

FRANCHISE DISCLOSURE DOCUMENT



Bobapop LLC

A Maryland Limited Liability Corporation

312 Main Street, Suite 100

Gaithersburg, MD 20878

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The franchisee will operate a Bobapop Tea Bar franchise, which sell retail a variety of brewed teas, bubble teas, and potentially coffee, juices, smoothies, other hot and cold drinks and baked goods.

The total investment necessary to begin operation of a Bobapop Tea Bar franchised business is \$177,500 to \$389,500. This includes \$35,000 that must be paid to the franchisor or its affiliate(s). This is the total of all initial fees and payments for services or goods received from the franchisor and its affiliate before the business opens.

This disclosure document summarizes provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in the 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 Mr. Sam Lin at 312 Main Street, Suite 100, Gaithersburg, MD 20878; Telephone: (240)846-3168.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure to an advisor like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising such as “A Consumer 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: October 3, 2022, and as amended February 9, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
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 discretion. 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 Bobapop Tea Shop 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 Bobapop franchisee?	Item 20 or Exhibit D 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 your 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 State 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 may also 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 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 Maryland. 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 Maryland than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

NOTICE REQUIRED FOR PROSPECTIVE FRANCHISEES BY STATE OF MICHIGAN

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, according to the Michigan Department of Attorney General, Consumer Protection Division (the “Division”), the provisions are void and cannot be enforced against you:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided by the Michigan Franchise Investment Law. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee’s inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor’s intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This subsection 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 the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a

franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

- (i) The failure of the proposed transferee to meet the franchisor's then **current** reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market value or appraised value of such assets if the franchisee has breached the lawful provisions of the Franchise Agreement and has failed to cure the breach in the manner provided in subdivision (c) above.
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the Attorney General of Michigan does not constitute approval, recommendation, or endorsement by the Attorney General.

Any questions regarding this notice should be directed to:

Michigan Department of Attorney General
Consumer Protection Division
Franchise Section
PO Box 30213
Lansing, MI 48909
(517) 373-7117
www.michigan.gov/ag

NOTICE REQUIRED UNDER HAWAIIAN FRANCHISE LAW

THIS FRANCHISE 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 HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OR ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

NOTICE REQUIRED UNDER CALIFORNIA FRANCHISE LAW

OUR WEBSITE IS WWW.BOBAPOPDMV.COM. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

FRANCHISE DISCLOSURE DOCUMENT
TABLE OF CONTENTS

ITEM 1	THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES	12
ITEM 2	BUSINESS EXPERIENCE	14
ITEM 3	LITIGATION	14
ITEM 4	BANKRUPTCY	14
ITEM 5	INITIAL FEES	14
ITEM 6	OTHER FEES	15
ITEM 7.	ESTIMATED INITIAL INVESTMENT	19
ITEM 8.	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	22
ITEM 9.	FRANCHISEE’S OBLIGATIONS	24
ITEM 10.	FINANCING	25
ITEM 11.	FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	26
ITEM 12.	TERRITORY	32
ITEM 13.	TRADEMARKS.....	33
ITEM 14.	PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION	34
ITEM 15.	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	34
ITEM 16.	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	35

ITEM 17.	RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION	35
ITEM 18.	PUBLIC FIGURES.....	40
ITEM 19.	FINANCIAL PERFORMANCE REPRESENTATIONS	40
ITEM 20.	OUTLETS AND FRANCHISEE INFORMATION	41
ITEM 21.	AUDITED FINANCIAL STATEMENTS	43
ITEM 22.	CONTRACTS	43
ITEM 23.	RECEIPTS.....	44

EXHIBIT A - Agents for Service of Process and State Franchise Administrators

EXHIBIT B - Financial Statements

EXHIBIT C - Franchise Agreement

EXHIBIT D - List of Franchisees and Former Franchisees

EXHIBIT E - Specific State Disclosures

BOBAPOP LLC
FRANCHISE DISCLOSURE DOCUMENT

Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor is Bobapop LLC, which will be referred to as “Bobapop”, “we”, or “us”. The term “you”, or “Franchisee” means the person, corporation, limited liability company, partnership or other legal entity that is granted the Franchise (as well as the direct and indirect owners of any corporation, limited liability company, partnership, or other legal entity that becomes a Franchisee). We do not conduct any business activity other than franchising Bobapop Tea Shops.

We are a Maryland LLC, formed on June 29, 2017. Our principal place of business is 312 Main St #100, Gaithersburg MD 20878. We currently do business under the organizational name “Bobapop Tea Bar” and under the marks “Bobapop®,” and all other related marks. We do not do business or intend to do business under any other name. We did not have any predecessor during the 10-year period immediately before the close of our most recent fiscal year. We do not have a parent company. We do not have affiliates, except that our System Owner, Sam Lin, owns one Bobapop Tea Shop at the above address.

The Business We Offer

We possess technology, a management system, innovative product development, and knowledge in relation to a distinctive system relating to the development and operation of Bobapop Tea Shops (the “Tea Shops”) with product lines, distinctive fixtures, equipment, interior and exterior accessories, color scheme, inventory and bookkeeping system, which may be changed, improved, and further developed by us from time to time (the “Bobapop System”). The distinguishing characteristics of the Bobapop System include, for example, distinctive exterior and interior design, decor, color and identification schemes and furnishings; special menu items; standards, specifications and procedures for operations, distribution and delivery; quality of products and services offered; training and assistance; and marketing, advertising and promotional programs, all of which we may change, supplement, and further develop. We may periodically make changes to the System’s menu, standards, products, facility, signage, equipment and fixture requirements. You may have to make additional investments in your Franchise periodically during the term of the Franchise, particularly if those kinds of changes are made throughout the System or if your Tea Shop’s equipment or facilities wear out or become obsolete, or for other reasons. All Tea Shops must be developed and operated to our specifications and standards. Uniformity of products sold in Tea Shops is important, and you have no discretion in the products that you sell. Your Franchise may be limited to a single, specific location and we reserve the right to operate or franchise or license others who may compete with you for the same customers. We offer a Franchise to qualified individuals to own and operate a single Tea Shop at a location we approve, under the terms of our standard Franchise Agreement attached as **Exhibit C** (the “Franchise Agreement”). The Franchise Agreement sets out the detailed terms and conditions of the relationship. Under the Franchise Agreement, we grant our Franchisees the right (and they accept the obligation) to operate

one Tea Shop, selling, as we determine, tea-based beverages, coffee-based beverages, compatible food products, coffee and tea makers and related supplies, accessories and gifts we approve under the Bobapop System. There may be instances where we vary the terms to suit the circumstances of a particular situation. For each Franchise a separate Franchise Agreement must be signed. If you are an existing franchisee and desire to acquire another franchise, you must execute the form of General Release, attached as an exhibit to the Franchise Agreement, as a condition to your acquisition of an additional Franchise.

Competition

Your Tea Shop(s) will offer products and services to the general public throughout the year and compete with other beverage and food product service businesses. The Tea Shop is not seasonal. The market for your type of products and services generally is developed and very competitive in your geographic area. You can expect to compete in your market with locally-owned businesses as well as national and regional chains that sell similar products. The market for tea, coffee and similar drinks and baked goods, as well as related products, is well-established and highly competitive. Tea Shops compete on the basis of factors such as price, service, location, convenience and quality. Additionally, you may find that there is competition for suitable locations. Principal factors that will vary but that will impact our brand's competitive position are name recognition, product quality, variety, presentation, location, price and advertising. A Tea Shop's business may also be affected by other factors, such as changes in consumer taste, economic conditions, population, and travel patterns. You may also compete with other existing Tea Shops and with new Tea Shops that we may operate, franchise, or license in the future. Your competition may also include other outlets selling coffee, tea, and food items, grocery stores, convenience stores, and specialty coffee shops. We may grant selected Franchisees rights to distribute authorized products through special distribution channels through non-traditional units. A non-traditional unit is one located in an airport, hotel or resort, military installation, school or university campus, train station, subway station, casino, theme park, sports stadium, enclosed shopping mall or similar location that we may designate as a non-traditional unit.

Applicable Regulations

You must comply with all local, state, and federal laws and regulations that apply to any business in general, and in particular, all laws pertaining to pure food and beverages, employee and facility sanitation, wage and hour laws, and anti-discrimination laws (racial, religious, sex, gender, disability and age). We urge you to inquiries about these laws and regulations, including health (nutrition, menu labeling), sanitation, no smoking, EEOC, OSHA, discrimination, employment, data security and privacy, tax, and sexual harassment laws. The Americans with Disabilities Act of 1990 requires readily accessible accommodations for individuals with disabilities and that may affect your building construction, site design, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. You must also obtain real estate permits, licenses, and operational licenses. Federal, state and local laws and regulations also regulate businesses handling food and food products, in particular refrigerated and frozen food items, and these laws and regulations will apply to your business. Please also note that local city and county health departments reserve the right to inspect Tea Shops to ensure compliance with safe food handling practices and adequacy of kitchen facilities. Government contractor laws may also apply if your Tea Shop is located (or if, subject to

your Franchise Agreement, you are allowed to sell products) at military bases or other government facilities. For example, you may be required to comply with regulations such as government contractors' wage and hour restrictions, preparation and maintenance of written affirmative action plans, retention and access of records, special procedures for resolving contractual disputes, listing employment openings with state employment services, and termination of the contract for default or for the convenience of the government. You should carefully review these requirements with your attorney before entering into any government contracts.

Item 2.

BUSINESS EXPERIENCE

Managing Member and General Manager: Sam Lin. Mr. Lin has served as the General Manager for Bobapop Tea Bar located at 312 Main St #100, Gaithersburg, MD 20878 from 2021 to the present. From 2015 to the present, he has been the Chief Executive Officer of RLAH @Properties Real Estate, a real estate brokerage.

Member: Susan Hsu. Ms. Hsu has been an employee of Cornerstone Mortgage from 2013 to the present. She has been a Member of Bobapop Tea Bar from 2021 to the present.

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

Initial Franchise Fee

The initial franchise fee for a Bobapop Franchise is \$35,000. These initial fees are uniform for all single unit Franchisees. You pay the initial franchise fee in one lump sum when you sign the Franchise Agreement, less any deposit that you may have paid to us. The initial franchise fee is not refundable under any circumstances unless otherwise specified in the Franchise Agreement.

