner the right to enter upon any part of the Restaurant (subject to the requirements of state and federal law) at all reasonable times during the term of this RM Agreement and any renewal thereof for the purposes of examining and inspecting the Restaurant or examining and making extracts from the books and records of the Restaurant operation that are maintained on the premises, or for any other purpose which Owner, in its discretion, shall deem necessary for advisable, but the same shall be done with as little disturbance to the operation of the Restaurant as possible.

7.4 Payment of Taxes. Owner shall promptly pay all taxes, mortgages or other liabilities that can be a lien upon the property of the Restaurant.

8. INSURANCE. Owner shall at all times during the term of this RM Agreement and any renewal thereof procure and maintain, with financially responsible insurance companies qualified to do business in the state where the Restaurant is located, such insurance covering the property and business of the Restaurant as is in accordance with the requirements of Franchise Agreement and Franchisor's Standards and covering the locations as is customary for the type of business operated by Owner. Owner shall also maintain coverage insuring it against loss from interruption of business in such amount as is sufficient to pay the Management Fee as projected in the Annual Plan during any period of time that a Restaurant cannot be operated due to a covered loss. All insurance policies carried by Owner shall insure both Owner and Manager, with Manager named as co-insured as its interest may appear and, to the extent obtainable, have attached thereto an endorsement that the same shall not be canceled or changed without at least fifteen (15) days prior written notice to Manager. Owner shall furnish to Manager satisfactory evidence of such insurance and the premiums thereon.

9. DAMAGE OR DESTRUCTION TO A TERIYAKI MADNESS SHOP. If a Restaurant or any portion thereof shall be damaged at any time or times during the term of this RM Agreement or any renewal thereof by fire or other insured casualty, and if the building in which a Restaurant is located has been damaged so that the cost of restoration is greater than 50% of the fair market value of such building (exclusive of land) immediately prior to the damage, then the Owner shall have no obligation to repair or rebuild the building. If Owner elects not to repair or rebuild the damaged building, the Manager's obligations under this RM Agreement to continue to manage the Restaurant in such building shall terminate. Owner shall notify Manager of its decision within ninety (90) days following the occurrence of the loss.

10. RIGHT TO PERFORM; REIMBURSEMENTS; INDEMNIFICATION.

10.1 Right to Perform; Reimbursements. If either party shall fail, within the time and after due notice as specified in Section 11, to make any payment or to perform any act to be made or performed by such party pursuant to this RM Agreement, then the other party may, without further notice to or demand



upon the defaulting party, and without waiving or releasing such defaulting party from any obligations under this RM Agreement, make such payment or perform such act. All sums so paid by such party and all necessary incidental costs and expenses incurred by such other party in connection with the performance of such acts, together with interest thereon at the Wall Street Journal Prime Rate at the time of such expenditure plus 3% per annum (but not to exceed the maximum interest rate allowed by law) from the date of making such expenditure shall be payable to such other party upon demand. Any amounts payable by Manager may, at the option of Manager, be deducted from any payments then due or thereafter becoming due to Manager under this RM Agreement. With the exception of emergency cases, neither party shall have the right to make any payment or to perform any act if there is a bona fide dispute between the parties as to the necessity thereof and such dispute had been submitted to arbitration in accordance with Section 13.1.

10.2 Indemnity and Hold Harmless. Each party will indemnify and hold the other harmless from any liability or expenses resulting from a breach of this RM Agreement, including reasonable attorney fees incurred by a party to defend or prosecute any action or proceeding resulting from any breach. This agreement to indemnify and hold harmless will include any liabilities, claims, costs, demands or losses of any nature incurred by a party.

10.3 Manager's Performance. Nothing in this RM Agreement shall in any way be deemed to make the Manager a guarantor of the financial results of operation of any Restaurant, of Owner's obligations under the Franchise Agreement, or of the performance of any employee of the Restaurant, their fidelity, honesty or turpitude.