Training Fee

Before your initial training begins, you will pay us \$5,000 to cover our costs of an initial 5 day training program. We require this training only for your first Franchise location. You pay this training fee in one lump sum before the training begins, which is approximately five weeks before the projected opening date of the Franchise. You are responsible for all of your costs. The training fee is not refundable.

Item 6.

OTHER FEES

Type of Fee (1)	Amount	Due Date	Remarks
Royalty	2.5% of gross sales but 4% of gross sales of non-traditional units.	Monthly (the last day of each month from the date the Tea Shop opens for business).	“Gross Sales” includes all sales made by the Franchise (including off -premises sales), whether collected or not, but does not include sales tax.
Inventory of tea, powder, packaging materials, cups, and other items for resale	\$25,000 to \$35,000 per month, depending on sales volume	Upon Delivery	We will provide a list of required purchases from us or our designees. The list will include all teas, powders, packaging materials, cups, and other items for resale. Exceptions include fresh fruits and certain specific items such as disposable napkins
Relocation fee	\$5,000 plus expenses	When billed, before relocation	Any relocation is subject to our prior approval.

Insurance	Our actual costs of the premium for the period of coverage plus a 25% service charge	When billed	Payable if you fail to carry required insurance and we decide to purchase it for you (although we are not obligated to do so).
Unauthorized product or service fee	\$150 per day of use of unauthorized products or services	If incurred	
Costs and expenses to resolve customer complaints	Our reasonable costs and expenses	When billed	We may intervene to protect the brand or if we believe you have not adequately addressed or resolved any customer complaints.
Returned check/EFT fee	\$50 for each NSF or EFT returned	As incurred	This amount is in addition to the late payment fee and interest, plus past due amounts
Attorneys' fees and costs	Our actual costs	As incurred	Payable if we incur costs in obtaining injunctive or other relief for the enforcement of any term of the Franchise Agreement because of your default or threatened default under the Franchise Agreement.
Indemnification	Our actual costs	As incurred	You must reimburse us for our costs, fees, damages, and other expense and losses for claims against us involving your

			business operations, including our reasonable attorneys' fees.
Audit Fee	Our actual costs of the audit	As incurred	You must pay this to us if you understate your gross income by 2% or more and we discover it.
Health and Safety Fee	Our costs plus 25%	As incurred	You must pay this if you do not cure correctly and timely all health and safety violations.
Transfer Fee	\$5,000	As incurred	You must pay this to us as one of the conditions of our approval of a transfer of your franchise.
Renewal Fee	The greater of \$10,000 or 25% of the then-current franchise fee	As incurred	You must pay this as one of the conditions for renewal.
Replacement Operating Manager Fee	Our costs and expenses	As incurred	You must reimburse us if we believe it advisable to appoint a replacement Operating Manager whom we compensate because of the insufficiency of current management.
Repair Fee	Our costs and expense	As incurred	You must reimburse us for all costs and expenses we pay to make repairs and upgrades to your Tea Shop if you fail to do

			so as required.
Dishonored Check Fee	\$50	As incurred	If any required payment you make to us is rejected by your bank because of insufficient funds, you will pay us \$50 for each occurrence.
Failure to Report	120% of the Royalty and Marketing Fee last reported.	As incurred	For each late report and for each week or portion of a week past the due date you fail to report your Gross Sales for any period, we may debit your account for 120% of the Royalty and Marketing Fee based on your Gross Sales that you last reported to us,. After we have determined the correct Gross Sales for such a period, we will debit your account for any shortfall or credit your account against future payments if the amount paid exceeds the amount owed.
Failure to Open Fee if Franchise Fee was Deferred by Operation of Law	\$5,000.00	Immediately upon your failure to open the franchise.	If your franchise fee payment to us is deferred by operation of law until the opening of your franchise, but you do not open the franchise, you will pay us immediately \$5,000 for our efforts, time and expense on

			your behalf as liquidated damages and not as a penalty
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All fees described in this Item 6 are imposed by and payable to us and are non-refundable. We may offer a negotiated royalty rate and marketing fee to multi-unit owners. We impose all other fees described in this Item 6 uniformly for all Franchisees. We have no intention to reduce any of these fees for any prospective Franchisee, although we reserve the right to do so at our sole discretion on a case-by-case basis. Fees stated as dollar amounts may be increased from time to time to reflect increases in the Metropolitan Area Consumer Price Index for All Urban Consumers from the date of the relevant Franchise Agreement, as published by the U.S. Department of Labor, or a successor index.

Item 7.

ESTIMATED INITIAL INVESTMENT

Franchise Agreement Estimated Initial Investment

Type of Expenditure	Amount	Method of Payment	When Due	To Whom the Payment is to be made
Initial franchise fee (Note 1)	\$35,000	Lump Sum	When you sign the Franchise Agreement	Us
Training fee (Note 2)	\$5,000	Lump Sum	When you sign the Franchise Agreement	Us
Advertising fee (Note 3)	\$5,000	Lump Sum	When you sign the Franchise Agreement	Bobapop International Trade Company
Basic equipment package (Note 4)	\$6,500 to \$11,500	Lump Sum	As incurred	Bobapop International Trade Company

Other equipment, furniture, signage	\$30,000 to \$40,000	As Agreed	As incurred	Approved suppliers or other independent suppliers
Computers, printer, fax, and other hardware and business software (Note 5)	\$2,500 to \$5,000	Lump Sum	Before initial training	Approved suppliers or other independent suppliers
Prepaid rent and security deposit (Note 6)	\$5,000 to \$40,000	As Agreed	As incurred	Landlord
Leasehold improvements and architectural costs (Note 7)	\$40,000 to \$150,000	As Agreed	As incurred	Landlord and independent contractors
Interior design (3D rendering of shop)	\$3,500 to \$5,000	As Agreed	As incurred	Designer or architect
Initial inventory of tea, powder, cups, menu boards, and packaging materials	\$25,000 to \$55,000	Lump Sum	In advance, as incurred	Bobapop International Trade Company and other approved suppliers depending on the item.
Insurance – liability and workers compensation – initial deposit (Note 8)	\$5,000 to \$20,000	As Agreed	As incurred	Carrier
Legal and accounting fees (Note 9)	\$5,000 to \$6,000	As Agreed	As incurred	Independent professionals
Additional funds (Note 10) First 60 days.	\$10,000 to \$20,000	As Incurred	As incurred	

Total (Note 11)	\$177,500 to 389,500			
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Note 1: The initial fee is not refundable.

Note 2: We require initial training only when you open your first Bobapop Franchise. This fee is not refundable.

Note 3: Payable to Bobapop International Trade Company. This is payable for your first Tea Shop. This represents the costs of activities for marketing and advertising before your Franchise is open and during the grand opening phase. We will help to guide you through this process in our discretion. All strategies and actions taken and materials used must be approved by us in advance and must be consistent with our Operations Manual.

Note 4: This payment is not refundable.

Note 5: See item #11 for information concerning the required computer, software and point of sale systems

Note 6: The actual amount you pay under the lease will vary depending on the size of the annual rent, your ability to negotiate with the landlord and the prevailing rental rates in the geographic area of the shop. The size of a Bobapop Tea Shop is between 800 and 1,500 square feet.

Note 7: The cost of leasehold improvements will vary as a function of (i) the size and configuration of the premises; (ii) pre-construction costs (e.g., demolition of existing walls and removal of existing improvements and fixtures) based on the condition of the premises; (iii) the availability and prices of materials; (iv) prices of labor and price differences among contractors; and (v) geography and the location of the premises.

Note 8: You must obtain and maintain during the term of your Franchise Agreement, at your expense, a comprehensive business insurance program, including property, commercial general liability, automobile liability, business property, umbrella, worker's compensation, employment practices liability and cyber liability. The types and minimum amounts of insurance coverage that we currently require are described in the Franchise Agreement but are subject to change. Your cost of insurance will vary depending on your location, the claims experience of commercial businesses in your area, and your prior insurance claim experience. You should be aware that this cost may increase in the future if we exercise our right to require you to obtain insurance with higher policy limits.

Note 9: Your attorney should review the Franchise documents and the lease and may also assist you in forming an entity to be the Franchisee.

Note 10: These amounts are our estimate of the amount needed to cover your expenses for the start-up phase of your business. They include payroll, utilities and telephone service, and other costs. They are based on our experience in operating a Bobapop Tea Bar. The additional funds amount covers 60 days.

Note 11: These figures are estimates. We cannot assure you that you will not have additional expenses in starting the Franchise. These amounts do not include any estimates for debt service. These amounts may vary and may be higher or lower than the estimations, depending on location, size of the Tea Shop, leasing terms, market conditions and other factors.

Item 8.

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must obtain all products and services for your Franchise from us or from suppliers we designate unless we do not specify a supplier for a product or service. We will furnish you with a list of suppliers sufficiently in advance of your needs. Among them are Avalon Global Management, Troika J.C. Ind. Dbq Qbubble, Humankind Beverage LLC (who supplies the Monin product), Bobapop International Trade Company, and others. We are not a supplier. No Franchise officer owns an interest in any supplier. We have no purchase arrangements with suppliers and receive no consideration as a result. We derive no revenue, rebates, or other material consideration based on the required purchases or leases. We do not negotiate purchase arrangements with suppliers for the benefit of franchisees. We do not provide material benefits (including, for example, renewal or granting additional franchises) to a franchisee based on the franchisee's purchase of particular products or services or use of designated or approved suppliers. **There are no** purchasing or distribution cooperatives. We do not negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees.

During the term of this Agreement and any renewal, you will obtain and maintain, at your own expense, an insurance policy or policies protecting you against any demand or claim with respect to personal and bodily injury, death, or property damage, or any loss, liability, or expense arising or occurring upon or in connection with the operation of the Franchised. Such policy or policies must:

- be written by an insurer licensed and admitted to write coverage the state in which the Franchised Business is located and with a rating of "A" or better as set forth in the most recent edition of Best's Key Rating Guide;
- be primary coverage without right of contribution from any general liability policy or auto liability policy or from any insurance of ours;
- include the name Bobapop LLC, and Bobapop International Trade Company as additional insureds;
- be provided on an Additional Insured Grantor of Franchise Endorsement form

CG2029 (or an endorsement form with comparable wording acceptable to us; and

- comply with our written requirements at the time such policies are obtained and provide at least the types and minimum amounts of coverage specified below or as described in our written notice to you.

Your obligation to obtain and maintain such insurance will not be limited in any way by reason of any insurance that we may maintain.

Minimum Coverage. The policies referred to in Section 6.3.1 must include at least the following:

- “all risk” or “special” property insurance covering all real and personal property and equipment on a replacement costs basis, including business interruption and extra expense insurance;
- comprehensive general liability insurance, including products and completed operations, in an amount of not less than the following combined single limits: \$2,000,000 per occurrence, \$2,000,000 personal and advertising injury, \$2,000,000 completed operations/products aggregate, \$2,000,000 aggregate per location;
- employment practices liability coverage with a limited \$100,000 per occurrence and in the aggregate;
- automobile liability coverage, including coverage of owned, non-owned, rented or hired vehicles with coverage in amounts not less than \$1,000,000 combined single limit; and
- worker’s compensation insurance for statutory limits and employer’s liability insurance in an amount not less than \$1,000,000.

You must purchase your point of sale system from “Toast”. Aside from the point of sale system, we do not specify the brand or model of computer or printers you must use, but any computer you use must be compatible with Toast and meet our specifications, and we may specify brands or models in the future. Your printer or printers must have the ability to print customer receipts at the point of sale and stickers for use on cups to identify the beverages being served. You may obtain the computer equipment from any vendor so long as the vendors meet our requirements. Your systems must be Internet-connected via broadband at all times and interfaced with our system to enable us to electronically access your daily receipts figures from our headquarters at any time. In other words, we will have independent access to the information generated and stored in your cash register or computer systems. There are no contractual limitations on our right to access this information. Our current point of sale provider is “Toast”. You will pay “Toast” its fee for such a license.

You must also be equipped to accept online ordering payments using the “Toast” system. We do not require that you engage any other third party vendor to maintain your computer system. But if you do, any updates or upgrades will be at your expense. The cost of maintaining, updating or

upgrading your computer system or its components in addition to the point-of-sale maintenance might range from nothing to as much as \$2,000 in any year. It will depend on local costs of computer maintenance services in your area and technological developments that we cannot predict. We may also require upgrades in accordance with the terms of the Franchise Agreement. There is no limitation on the frequency or cost of such upgrades. The cost of the required computer, point of sale system and printer is approximately \$3,000.

We will consider approval of other designated suppliers if you submit the name(s) with evidence of their fitness. You must pay \$1,000 to us when you seek approval of an additional supplier, for each such supplier. We will notify you within twenty days if we approve. A failure to respond by us within 30 days of receipt from you constitutes a disapproval.

The estimated proportion of required purchases and leases by you from us or our designated supplier of all your purchases and leases is 65%.

Item 9.

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	1.2 and Lease Addendum	Item 11.
b. Pre-opening purchases/leases	1.2, 1.3, 2.3.2	Items 8 and 11
c. Site development and other pre-opening requirements	1.2	Item 11
d. Initial and ongoing training	1.5	Items 6, 7 and 11
e. Opening	1.2, 1.4, 1.6, 1.7	Item 11
f. Fees	2.1	Items 5, 6, 7, 11 and 17
g. Compliance with standards and policies/Operating Manual	1.4-1.8	Items 8, 11 and 17
h. Trademarks and proprietary information	3.1, 3.2	Items 13 and 14
i. Restrictions on products and services offered	1.3	Items 8 and 16

j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Not Applicable	Not Applicable
l. Ongoing product/service requirements	1.3	Items 8 and 16
m. Maintenance, appearance, and remodeling requirements	1.6	Item 11
n. Insurance	6.3	Item 6,7 and 8
o. Advertising	1.7-1.8	Items 6, 11 and 12
p. Indemnification	6.2	Item 6
q. Owner's participation/management/staffing	1.5	Item 11 and 15
r. Records and reports	2.1, 2.2	Item 6
s. Inspections and audits	2.2	Items 6 and 11
t. Transfer	4.1	Item 17
u. Renewal	5.1	Item 17
v. Post-termination obligations	5.2, 5.3	Item 17
w. Non-competition covenants	3.3	Item 17
x. Dispute resolution	7.1-7.14	Item 17
y. Other-Guarantee of Franchisee obligations	1.1.7 and Guarantee Exhibit	Item 15

Item 10.

FINANCING

We do not offer direct or indirect financing for any amount due under the Franchise Agreement. We do not guarantee your note, lease, or any other obligation.

Item 11.

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

Except as listed below, we are not required to provide you with any assistance. Before you open your Franchise, we will provide the following assistance:

1. We review site proposals you submit to us and approve, reject, or provide comments to you regarding each proposal. We do not own locations and lease them to Franchisees. But we may assign our own lease of a location to you or sublease the space to you. We may review the proposed lease to be sure that it allows us certain rights in the event of your default.
2. We provide you with our requirements for site development, including dimensions, design, image, interior layout, décor, equipment, fixtures, furnishings, and signs. We may require you to use specific suppliers for the floor plan and three-dimensional rendering of your Bobapop Tea Shop. We review, comment on, and approve your final plans and specifications when they are satisfactory to us, and we consult with you on the construction and equipping of the Tea Shop. You are responsible for construction and conforming the premises to local ordinances and building codes, and for obtaining required permits. We may make a final inspection of the Tea Shop after you complete its construction. We may require any corrections and modifications we deem necessary to bring the Tea Shop into compliance with accepted plans, equipment, designs, and specifications.
3. You must operate your Tea Shop in accordance with our confidential Operations Manual. We will make the Manual available to you together with supplementary materials we determine. We may revise the Manual and materials periodically. The Manual and these materials are confidential and remain our property. You may use them only in connection with your Franchise. The Table of Contents for this Operations Manual is as follows:

Business Concept - 1 page
Uniform & Appearance Regulation - 1 page
Work-Safe and First Aid with Burns - 4 pages
Service Process Management- 2 pages
Store Opening & Closing - 4 pages
Cashier Training & Duties - 2 pages
Barista Training & Duties - 2 pages
Shift Manager Training & Duties - 2 pages
Process for Phone Order & Delivery - 1 page
Dealing with Customer Complaints - 2 pages
SOP for Maintenance and Cleaning - 6 pages
Tea & Topping Preparation - 2 pages
Blender Operation - 1 page
Tea Espresso Operation - 1 page
Sugar Dispenser Operation - 1 page
Sealing Machine Operation - 1 page

Induction - Stove Operation - 1 page
Measures for Irregular Situation - 3 pages

4. We provide to you a list of our approved products, equipment, and suppliers.
5. We provide an initial 5 day training program for your Managing Owner and a second person, as explained below in this Item 11. We charge a \$5,000 fee for this training for two people. If you are required or wish to have additional personnel trained at a later time, we may charge our fees, currently \$180 per day per person, plus reimbursement for our expenses.
6. We provide at our discretion approximately two weeks (80 hours) of on-site pre-opening and opening training, supervision, and assistance at your Tea Shop.
7. At our discretion we provide you with advertising guidelines and promotional guidelines for your public relations and advertising.
8. We provide such other assistance and support as we may deem necessary or desirable to assist you with the launch of your Bobapop Franchise.

During Operation

During the operation of the Franchise, we will provide the following assistance:

1. We amend and revise the manual periodically.
2. We provide refresher courses from time to time. We do not charge for refresher courses that we require your personnel to attend, but you must pay the travel and living expenses and the salaries of your personnel. We also provide training for additional and replacement managers and other employees who have not completed the initial training program, at your expense.
3. We conduct operational reviews and other quality control measures at such times as we choose to ensure compliance with our standards and to recommend improvements.
4. We provide standards and lists of approved suppliers for your use in the acquisition of equipment, inventory, materials, supplies and furnishings for your Tea Shop.
5. As we deem appropriate, we create, develop, furnish, and/or place advertising and promotional programs designed to promote and enhance all Bobapop Tea Shops and, if we deem necessary, test marketing and market research activities, for the benefit of the Bobapop Franchise System.
6. We maintain a website to advertise and promote the Bobapop System. Your location will be included in a list of Bobapop Tea Shop locations on the Bobapop website.

7. Our representatives will be available at reasonable times to you for consultation by telephone concerning all aspects of operating the Franchise, upon reasonable notice, including the institution of proper administrative, bookkeeping, accounting, inventory control, supervisory and general operating procedures for the effective operation of a Franchise. We may charge you a reasonable fee for providing on-site assistance at your request.

8. We provide such other assistance and support as we may deem necessary or desirable to assist you in connection with the operation of the Franchise. Operations assistance may consist of advice and guidance in the form of a Franchise newsletter or internet postings on our Franchisee website and other updates and written materials. We are not obligated to assist you in establishing prices at which you must sell products and services.

Advertising

We do not have an obligation to conduct advertising, whether local, regional or national.

We require you to pay Bobapop International Trade Company a marketing fee in the amount of \$5,000 upon the initiation of your Franchise. This is not a recurring fee. Bobapop International Trade Company is the source of the advertising. No advertising funds will be used to solicit new franchise sales. Bobapop International Trade Company helps create seasonal posters, menu updates and product design. The marketing fee may be used to pay the costs of producing video, audio, and written advertising materials, administering national and regional advertising and engaging advertising, promotion, and advertising agencies to assist us, website development and maintenance, toll-free telephone costs, and supporting public relations, market research and other advertising, promotion, and marketing activities. Such advertising may use any form of media, including direct mail, print ads, radio, and television. You must participate in all promotional campaigns, advertising, loyalty programs, and other programs we may periodically establish or approve, whether on a national, regional, or local basis. We have established a customer loyalty program using the stamp card or electronic loyalty program via Toast. You must participate in at least one of the two programs. You may obtain an accounting of these advertising funds by requesting that in writing from us and we will facilitate your receiving it from Bobapop International Trade Company. It is not audited. There were no funds received in the most recently concluded fiscal year, nor previously.

Local Advertising

We do not require you to engage in any local advertising or to spend any minimum amount of money on local advertising. You may develop local advertising materials for your own use, at your own cost, following advertising criteria that we establish. We must approve the advertising materials in advance. We will endeavor to approve or disapprove the advertising materials within 15 days after we receive it from you.

Website

We maintain a System website, and we may establish other websites, to advertise, market and promote the Bobapop Tea Shops and the Bobapop Franchise opportunity. We maintain the System website. We may use the loyalty fee to develop, maintain and update those parts of the System website that promote the Bobapop Tea Shops. We may also maintain an extranet or portal for Bobapop Franchisees where we post best practices, resource materials, training materials, financial benchmarking information and other information of value to Franchisees. We may also use this portal to give you access to a customized software system for reporting and related operational functions, which we may revise and develop from time to time. We must approve all Internet advertising you do. We will endeavor to approve or disapprove such advertising within 5 days after we receive it from you.