11. DEFAULTS; TERMINATION.

11.1 Defaults. The following shall constitute events of default hereunder:

(a) The failure of either party to pay the other any amounts which may become due hereunder for a period of thirty (30) days after such amount is payable;

(b) The filing (except as hereinafter provided) by either party of a voluntary petition in bankruptcy or insolvency or a petition for reorganization under any bankruptcy law or a petition for the appointment of a receiver for all or a substantial part of the property of such party;

(c) The consent (except as hereinafter provided) by either party to an involuntary petition in bankruptcy or the failure to vacate, within sixty (60) days from the date of entry thereof, any order approving such involuntary petition;

(d) The entry (except as hereinafter provided) of an order, judgment or decree by any court of competent jurisdiction on the application of a creditor, adjudicating either party as a bankrupt or insolvent or approving a petition seeking reorganization or appointment of a receiver, trustee or liquidator or all or a substantial part of the property of such party, and such order, judgment or decree shall continue unstayed and in effect for a period of one hundred twenty (120) days;

(e) The failure of Owner to operate the Restaurant for a period of five (5) consecutive days;

(f) The termination of the Franchise Agreement between Owner and Franchisor;



(g) The failure by either party to perform, keep or fulfill any of the other covenants, undertakings, obligations or conditions set forth in this RM Agreement and the continuance of such default for a period of thirty (30) days after notice of such failure.

If any of such events of default occur, the non-defaulting party may give to the defaulting party a notice of intention to terminate this RM Agreement after the expiration of a period of thirty (30) days from the date of such notice, and upon the expiration of such period this RM Agreement shall terminate. If, however, upon receipt of such notice, the defaulting party shall promptly and with due diligence cure the default, or take and continue to take action to cure such default with all due diligence if such default is not curable within such thirty (30) day period, then such notice shall be of no force and effect. The rights granted hereunder shall not be in substitution for, but shall be in addition to, any and all other rights and remedies for breach of contract available to the non-defaulting party under this RM Agreement if a bona fide dispute with respect to any of the foregoing events of default has arisen between the parties to such dispute has been submitted to arbitration in accordance with Section 13.1. Nothing contained in this RM Agreement shall be construed to permit Owner to terminate the Franchise Agreement as a result of any default by Manager hereunder.

11.2 Early Termination. If Owner requests to terminate this RM Agreement during any Renewal Term, Owner shall provide Manager a 90-day written notice of termination and pay Manager any Management Fee owed after the Initiation Fee is applied and Incentive Fee under Section 4.2 during the 90 day period. Manager shall be entitled to receive a pro rata share of the Management Fee and Incentive Fee calculated as of the last day Manager furnishes Management Services in connection with the operation of the Restaurant. Owner shall pay these fees within 10 days of termination of the RM Agreement.

11.3 Obligations Upon Termination. Upon termination of this RM Agreement, each party shall promptly pay to the other, as soon as the same is determinable after the effective date of termination, all amounts due such other party under the terms of this RM Agreement. On or before the effective date of termination, Manager shall deliver to Owner the originals of all books, plans, records, licenses, contracts and other records and documents pertaining to the Restaurant and its operation which are in Manager's possession. Manager further agrees to do all other things reasonably necessary to cause an orderly transition of the management of the Restaurant.

12. TRADE NAME AND LICENSE AGREEMENT. During the term of this RM, the Restaurant shall at all times be known and designated as Teriyaki Madness restaurant. Owner represents and warrants to Manager that Owner has the legal right to use the name in accordance with the Franchise Agreement with Franchisor. At all times during the term of this RM Agreement and any renewal thereof the Restaurant shall be operated in accordance with Franchisor's Standards.

13. ARBITRATION AND DISPUTE RESOLUTION.

13.1 Arbitration. The parties hereto acknowledge and agree that any dispute or controversy arising out of or relating to this RM Agreement will, at the request of either party, be settled by final and binding arbitration conducted in the city and state of our principal business address, which is currently in Denver, Colorado, in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association or its successor organization (the "AAA") and otherwise as set forth below on an individual basis (not a class action):

(a) **Notice of Arbitration.** Either party may initiate the arbitration proceeding by making a written demand to the other party, and both parties will then be obligated to engage in arbitration. The demand for arbitration must be served on the other party within the period provided by the applicable statute of limitations, and must contain a statement setting forth the nature of the dispute, the amount



involved, if any, and the remedies sought. A demand for arbitration will not operate to stay, postpone or rescind the effectiveness of any termination of this RM Agreement. Arbitration will not proceed until any protest of arbitrability is resolved by the arbitrator or by an appropriate court, if necessary.

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

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

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

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

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

(g) Arbitrator's Decision. The arbitrator will issue a written decision within ten (10) days after conclusion of the hearing, explaining the basis for the decision. Judgment upon the decision rendered by the arbitrator may be entered in any court having jurisdiction. This decision will be binding upon both parties. The arbitrator will have authority to assess actual damages sustained by reason of any breach or wrongful termination of this RM Agreement, but will not have any authority to amend or modify the terms of this RM Agreement or to assess punitive damages or treble damages.