Site Selection

You are responsible for selecting the site for your Franchise. You must independently evaluate and investigate the proposed site, and not rely upon us. We must approve the site before you enter into lease negotiations. We may take as long as 60 days to approve the site. Our failure to agree with you on a site or to reach agreement in a timely manner can result in your inability to open the shop for business within the required ten months after the date of your Franchise Agreement, which can result in the termination of your agreement. If so, there will be no refund of the franchise fee. The site will be indicated in Addendum A of the Franchise Agreement. In evaluating the site, we may inspect the site and we may consider a variety of factors, including lease obligations, demographic characteristics, traffic patterns, parking, character, and attractiveness of the neighborhood, competing outlets and the proximity to other Bobapop Tea Shops. You will be solely responsible for negotiating and complying with the terms of the lease. We must review the lease before you sign it to ensure that our minimum lease requirements have been met. We may condition our approval of the lease upon inclusion in the lease of the lease addendum. We are not responsible for review of the lease for any terms other than those contained in the lease addendum. You should consult with an attorney who is experienced in reviewing retail leases. We recommend that you sign the lease (or site purchase agreement) shortly after we sign the Franchise Agreement. You must submit a copy of the signed lease or site purchase agreement to us after both parties sign. You may not relocate your franchised Bobapop Tea Shop without first obtaining our written consent. We will consider both the reasons for your requested relocation and the attributes of the proposed new site. Relocation will require a new build-out, renovation to the current standards and design, lease modification, Franchise Agreement changes and a fee to cover our costs and expenses.

Time of Opening

We estimate that the time from the signing of the Franchise Agreement or the first payment of any amount to us and the opening of your Franchise will be approximately six to eight months. This time may be shorter or longer depending on the time necessary to negotiate the lease and obtain financing and the permits and licenses for the construction and operation of the shop. This time may also depend on the time required to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules, Covid-19 related delays and other similar factors. We may terminate the Franchise Agreement if you do not open the shop for business

within ten months after the date of your Franchise Agreement. There will be no refund of the franchise fee.

Computer and Point of Sale Systems

You must purchase your point of sale system from “Toast”. Aside from the point of sale system, we do not specify the brand or model of computer or printers you must use, but any computer you use must be compatible with Toast and meet our specifications, and we may specify brands or models in the future. Your printer or printers must have the ability to print customer receipts at the point of sale and stickers for use on cups to identify the beverages being served. You may obtain the computer equipment from any vendor so long as the vendors meet our requirements. Your systems must be Internet-connected via broadband at all times and interfaced with our system to enable us to electronically access your daily receipts figures from our headquarters at any time. In other words, we will have independent access to the information generated and stored in your cash register or computer systems. There are no contractual limitations on our right to access this information. We have independent access to information generated and stored in these systems. Our current point of sale provider is “Toast”. You will pay “Toast” its fee for such a license.

You must also be equipped to accept online ordering payments using the “Toast” system. We do not require that you engage any other third party vendor to maintain your computer system. But if you do, any updates or upgrades will be at your expense. The cost of maintaining, updating or upgrading your computer system or its components in addition to the point-of-sale maintenance might range from nothing to as much as \$2,000 in any year. It will depend on local costs of computer maintenance services in your area and technological developments that we cannot predict. We may also require upgrades in accordance with the terms of the Franchise Agreement. There is no limitation on the frequency or cost of such upgrades. The cost of the required computer, point of sale system and printer is approximately \$3,000.

Training Program

Before you sign the Franchise Agreement, we require you to designate the Managing Owner, who will supervise the operation of the business and be the primary person who will represent your company in your dealings with us. The Managing Owner must be an owner of an equity or voting interest in excess of 50% of your Franchise whom we approve. If you are a sole proprietor, you are the managing owner. We also ask you to designate an Operating Manager who will devote his or her full time and attention to the management of the day-to-day operation of the business. The Managing Owner and Operating Manager may be the same person. Before you open your franchised shop for business, we require your Managing Owner and Operating Manager to attend and complete our initial 5 days training program to our satisfaction. We conduct this training at the Gaithersburg location or at your site. We charge an initial training fee of \$5,000 before you open your first Bobapop Tea Shop. You must also pay the compensation and travel, lodging and meal expenses of those who attend. If your managing owner or the second person who attends initial training does not satisfactorily complete the initial training program or if we determine that such

person cannot satisfactorily complete the training program, you will be required to designate a replacement to satisfactorily complete the training. If your Bobapop Tea Shop has been operating and your Managing Owner ceases active management or work at your business, then a replacement Managing Owner acceptable to us must be appointed and trained to our satisfaction within 30 days. We will charge an additional fee of \$180 per day per employee plus travel and living expenses for our personnel if we provide any training at your request that is not mandatory. We do not charge for training related to the introduction of new or updated products, classes, methods or procedures, or for refresher courses or other mandatory training unless we require training because your personnel are not meeting our standards. If any review indicates noncompliance with any system standards or if we receive negative customer feedback, we may require previously trained and experienced managers and employees to attend refresher training courses at such times and locations as we designate, and we may send our personnel to your Franchise for training. In these cases, we may also charge a fee, currently \$180 per day per employee plus travel and living expenses for our personnel. When we do not charge for training, you must nevertheless pay the travel and living expenses and salaries of your personnel who attend. Refresher courses will take place at the Gaithersburg location or on site at your location. The duration, frequency and content of the refresher courses may be similar to the initial training program described below. We conduct initial training approximately five weeks before the projected opening date of your Franchise and it must be completed at least three days before the opening date. Scheduled refresher training will be available before the opening date. Initial training programs will be offered at various times during the year depending on the number of new Franchisees entering the system, the numbers of replacement personnel who need training, delays related to Covid-19, and the timing of the scheduled openings of Bobapop Tea Shops. The instructional materials consist of our Manual and other materials we prepare for this program, including videos, advertising materials and detailed protocols, checklists, and reports.

The instructors are Sam Lin, the owner of the Franchise System and Susan Hsu, who has over 5 years of experience in operating a Bobapop Tea Bar. The training schedule is as follows:

TRAINING PROGRAM

Training Day	Subject	Hours of On-The-Job Training	Location
#1	Introduction/Overview	1-2	Gaithersburg, MD
#2	Ordering/Kitchen Workflow & Processes	4-6	Gaithersburg, MD or Franchisee location
#3	Drink Making Process	4-6	Gaithersburg, MD or Franchisee location
#4	Drink Making Process (Cont.) & Topping Preparation	4-6	Gaithersburg, MD or Franchisee location
#5	Drink Making Process (Cont.) & Topping Preparation.	4-6	Gaithersburg, MD or Franchisee location

	Management/Supervisor Training		
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Item 12.

TERRITORY

Franchise Agreement

You will receive a territory for your Franchise. 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. The size of the territory for a standard Bobapop Tea Shop will range from a radius of 5 city blocks or one-half mile, whichever is less, in urban areas, to a radius of one mile in suburban areas. Your Territory will be delineated by counties, zip codes, boundary streets or highways, or it may be a half-mile or mile radius from your franchised shop. You maintain rights to your area even though the population increases. There are no other circumstances that permit us to modify your territorial rights. If you purchase a Franchise for a standard unit, we retain the right to establish Bobapop Tea Shops in non-traditional venues such as airports, hotels and resorts, military installations, school and university campuses, train stations and subway stations, casinos, theme parks, sports stadiums, shopping malls and similar locations that we designate as non-traditional venues, within or outside your territory. Because we have the right to establish Bobapop Tea Shops in non-traditional venues, your standard unit Franchise will not be exclusive except that, if you are not in default, we will not establish another traditional Franchise or company operation in your territory. That is the sole restriction on our soliciting or accepting orders in your territory. You may operate delivery service within your territory or arrange for such service with a third-party service provider such as Uber Eats, Grubhub, DoorDash, Postmates or another delivery service company prescribed or approved by us. You may also offer take-out and catering service to customers in your territory. Such sales will be included in gross sales for all purposes, including your reports and royalties. You may not market or sell outside of your territory in any manner or do any Internet advertising without our prior written approval, which we may withhold at our discretion. You may promote the business through social media and similar means as long as such promotion is consistent with guidelines we issue from time to time.

We retain the right, without payment to you, to sell products under the BOBAPOP trademark to grocery shops, supermarkets, and other channels of distribution at any time, and to customers anywhere through our website. In the event that we merge with, acquire, or are acquired by another company that competes with us, we reserve the right to offer and sell and authorize others to offer and sell competing products and services under any other names and marks while your Franchise Agreement is in effect. You do not receive the right to acquire additional Franchises or to establish or operate another Bobapop Tea Shop business unless you enter into a separate Franchise Agreement with us. There is no minimum sales quota.

If you need to relocate the Site, you must submit to us a written proposal identifying for our approval at least one potential Site in the Territory, in the format we require, together with any

other information we request. Following receipt of your written site proposal, we may make an on-site visit to the proposed Site at our expense if we believe that such a visit is necessary or desirable, although we are not required to make an on-site visit. We do not charge for the initial on-site evaluation, but we may charge for each additional on-site evaluation a reasonable fee plus our reasonable costs. In evaluating potential sites, you agree to consider our site selection criteria, which we will provide to you at your request. We will not unreasonably withhold or delay our approval of any site that meets our standards. Relocation will require a new build-out, renovation to the then current standards and design, lease modification, Franchise Agreement changes and a fee to cover our costs and expenses.

There are no options, rights of first refusal or similar rights to acquire additional franchises.

Item 13.

Trademarks

Mark	Registration No.	Registration Date	United States Patent and Trademark Office/ Principal or Supplemental Register
	6134624	August 25, 2020	Principal

All required affidavits have been filed for each of these trademarks.

There are presently no effective determinations by the USPTO, Trademark Trial and Appeal Board, the trademark administrator of any state or any court, of any pending infringement, opposition, or cancellation proceedings, or any pending material litigation involving our trademarks. There are no agreements currently in effect which significantly limit our rights to use or license the use of our trademarks in any manner material to the franchise except in the state of Washington, nor are there any prior or superior rights or infringing uses actually known to us which would materially affect your use of the trademarks.

We have no affirmative obligation to preserve and protect the ownership and validity of our trademarks. However, we will take all steps that we deem reasonably appropriate. Any decision to protect your right to use these trademarks or to protect you against claims of infringement shall be made by us. Should we elect to protect the trademarks or protect you against claims of infringement, we will control any administrative proceeding or litigation involving a trademark licensed by us to you. If litigation involving our trademarks is filed or threatened against you, or you become aware of any infringement by a third party, you must tell us promptly and cooperate with us fully in pursuing, defending or settling the litigation. We will have no obligation to defend or indemnify you for your expenses or damages if the claim against you relates to your use of the trademarks in violation of the Franchise Agreement.

You must sign all documents requested by us or our counsel that are necessary to protect our trademarks or to maintain their validity and enforceability. We may substitute different trademarks to identify the business conducted under the BOBAPOP TEA SHOP System if we can no longer use or license the trademarks, or if we decide that substitution of different trademarks is good for the business.

If that happens, you must make the modifications required by us within a reasonable time after you are notified that we have decided to substitute different trademarks to identify your Franchised Business. We shall have no liability or obligation whatsoever with respect to your modification or discontinuance of the Marks. You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

Your Franchise Agreement provides that any use of our trademarks that is not authorized is an infringement. You may not use our trademarks as part of your corporate or other legal name without our consent.

Item 14.

Patents, Copyrights, and Proprietary Information

There are no patents or pending patent applications that are material to the Franchise.

Although we have not filed applications for copyright registration, we claim common law copyrights on our published maps, and in addition we assert trade secret and copyright protection for our Bobapop Operations Manual and training materials. The Bobapop Operations Manual and training materials are our property. The Operations Manual and is being loaned to you during the term of your Franchise Agreement. You must keep the information in these documents confidential and current at all times, kept it in a secure place, not disclosed it to anyone else, and used only in connection with your Franchise. These must be returned immediately to us at the conclusion of your Franchise.

In addition, any recipes or innovations of any sort created by you or by any of your employees or agents in connection with your Franchise are our sole property and subject to the non-disclosure and confidentiality provisions of the Franchise Agreement. You assign and transfer to us all rights, title and interest you have in any of the above.

Item 15.

Obligation to Participate in the Actual Operation of the Franchise Business

Your Operating Manager must devote his or her full time, attention and effort to the Franchise and provide direct, day-to-day supervision of the operation. The Operating Manager may not take on other business responsibilities that would be inconsistent with the operational requirements of the Franchise or contrary to its best interest. Your Managing Owner is responsible for overseeing and supervising the operation of the Franchise, but we do not require your Managing Owner to devote his or her full time to the Franchise unless the Managing Owner is also the Operating Manager. The Managing Owner and Operating Manager may be the same person. Before your Bobapop Tea Shop opens for business, we require that your Managing Owner and Operating Manager attend and

complete our initial training program to our satisfaction. If at any time your Bobapop Tea Shop is not being managed by an Operating Manager who has attended and completed our initial training program to our satisfaction, we are authorized, but not required, to appoint a manager to maintain operations on your behalf. Our appointment of a manager does not relieve you of your obligations under the Franchise Agreement. We will not be liable for any debts, losses, costs, or expenses incurred during any period in which we manage the Franchise. We have the right to charge a reasonable service fee for such management services, and we may cease providing such services at any time. Each owner of 20% or more of your Franchise company must sign a guaranty and assumption of obligations in a form acceptable to us. We may also require the spouse of any signatory to sign, at our discretion. Any breach of this guaranty by any such owner or spouse will be deemed a breach of this Agreement. Each manager of your Franchise and each person who receives training from us or otherwise has access to our confidential information who has not signed the guaranty described in the preceding paragraph must sign a written confidentiality and noncompetition agreement with your company in a form acceptable to us. Any breach of such undertaking by any such person will be deemed a breach of the Franchise Agreement.

Item 16.

Restrictions on What the Franchisee May Sell

We require you to offer and sell only those goods and services that we have approved. You must offer all goods and services that we designate as required for all Franchisees. You must obtain our permission to offer any goods and services that we have not approved. You may not engage in any business activities that compete with the services offered by us.

We have the right to add additional authorized services and merchandise, or to delete existing ones. There are no limits on our right to do so in the Franchise Agreement, although changes are subject to applicable law.

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	Sections in the Franchise Agreement (“FA”)	Summary
a. Length of Franchise term	FA: Section 5.1.1	FA: Five years, or the end date of your lease if it is for a shorter period of time.

b. Renewal or extension of the term	FA: Section 5.1.2	FA: Upon expiration of the initial term, you may renew for a term equal to the term of your renewal lease, but not more than 5 years. At the expiration of the second five-year term, you may renew for a third 5 year term, provided we are offering Franchises.
c. Requirements for you to renew or extend	FA: Sections 2.1.7 and 5.1.2	FA: Notify us of your desire to renew 12 months before the end of the term; repair and update equipment and premises; and sign a new Franchise Agreement which may contain materially different terms and conditions than your original Franchise Agreement. We require you to sign a release of us and our personnel. You must also pay a renewal fee, which will not exceed the greater of \$10,000 or 25% of the then-current initial franchise fee.
d. Termination by you	FA: Section 5.2.1	FA: You may terminate if we materially breach the Franchise Agreement and fail to cure within sixty days (or longer if we believe more time is reasonably needed) after written notice from you specifying the alleged breach in detail. You may also terminate the Agreement on any grounds available by law
e. Termination by us without cause	FA: Not applicable	
f. Termination by us	FA: Sections 5.2.2 and	FA: We can terminate if you default (breach),

with cause	5.2.3	including, without limitation, if any other agreement between us and you or any of your affiliates is terminated due to a breach by you or your affiliate.
g. "Cause" defined defaults that can be cured	FA : Section 5.2.3	FA: You have 30 days to cure breaches other than non- curable breaches described in Provision "h" below. See also Provision "f" above.
h. "Cause" defined non-curable defaults	FA: Section 5.2.2	FA: Misrepresentation to us; failure to successfully complete training; failure to open the business within the required time; unauthorized disclosure of confidential information; unauthorized use of Marks; attempted transfer of Franchise without our approval; failure to pay taxes; failure to maintain insurance; criminal conviction; bankruptcy or insolvency; abandonment of the business; default under another Bobapop Franchise Agreement; damage to our goodwill. Termination upon your bankruptcy may not be enforceable under federal bankruptcy law. See also Provision "f" above.
i. Your obligations on termination/non-renewal	FA: Section 5.3	FA: Obligations include complete deidentification, including without limitation cessation of use of our name and Marks, return of Manuals and training materials, cessation of use of all our

		proprietary information, adherence to non-competition requirements, and payment of all amounts due. (See also Provision “r” below.)
j. Assignment of contract by us	FA: Section 4.1	FA: No restriction on our right to assign.
k. “Transfer” by you — defined	FA: Section 4.2.2	FA: Includes transfer of contract or assets or ownership change.
l. Our approval of a transfer by you	FA: Section 4.2	FA: We may withhold our approval to a transfer unless the conditions in Provision “m” below have been met.
m. Conditions for our approval of the transfer	FA: Sections 4.2	FA: The transferee meets our criteria for Bobapop Franchisees; you are in full compliance; \$5,000 transfer fee is paid; transferee signs newest form of Franchise Agreement; you acknowledge and observe continuing confidentiality and noncompete requirements; new manager is trained; we approve the terms of the transfer; you release us and notify us of the closing.
n. Our right of first refusal to acquire your business	FA: Section 4.3	FA: We can match any offer for your business.
o. Our option to purchase your business	FA: Section 5.3.4	FA: On termination or nonrenewal, we may purchase the assets of your business at their fair market value.
p. Your death or	FA: Section 4.2.6	FA: The estate or personal

disability		representative must assign the Franchise to an approved buyer within 12 months in the event of death, and 6 months in the event of disability.
q. Non-competition covenants during the term of the Franchise	FA: Section 3.3.2	FA: No involvement in competing business anywhere in the U.S. or in any other country in which a Bobapop Tea Shop operates.
r. Non-competition covenants after the Franchise is terminated or expires	FA : Section 3.3.3	FA: No competing business for two years (including, without limitation, after assignment) within 5 miles of any Bobapop Tea Shop business at the time the Franchise is terminated or expires.
s. Modification of the Agreement	FA: Section 7.15	Except for changes permitted under this Agreement to be made unilaterally by us, no amendment to this Agreement will be binding unless such amendment is in writing and signed by the parties
t. Integration/Merger Clause	FA: Section 7.15	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside the disclosure document and Franchise Agreement may not be enforceable. No claim made in any Franchise Agreement is intended to disclaim the representations in this Franchise Disclosure Document.
u. Dispute resolution by	FA: Section 7.3	FA: The parties are required

mediation		to endeavor to resolve a dispute by mediation, with certain exceptions.
v. Choice of forum & law	FA: Section 7.12-7.13	FA: Maryland law is applicable to the interpretation and enforcement of this Franchise Agreement except the Maryland Franchise Registration and Disclosure law applies only to Maryland Franchisees. Litigation must be in Baltimore, Maryland except as otherwise noted in the Maryland Exhibit (subject to applicable state law).

Any provision in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 *et seq.*).

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

See any state-specific riders or addenda to the Franchise Agreement and this disclosure document for special state disclosures.

Item 18.

Public Figures

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

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Mr. Sam Lin at 312 Main Street, Suite 100, Gaithersburg, MD 20878; Telephone: (240)846-3168, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20.

Outlets and Franchisee Information

Table No. 1

SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2019 TO 2021

Outlet Type	Year	Outlets at Start of Year	Outlets at End of Year	Net Change
Franchised				
	2019	0	0	0
	2020	0	0	0
Virginia	2021	1	1	0
Maryland	2021	1	1	0
Affiliate-Owned				
	2019	0	0	0
	2020	0	0	0
	2021	1	1	0
Total Outlets				
	2019	0	0	0
	2020	0	0	0
	2021	3	3	0

Table No. 2

**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2019 to 2021**

State	Year	Number of Transfers
Maryland	2019	0
	2020	0
	2021	0
Virginia	2019	0
	2020	0
	2021	0

Table No. 3

**STATUS OF FRANCHISED OUTLETS
FOR YEARS 2019 to 2021**

	Year	Outlets at Start of the Year	Outlets at end of year	Net change
	2019	0	0	0
	2020	0	0	0
Virginia	2021	1	1	0
Maryland	2021	1	1	0
TOTALS	2019	0	0	0
	2020	0	0	0
	2021	2	2	0

Table No. 4

**STATUS OF AFFILIATE-OWNED OUTLETS
FOR YEARS 2019 to 2021**

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Maryland	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
TOTALS	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1

Table No. 5

PROJECTED OPENINGS AS OF DECEMBER 31, 2021

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Maryland	0	0	0
Virginia	0	0	0
Total	0	0	0

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

The names of all current franchisees and the addresses and telephone numbers of their units are listed below:

Bobapop Germantown LLC / Liyin Chen
 18820 Liberty Mill Rd., Germantown, MD 20874
bobapopgermantown@hotmail.com , (301)972-1418

BBBV LLC / Trung Huynh and Van Dang
 7309 Gresham St. Springfield, VA 22151
Bobapopmerrifield@gmail.com , (434)812-4173

Item 21.