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

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

(j) Confidentiality. The entire arbitration proceedings and related documents are confidential. Except as necessary to enforce the decision of the arbitrator hereunder, all conduct, statements, promises, offers, views and opinions, whether oral or written, made in the course of the arbitration by any of the parties, their agents, employees or representatives and by the arbitrator, are confidential. These matters will not be discoverable or admissible for any purpose, including impeachment,



in any litigation or other proceeding involving the parties, and will not be disclosed to anyone who is not an agent, employee, expert witness, or representative for any of the parties; however, evidence otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in the arbitration.

13.2 Injunctive Relief. Nothing contained in this RM Agreement will bar either party from obtaining a temporary restraining order or preliminary injunctive relief against threatened or actual conduct that would cause either party irreparable loss or damages. Owner and Manager agree that either party may have such a temporary restraining order or injunctive relief, if warranted, pending a final determination on the merits of any disputed issue in arbitration, as provided in Section 13.1 above. The sole remedy of the enjoined party, in the event of the entry of an injunction, will be the dissolution of the injunction, if warranted, after a hearing is held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived by this RM Agreement). Owner also agrees that the court may issue a temporary restraining order or preliminary injunction that is mandatory in nature if such order or relief is necessary to ensure the operation of any of the Restaurant as a Teriyaki Madness Restaurant pursuant to the terms of this RM Agreement and the Franchise Agreement. Any such action shall be brought as provided in Sections 13.3 and 13.4 below.

13.3 Governing Law. This RM Agreement, the relationship between Owner and Manager and any dispute between the parties and any of their affiliates, officers, directors, shareholders and employees shall be governed by and interpreted in accordance with the internal laws of the state of Colorado.

13.4 Forum and Venue. Owner and Manager agree that any action for a preliminary injunction, to compel arbitration or to enforce an arbitrator's award shall be brought only in the Federal United States District Court for the District of Colorado –the District Court of Colorado, Arapahoe County or the federal or state court for the jurisdiction in which we then have our principal place of business for any litigation relating to this RM Agreement. Any other cause of action which is not required to be arbitrated pursuant hereto, including but not limited to any action against any affiliates, officers, directors, shareholders and employees of the parties, shall be brought only in or the federal or state court for the jurisdiction in which we then have our principal place of business and the parties and their affiliates, officers, directors, shareholders and employees, hereby irrevocably consent to the jurisdiction of such courts and hereby waive any objection to the jurisdiction or venue of such courts.

13.5 Waiver of Punitive Damages. Except with respect to a party's obligation to indemnify the other pursuant to Section 10.2, the parties waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between them, the party making a claim shall be limited to recovery of any actual damages sustained by such party.

13.6 Limitation Of Claims. Notice of any and all claims arising out of this RM Agreement or the relationship between the parties must be made within one year from the occurrence of the facts giving rise to such claim.

13.7 Rights Of Parties Are Cumulative. The rights of the parties hereunder are cumulative and no exercise or enforcement by Owner or Manager, or any right or remedy hereunder shall preclude the exercise or enforcement by either party of any other right or remedy hereunder or which such party is entitled by law to enforce.

13.8 Costs and Attorney Fees. The party prevailing in a judicial or arbitration proceeding or appeal thereof shall be awarded its costs and expenses including, but not limited to, reasonable accounting, paralegal, expert witness and attorney fees and arbitrators' fees, whether incurred prior to, in preparation



for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce the obligations of this RM Agreement.

14. GENERAL PROVISIONS.

14.1 Entire Agreement. This RM Agreement is the entire agreement between Owner and Manager, and no agreements, representations or warranties have been made other than those in this RM Agreement, except as appear on the Exhibits attached to this RM Agreement. This RM Agreement may not be modified except by a writing executed by Owner and Manager.

14.2 Status Reports. Recognizing that each party may find it necessary from time to time to establish to third parties such as accountants or the like, the then current status of performance hereunder, each party agrees, upon the written request of any other party, made from time to time by notice, to furnish promptly a written statement (in recordable form, if requested) on the status of any matter pertaining to this Agreement to the best knowledge and belief of the party making such statement.

14.3 Assignment. Neither party may, without the prior written approval of the other party, assign this RM Agreement or any rights therein. Any sale or transfer of controlling interest in either of the parties shall be construed as an assignment of that party's interest in this RM Agreement, unless the sale or transfer has received the prior written approval of the other party.