Financial Statements

Attached are our audited financial statements for years ending December 31, 2020, 2021 & 2022.

Item 22.

Contracts

The following exhibits and addendums contain proposed agreements and amendments which may be used during the franchising process:

- EXHIBIT C** to the Franchise Disclosure Document: Franchise Agreement
- ADDENDUM B** to the Franchise Agreement: Operating Manager's Non-Disclosure and Non-Compete Agreement
- ADDENDUM C** to the Franchise Agreement: Guarantee
- ADDENDUM D** to the Franchise Agreement: Release
- ADDENDUM E** to the Franchise Agreement: Franchise Compliance Questionnaire

Item 23.

Receipts

A copy of the Receipt acknowledging delivery of this Disclosure Document to you is attached as **EXHIBIT F** at the end of this Disclosure Document.

EXHIBIT A

AGENTS FOR SERVICE OF PROCESS AND STATE FRANCHISE ADMINISTRATORS

BOBAPOP LLC

**LIST OF STATE AGENCIES/AGENTS
FOR SERVICE OF PROCESS**

Our registered agents in the State of Maryland:

Sam Lin
312 Main Street, Suite 100
Gaithersburg, MD 20878
(240)846-3168

and

Maryland Securities Commissioner
200 St. Paul Place
Baltimore Maryland 21202-2021

STATE	AGENCY	PROCESS, IF DIFFERENT
California 1(866) ASK-CORP	Commissioner of the Department of Financial Protection and Innovation Los Angeles Office: 320 West 4th Street, Suite 750 Los Angeles, CA 90013 Sacramento Office: 2101 Arena Blvd. Sacramento, CA 95834 San Diego Office: 1350 Front Street San Diego, CA 92101 San Francisco Office: One Sansome Street, Suite 600 San Francisco, CA 92101	
Hawaii	Commission of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813	Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62706	
Indiana	Franchise Section Indiana Securities Division Secretary of State, Room E-111 302 W. Washington Street Indianapolis, IN 46204	Administrative Office of the Secretary of State 201 State House Indianapolis, IN 46204
Maryland	Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021	Maryland Securities Commissioner 200 St. Paul Place Baltimore Maryland 21202-2021
Michigan	MI Dept. of Attorney General Consumer Protection Division Franchise Section PO Box 30213 Lansing, MI 48909	
Minnesota	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101	
New York	New York State Dept. of Law Bureau of Investor Protection and Securities 120 Broadway, 23rd Floor New York, NY 10271	Secretary of State State of New York 41 State Street Albany, NY 12231
North Dakota	Office of Securities Commissioner 600 East Boulevard Avenue State Capital 5 th Floor Bismarck, ND 58505-0510	North Dakota Securities Department 600 East Boulevard Avenue State Capital 5th Floor Dept. 414 Bismarck, ND 58505-0510

STATE	AGENCY	PROCESS, IF DIFFERENT
Oregon	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building 350 Winter Street NE Salem, OR 97301	
Rhode Island	State of Rhode Island Department of Business Regulations Securities Division 1511 Pontiac Avenue Building 69-1 Cranston, RI 02920	
South Dakota	Division of Securities 445 East Capitol Pierre, SD 57501-3185	
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219	Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033	
Wisconsin	Securities and Franchise Registration Division of Securities 4 th Floor 345 W. Washington Ave Madison, WI 53703	

EXHIBIT B

FINANCIAL STATEMENTS

BOBAPOP LLC

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2022, 2021, 2020



BOBAPOP LLC AUDIT REPORT DECEMBER 31, 2020 2021 2022



Mario Marcel of Celtax – Certified Public Accountants

6250 Canoga Ave · Suite 345 · Woodland Hills, CA 91367 · Phone (747) 230-4110

Independent Auditor's Report

To The Members of BoBaPoP LLC

We have audited the accompanying financial statements of BoBaPoP LLC, which comprise the balance sheets as of December 31, 2022 and the related profit and loss statement, statement of cash flows for the years then ended 2020, 2021 and 2022, 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 of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 of America. Those standards require that we plan and perform the audits to Obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company'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 BoBaPoP LLC as of December 31, 2022 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Woodland Hills, CA
January 16, 2023

BOBAPOP LLC
Profit and Loss
January - December 2022

	Jan - Dec 2022	Jan - Dec 2021	Jan - Dec 2020
Income			
Food Sales	384,155.25	405,853.64	282,604.41
Total Income	<u>384,155.25</u>	<u>405,853.64</u>	<u>282,604.41</u>
Gross Profit	384,155.25	405,853.64	282,604.41
Costs of Goods Sold			
Costs of Goods Sold	96,066.95	191,202.00	114,393.00
Total Costs of Goods Sold	<u>96,066.95</u>	<u>191,202.00</u>	<u>114,393.00</u>
Gross Profit	<u>288,088.30</u>	<u>214,651.64</u>	<u>168,211.41</u>
Expenses			
Advertising & Marketing	8,400.00	5,015.00	2,385.00
Amortization Expense	3,000.00	3,000.00	3,000.00
Bank Service Charges	0.00	35.00	0.00
Building Repair and Maintenance	1,593.27	0.00	0.00
Businesses Licenses and Permits	500.00	0.00	0.00
Commission	6,637.68	0.00	650.00
Computer and Internet Expenses		0.00	1,089.00
Credit Card Discount Charge	35,605.13	17,997.00	13,673.00
Customs and Shipping	30,244.70	0.00	0.00
Delivery and Freight	0.00	1,560.00	495.00
Depreciation Expense	9,694.68	23,455.00	26,765.00
Donation	2,278.00	1,483.00	0.00
Dues and Subscriptions	0.00	0.00	947.00
Equipment Repair and Maintenance	5,488.59	4,006.00	0.00
Gifts	0.00	0.00	965.00
Laundry and Cleaning	2,160.00	0.00	2,930.00
Legal Fees	0.00	0.00	600.00
Miscellaneous Expenses	0.00	1,000.00	-45,421.00
Office Expenses	0.00	445.00	0.00
Office Supplies	0.00	1,242.00	0.00
Other Employee Benefit	7,441.14	0.00	0.00
Parking and Toll	0.00	0.00	120.00
Payroll Expenses	175,025.19	136,813.64	94,907.43
Postage	0.00	0.00	225.00
Printing and Subscriptions	0.00	0.00	866.00
Professional Fees	25,917.67	0.00	0.00
Property Tax	4,710.60	0.00	0.00
Rent Expense	37,229.00	44,402.00	36,546.00
Repairs and Maintenance	0.00	9,181.00	
Security Expense	0.00		780.00
Taxes and Licenses	0.00	20,287.00	675.00
Telephone and Internet	1,699.08	1,899.00	2,815.00
Contractors	0.00	28,649.47	82,662.12
Uniforms	0.00	0.00	895.00
Utilities	8,604.22	0.00	6,879.00
Web Page	0.00	0.00	485.00
Total Expenses	<u>366,228.95</u>	<u>300,470.11</u>	<u>235,933.55</u>
Net Ordinary Income	<u>-78,140.65</u>	<u>-85,818.47</u>	<u>-67,722.14</u>
Other Income/Expense			
Other Income	0.00	11,366.00	-
Sales Tax Discount	298.05	242.87	187.79
Total Other Income	<u>298.05</u>	<u>11,608.87</u>	<u>187.79</u>
Net Other Income	<u>298.05</u>	<u>11,608.87</u>	<u>187.79</u>
Net Income	<u>-77,842.60</u>	<u>-74,209.60</u>	<u>-67,534.35</u>

BOBAPOP LLC
Balance Sheet
As of December 31, 2022

	2022	2021	2020
ASSETS			
Current Assets			
Checking/Savings			
Capital One	203,749.30	272,416.30	168,665.17
Cash	2,101.31	0.00	0.00
Total Checking/Savings	\$ 205,850.61	\$ 272,416.30	\$ 168,665.17
Other Current Assets			
Food Inventory	12,500.00	12,500.00	12,500.00
Total Other Current Assets	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00
Total Current Assets	\$ 218,350.61	\$ 284,916.30	\$ 181,165.17
Fixed Assets			
Accumulated Depreciation	-\$ 62,914.68	-\$ 53,220.00	-\$ 29,765.00
Furniture	\$ 7,458.22	\$ 7,458.22	\$ 7,458.22
Machinery and Equipment	\$ 13,395.06	\$ 13,395.06	\$ 13,395.06
Office Improvement	\$ 230,303.78	\$ 230,303.78	\$ 139,652.68
Total Fixed Assets	\$ 188,242.38	\$ 197,937.06	\$ 130,740.96
Other Assets			
Set-Up Costs			
Accumulated Amortization	-\$ 33,063.00	-\$ 30,063.00	-\$ 27,063.00
Other Setup Costs	\$ 45,000.00	\$ 45,000.00	\$ 140,650.66
Total Set-Up Costs	\$ 11,937.00	\$ 14,937.00	\$ 113,587.66
Total Other Assets	\$ 11,937.00	\$ 14,937.00	\$ 113,587.66
Total Assets	\$ 418,529.99	\$ 497,790.36	\$ 425,493.79
LIABILITIES AND EQUITY			
Liabilities			
Current Liabilities			
Credit Cards			
Capital One Bank	201,445.30	201,445.30	221,105.76
Total Credit Cards	\$ 201,445.30	\$ 201,445.30	\$ 221,105.76
Other Current Liabilities			
Loan From Partners	498,886.92	498,886.92	333,859.42
Payroll Liabilities	5,836.46	5,328.80	3,907.14
Sales Tax Payable	1,727.34	3,652.77	3,935.30
Total Other Current Liabilities	\$ 506,450.72	\$ 507,868.49	\$ 341,701.86
Total Current Liabilities	\$ 707,896.02	\$ 709,313.79	\$ 562,807.62
Total Liabilities	\$ 707,896.02	\$ 709,313.79	\$ 562,807.62
Equity			
Partner 1 Draws	-20,000.00	-20,000.00	-20,000.00
Partner 2 Draws	10,000.00	10,000.00	10,000.00
Retained Earnings	-201,523.43	-127,313.83	-59,779.48
Net Income	-77,842.60	-74,209.60	-67,534.35
Total Equity	-\$ 289,366.03	-\$ 211,523.43	-\$ 137,313.83
TOTAL LIABILITIES AND EQUITY	\$ 418,529.99	\$ 497,790.36	\$ 425,493.79

BOBAPOP LLC
Statement of Cash Flows
January 2020 - December 2022

	2020	2021	2022
OPERATING ACTIVITIES			
Net Income	-67,534.35	-74,209.60	-77,842.60
Cash Provided by operating activities			
CAPITAL ONE BANK	186,575.00	-19,660.46	0.00
Loan From Partners		165,027.50	0.00
Payroll Liabilities	3,679.60	1,421.66	507.66
Sales Tax Payable	2,795.94	-282.53	-1,925.43
Net cash provided by operating activities	\$ 125,516.19	\$ 72,296.57	-\$ 79,260.37
INVESTING ACTIVITIES			
Accumulated Depreciation	26,765.00	23,455.00	9,694.68
Office Improvement		-90,651.10	
Set-Up Costs		95,650.66	0.00
Set-Up Costs: Accumulated Amortization	3,000.00	3,000.00	3,000.00
Net cash provided by investing activities	\$ 29,765.00	\$ 31,454.56	\$ 12,694.68
Net cash increase for period	\$ 155,281.19	\$ 103,751.13	-\$ 66,565.69
Cash at beginning of period	13,393.98	168,665.17	272,416.30
Cash at end of period	\$ 168,675.17	\$ 272,416.30	\$ 205,850.61

See Independent accountants audit report and accompanying notes to the financial statements

Boston Geospatial

Notes to Financial Statements December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

BoBaPop LLC serves a wide variety of fresh tea from Asia, spanning from milk tea, fruit tea, latte, milk foam and slush. Each order is made to order with a vast number of topping options. The company serves the DC, Maryland and Virginia area.

Use of Estimates

No estimates and assumptions have been made for the period of these financial statements. If estimates and assumptions are used, they will be in conformity with U.S. GAAP that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Balance Sheet Classification

The Company includes in current assets and liabilities cash receipts from customers and fixed assets for machinery and equipment, furniture and leasehold improvements which may extend beyond one year. A one-year time period is used as the basis for classifying all other current assets and liabilities.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. See independent accountants' audit report.

Revenue and Cost Recognition

Revenues from clients are recognized on the cash basis of accounting. The cash basis is used because management considers it to be the best available measure of revenue from direct from pay as you go customers. The most significant costs will be employee staffing to for ongoing operations. These costs will increase or decrease based on demand and the increase or decrease could be significant based on the circumstances.

Selling, general, and administrative costs will be charged to expense as incurred. Provisions for estimated losses on uncompleted projects are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability, to costs and income are recognized in the period in which the revisions are determined. Profit incentives are included in revenues when their realization is reasonably assured. An amount is included in revenues when realization is probable and the amount can be reliably estimated.

Evaluation of Subsequent Events

The management of the Company does not believe that there are any contingencies, lawsuits, loss of a major customer, change in ownership through membership interest etc. or other similar events subsequent to the date of the financial statements that would require an adjustment.

TRANSACTIONS WITH RELATED PARTY

No related party transactions as of the financial reporting date and through December 31, 2022 which is the date of the audited financial statements.

EXHIBIT C

BOBAPOP LLC

A Maryland Limited Liability Corporation

312 Main Street, Suite 100

Gaithersburg, MD 20878

(240)846-3168

FRANCHISE AGREEMENT



FRANCHISE AGREEMENT

FRANCHISEE:

FRANCHISE LOCATION:

DATE OF AGREEMENT:

BOBAPOP FRANCHISE AGREEMENT

TABLE OF CONTENTS

ARTICLE I – GRANT AND OPERATION OF THE FRANCHISE.....	2
ARTICLE II – FEES; PAYMENTS; RECORDS; INSPECTIONS.....	18
ARTICLE III PROPRIETARY RIGHTS; CONFIDENTIALITY; NONCOMPETITION ..	25
ARTICLE IV TRANSFER.....	29
ARTICLE V TERM AND TERMINATION.....	33
ARTICLE VI REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION	41
ARTICLE VII MISCELLANEOUS.....	44
 ADDENDUM A FRANCHISEE INFORMATION	
 ADDENDUM B OPERATING MANAGER'S NON-DISCLOSURE AND NON- COMPETE AGREEMENT	
 ADDENDUM C GUARANTEE	
 ADDENDUM D RELEASE	
 ADDENDUM E COMPLIANCE QUESTIONNAIRE	

BOBAPOP FRANCHISE AGREEMENT

AGREEMENT effective as of _____, 20__ between Bobapop LLC, a Maryland limited liability company (referred to in this Agreement as “we” or “us”), and _____, a _____ [indicate type of entity and state of formation] (referred to in this Agreement as “you” or “your company”).

We and our licensor have developed a system (the “System”) for the operation of retail shops selling a variety of brewed tea, bubble tea, coffee, juices, smoothies and other hot and cold drinks and related food items, all as determined by us (the “Bobapop Tea Shops”).

Bobapop Tea Shops operate under the trademark Bobapop and other trademarks, and we may create, use and license or sublicense additional trademarks or substitute different trademarks in the future in conjunction with the operation of Bobapop Tea Shops (collectively, the “Marks”).

You have applied for a Franchise to own and operate a Bobapop Tea Shop and we are pleased to grant such Franchise to you on the terms and conditions set forth below.

Accordingly, you and we agree as follows:

ARTICLE I – GRANT AND OPERATION OF THE FRANCHISE

Section 1.1 – *Grant of Rights*

1.1.1 *Grant of Rights.* We grant to you the right, and you undertake the obligation, to operate a franchised Bobapop Tea Shop (the “Franchise”) at the location stated in Addendum A (the “Site”) in accordance with the System Standards (as defined in Section 1.4.1 below) and the terms and conditions of this Agreement.

1.1.2 *Territory.* So long as you are not in default under this Agreement, we will not operate or grant others the right to operate a Bobapop Tea Shop within the geographic area surrounding the Site as described in Addendum A (the “Territory”) during the Term of this Agreement, except as set forth in Section 1.1.6.

1.1.3 *Single Site.* You must operate the Franchise only at the Site, or if the Site is not described in Addendum A, then at a location approved by us in writing that is within the geographic area described in Addendum A. You may not relocate the Franchise or operate the Franchise from any location other than the Site without our prior written approval in accordance with Section 1.2.11. You do not have the right to grant sub-franchises of the rights granted under this Agreement. The grant of this Franchise does not give you the right to receive additional franchises from us.

1.1.4 *Products and Services Offered.* You must offer and sell in the Franchise all of the products, services and menu items we specify. You may not sell or use under the Marks or in the Franchise any products, services or menu items we do not specify or approve for use with the System. If you desire to sell or use any products, services or menu items that we have not specified or approved, you must request our approval in accordance with Section 1.3.4, and you

may not sell or use any such item without our written approval. All modifications or customizations of the products, services or menu items approved by us will become, in our discretion, part of the System Standards (as defined in Section 1.4.1). We may specify a new required product, service or menu item upon at least 30 days' prior notice to you. Upon oral, email or written notice from us given at any time, you must discontinue offering for sale any product, service or menu item we may disapprove or discontinue. In addition to our right to terminate this Agreement, we have the right to assess our then-current prohibited product or service fee in the event you continue offering unapproved products, services or menu items after you receive written notice from us advising you to cease sales of such product or service.

1.1.5 *Manner of Sale.* In addition to your service to customers on-premises at the Site, you may also offer take-out and delivery service within the Territory provided that all receipts from such sales are processed through the point of sale system described in Section 1.3.7. Any third-party delivery service that you use must be prescribed or approved by us. You may not sell any products to food wholesalers or retailers, including but not limited to convenience shops, grocery stores or others for resale. You may not supply products to charities or others for resale or discount the sale of unsold products that are not fresh.

1.1.6 *Rights We Reserve.* We and our affiliates retain all rights not specifically granted to you under this Agreement. These rights include, without limitation, the right:

1.1.6.1 to establish Bobapop Tea Shops, whether franchised or company or affiliate owned, anywhere outside the Territory;

1.1.6.2 to establish Bobapop Tea Shops in non-traditional venues, such as airports, hotels and resorts, military installations, school and university campuses, train stations and subway stations, casinos, theme parks, sports stadiums and enclosed shopping malls, within or outside the Territory (but not within the Territory if the Site is located in a non-traditional venue);

1.1.6.3 to sell any products, including tea, coffee, juices and other hot and cold drinks, or other products under the Marks and any other trademarks at grocery stores, supermarkets and other channels of distribution anywhere and at any time, and directly to customers through our website; and

1.1.6.4 to acquire and operate or to commence and operate any business under a trademark other than the Marks at any location.

1.1.7 *Guaranty.* Our grant of this Franchise is made in reliance on the personal attributes of your company's owners and managers named in Addendum A. Each person who now or later owns or acquires, either legally or beneficially, any equity or voting interest of 20% or more in your company (the "Guarantor" or "Guarantors"), must execute and deliver to us a guaranty and assumption of obligations agreement in a form acceptable to us (the "Guaranty"). We may require the spouse of any or all Guarantors to sign the Guaranty at our discretion. If any owner is an entity, we have the right to have the Guaranty executed by individuals who have an indirect ownership interest in your company and their spouses, if applicable. Transfers of interest are restricted in accordance with Article IV. Upon our request at any time, you will furnish to us a list of all holders of legal and beneficial interests in your company, together with descriptions of

the type of interests owned and the percentage ownership, and the names, addresses, email addresses and telephone numbers of the owners, certified as correct in the manner we specify. If any of your company's general partners, managers, officers or directors ceases to serve as such or if any new person becomes a general partner, manager, officer or director after the date of this Agreement, you will notify us in writing of such change within 10 days. Any breach of a Guaranty will be deemed to be a breach of this Agreement.