14.4 Benefits and Burdens. The terms, provisions, covenants, undertakings, agreements, obligations and conditions of this RM Agreement shall be binding upon and shall inure to the benefit of the parties to this RM Agreement and their respective successors and assigns, except that no assignment of an interest in this RM Agreement in violation of the provisions hereof shall vest any interest in the assignee or transferee.

14.5 Notices. Any notice, reports, and other information and documents permitted or required to be delivered under this RM Agreement will be in writing, and will be delivered to Manager at 950 S. Cherry Street, Suite 850, Denver, Colorado 80246, or to Owner at the address listed on the signature page hereof. Either party may modify its address periodically by written notice to the other party. Notices will be effective if in writing and delivered to the appropriate party by: delivery service, with proof of delivery; or by first class, prepaid certified or registered mail, return receipt requested. Notices will be deemed given on the date delivered or on the date of the first attempted delivery, if delivery is refused or unclaimed.

14.6 No Partnership or Joint Venture. Nothing contained in this RM Agreement shall constitute or be construed to create a partnership or joint venture between Owner and Manager.

14.7 Severability. If any one or more of the provisions in this RM Agreement or any application of the provisions of this RM Agreement is declared invalid or illegal or unenforceable by any court of competent jurisdiction, the validity, legality or enforceability of the remaining provisions of this RM Agreement will not be impaired by such declaration, and this RM Agreement will be construed as if such invalid, illegal or unenforceable provision was not contained in this RM Agreement.

14.8 Singular/Plural. The singular of any word shall include the plural and vice versa unless the RM Agreement requires otherwise.

14.9 Approvals. Whenever any party is requested to give its approval to a matter, such approval shall not be unreasonably withheld. If a party desires the approval of another party to any matter, such party shall give notice to such other party requests such approval, specifying in such notice the matter as to which approval is requested and reasonable detail respecting such matter. If such other party has not



responded negatively to such notice within ten (10) days after receipt thereof (unless some other period is specified in this RM Agreement), such other party shall be deemed to have approved the matter referred to in such notice.

14.10 Further Instruments. Upon notice from Manager, Owner shall execute and deliver all appropriate supplemental agreements and other instruments and take any other action necessary to make this RM Agreement duly and legally effective, binding and enforceable as between the parties hereto and as against third parties.

(Signatures on following page)



IN WITNESS WHEREOF, this RM Agreement has been executed on the day and year first above written.

OWNER:

Entity name (if any): _____

By: _____

Printed Name: _____

Title: _____

By: _____

Printed Name: _____

Title: _____

Owner's Address for Notices:

Date Signed: _____

MANAGER:

Restaurant Sherpas LLC

By: _____

Printed Name: _____

Title: _____

Effective Date: _____



EXHIBIT I
STATE EFFECTIVE DATES

(See attached.)



State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Not Registered
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.



EXHIBIT K

RECEIPT



RECEIPT

(Franchisee's Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If M. H. Franchise Company Inc offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, M. H. Franchise Company Inc must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires M. H. Franchise Company Inc to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If M. H. Franchise Company Inc does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Michael Haith, 950 S. Cherry Street, Suite 850, Denver, Colorado 80246 and 303-997-0730

Issuance Date: April 1, 2020

I have received a Franchise Disclosure Document dated April 1, 2020 that included the following Exhibits:

- Exhibit A List of State Administrators and Agents for Service of Process
- Exhibit B Financial Statements
- Exhibit C Franchise Agreement
- Exhibit D Franchise Disclosure Questionnaire
- Exhibit E Operations Manual Table of Contents
- Exhibit F List of Current and Former Franchisees
- Exhibit G State Addenda and Agreement Riders
- Exhibit H Contracts for use with the Teriyaki Madness Franchise
- Exhibit I State Effective Dates
- Exhibit K Receipt

_____	_____	_____
Date	Signature	Printed Name

_____	_____	_____
Date	Signature	Printed Name

PLEASE RETAIN THIS COPY FOR YOUR RECORDS.



RECEIPT
(Franchisor's Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If M. H. Franchise Company Inc offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, M. H. Franchise Company Inc must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires M. H. Franchise Company Inc to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If M. H. Franchise Company Inc does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A.

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- Exhibit K Receipt

_____	_____	_____
Date	Signature	Printed Name

_____	_____	_____
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, and return it to
M. H. Franchise Company Inc, 950 S. Cherry Street, Suite 850, Denver, Colorado 80246.