Section 1.2 – *Site Selection and Development; Opening*

1.2.1 *Site Selection.* You are solely responsible for selecting the Site for the Franchised Business. We merely approve the Site if it is acceptable to us. Within 90 days after the date of this Agreement, you must, at your expense, complete the arrangements to lease or purchase the approved premises for the Franchise (the "Shop Premises").

1.2.2 *No Assurance.* You acknowledge that neither our recommendation nor our approval of the Site nor any information regarding the Site we communicate to you constitutes a guarantee, assurance, representation or warranty of any kind, express or implied, as to the suitability of the Site for a Bobapop Tea Shop or its successful operation or profitability. You acknowledge that your acceptance of the Franchise is based on your own independent investigation of the suitability of the Site.

1.2.3 *Your Role as Property Owner or Tenant.* Except as you and we may otherwise agree in writing, each lease, purchase and loan agreement related to the development, opening and operation of the Franchise (i) will be entered into by and in the name of your company as tenant, purchaser or borrower and (ii) will not be entered into by or in the name of any of your affiliates or any other person or entity, as tenant, purchaser or borrower.

1.2.4 *Our Role as Landlord or Lease Assignor.* If we or any of our affiliates own the Shop Premises, we will lease the Shop Premises for the term of this Agreement (excluding renewals) at fair market value. If you sublease the Shop Premises from us or our affiliate, you agree to execute our then- current form of sublease and if you are an entity, you agree to have each of your owners execute our then current form of guarantee. If we or one of our affiliates elects to assign an existing lease to you and you desire to obtain an assignment of the existing lease, unless we otherwise agree, you will arrange for our release or the release of our affiliate, as assignor, from all obligations under the assigned lease as of the date of the assignment.

1.2.5 *Lease from a Third Party Landlord.* If neither we nor any of our affiliates own the Shop Premises and we have not assigned an existing Lease to you, you must submit the proposed lease of the Shop Premises (the "Lease") to us for our prior written approval as to its form. Any Lease or Lease renewal must contain the following provisions:

1.2.5.1. The permitted use of the Shop Premises will be limited to the operation of a Bobapop Tea Shop.

1.2.5.2. You are permitted to use and install the trademarks, trade dress, signage and related features associated with the System that we may prescribe.

1.2.5.3. The landlord will provide us with copies of any written notice of default under the Lease sent to you concurrently with the landlord's delivery of such notice to

you. Such notice must grant to us the right (but not the obligation) to cure any default under the Lease (should you fail to do so) within 15 days after the expiration of the period in which you may cure the default.

1.2.5.4. You and the landlord will, at our request, execute a lease addendum in a form substantially similar to the lease addendum form set forth in our then current franchise disclosure document, consenting to the Collateral Assignment of Lease contained in Section 2.3.2, of this Agreement, granting to us or our assignee the right to succeed to your rights and obligations under the Lease in the event that this Agreement is terminated for any reason or it expires without a renewal agreement, or if you commit any breach of the Lease that could lead to termination of the Lease.

1.2.5.5. The landlord will grant to us the right (but will not delegate to us the obligation), to assume the Lease upon the expiration of this Agreement or its termination for any reason. In such an event, we will give the landlord notice of our assumption of the Lease, and in exchange for the landlord's agreement to recognize us as the new tenant under the Lease we will agree thereafter to be bound by the terms of the Lease. We will have the right to assign our interest in the Lease to an approved franchisee and we will have no further liability or obligation under the Lease after such assignment. Unless and until we agree in writing to assume the Lease, we will have no liability or obligation under the Lease. In any event, you will be solely responsible to the landlord for all debts, payments and other obligations under the Lease that were incurred before we or another Franchisee actually takes possession of the Shop Premises.

We are not responsible for reviewing and negotiating the Lease on your behalf. You acknowledge that we have advised you to have an attorney review, evaluate and negotiate the Lease. If we do not have a copy of the signed Lease, you must deliver such copy to us within 14 days after it is signed by you and the landlord. Once signed, you agree not to terminate the Lease or modify or amend any of the provisions of the Lease without our prior written consent, which we may withhold in our discretion.

1.2.6 *Purchase of the Site.* If you propose to purchase the real property constituting the Site, the form of any purchase agreement with the seller and any related documents, and the form of any loan agreement or mortgage related to the Site must be approved by us before you sign them. If you already own the real property constituting the Site, the form of any loan agreement or mortgage related to the Site that you propose to sign on or after the date of this Agreement must be approved by us before you sign it. Our consent to such documents may be conditioned upon the inclusion of various terms and conditions, including a requirement that the lender or mortgagee will provide us with copies of any written notice of deficiency or default under the terms of the loan or mortgage sent to you concurrently with the lender's or mortgagee's delivery of such notice to you. Such notice must grant to us the right (but not the obligation) to cure any default under the loan or mortgage (should you fail to do so) within 15 days after the expiration of the period in which you may cure the default. Once the purchase contract and loan agreement or mortgage is signed, you must deliver to us a copy of the signed documents within 14 days after they are signed.

1.2.7 *Site Development.* You are solely responsible, at your own expense, for obtaining

any necessary financing and all permits and licenses required to operate the Franchise, and for constructing all required improvements to the Site and decorating the Shop Premises in compliance with plans and specifications we have prescribed or approved. We will furnish you with mandatory and suggested specifications and layouts for a Bobapop Tea Shop, including requirements for dimensions, design, image, interior layout, décor, equipment, fixtures, furnishings and signs, which items will be supplied either by us or by suppliers we specify or approve. You (or your landlord on your behalf) must engage an architect to prepare all required construction plans and specifications to comply with all applicable ordinances, building codes and permit requirements and with all lease or sublease requirements and restrictions, if any. You must submit construction plans and specifications to us for approval before construction of improvements to the Site commences. Such plans must include a three-dimensional rendering of the completed shop, acceptable to us, prepared by your architect or designer. We may require you to use specific suppliers for the floor plan and three-dimensional rendering of your franchised Bobapop Tea Shop. You understand that you may modify our mandatory specifications only to the extent required to comply with applicable ordinances, building codes and permit requirements, and only with our prior written approval. In addition, you must engage a qualified interior designer and you must submit all design plans to us for our approval in advance, unless, in our discretion, we decide to supply to you our own design package for your purchase. You must also submit to us proofs of all signage for your franchised business for our approval in accordance with Section 1.7.1 before you produce such signage.

1.2.8 *Menu Boards and Formats.* We have the right to prescribe and subsequently vary one or more menus and menu boards and formats to be used in the Franchise. The menu boards and formats may include requirements concerning organization, graphics, product descriptions, illustrations and other matters related to the menu. Prescribed menu boards and formats may vary depending on the region, market size or other factors we deem to be relevant.

1.2.9 *Conditions to Opening.* You may not open your franchised Bobapop Tea Shop for business until:

1.2.9.1 all of your obligations pursuant to Sections 1.2.5, 1.2.6 and 1.2.7, as applicable, are fulfilled;

1.2.9.2 we determine that the Shop Premises have been constructed, furnished, equipped and decorated in accordance with our requirements;

1.2.9.3 the Managing Owner and Operating Manager (described in Section 1.5) have completed the initial training to our satisfaction;

1.2.9.4 the initial franchise fee and all other amounts due prior to opening;

1.2.9.5 you have furnished us with certificates of insurance and copies of all insurance policies or such other evidence of insurance coverage as we reasonably request, as well as with copies of all bonds that may be required under state or local law; and

1.2.9.6 we have given you our written approval to open.

1.2.10 *Time of Opening.* You agree to open your Bobapop Tea Shop for business no later than ten months after the date of this Agreement. You acknowledge that time is of the essence.

1.2.11 *Relocation.* If you need to relocate the Site, you must submit to us a written proposal identifying for our approval at least one potential Site in the Territory, in the format we require, together with any other information we request. Following receipt of your written site proposal, we may make an on-site visit to the proposed Site at our expense if we believe that such a visit is necessary or desirable, although we are not required to make an on-site visit. We do not charge for the initial on-site evaluation, but we may charge for each additional on-site evaluation a reasonable fee plus our reasonable costs. In evaluating potential sites, you agree to consider our site selection criteria, which we will provide to you at your request. We will not unreasonably withhold or delay our approval of any site that meets our standards. Relocation will require a new build-out, renovation to the then current standards and design, lease modification, Franchise Agreement changes and a fee to cover our costs and expenses.

Section 1.3 – *Equipment; Supplies; Computer System*

1.3.1 *Equipment.* You agree to purchase from Bobapop International Trade Company, and to use and maintain in the Franchise the following equipment, most of which is branded with our logo:

Shaker machine

Cup sealing machine (for the plastic/paper tops of the cups for cold drinks) Fructose dispenser (sugar machine)

Smallwares kit

You must purchase our specified model of espresso machine from our designated supplier. You must purchase your blender and juicer from suppliers we specify. All technology devices, apps and services that you purchase or lease and use must also comply with our requirements, which may include specific items from specific suppliers. We provide at our discretion specifications for other equipment, including under-the-counter refrigerator, ice-maker and freezer, which you may purchase from any supplier.

1.3.2 *Certain Exclusive Supplies.* If we require, you will sign an agreement acceptable to us with Bobapop International Trade Company, simultaneously with your signing of this Agreement. You agree to purchase from that company or other authorized supplier all of the tea, coffee, concentrates and flavoring ingredients, as well as packaging materials, cups, menu boards, signs and other logoed merchandise.

1.3.3 *Other Suppliers.* You may buy most perishables from local suppliers you select. However, we specify your supplier of milk and fruit (to maintain our uniform quality and taste). You must buy a reasonable variety of all of these products to meet the demands of your customers. You agree to use in the operation of the Franchise only those brands and models or types of equipment, supplies, furniture, signs and other products and services that we have designated or approved for Bobapop Tea Shops. We may require that you obtain equipment, fixtures, supplies, furniture, signs and other products and services only from our designated or approved suppliers. We may negotiate purchase agreements with suppliers for the benefit of

franchisees, but we are under no obligation to do so. We are not obligated to pass on to you any discounts we receive from any suppliers.

1.3.4 *Approval of Supplies and Suppliers.* If you propose to purchase any brand or model of equipment, supplies, furniture, signs or other products or services other than those then designated or approved by us, or to purchase from any supplier that is not then designated or approved by us, you must first notify us and submit to us sufficient written specifications, photographs, drawings, samples and other information we request to enable us to determine whether the proposed brand, model or supplier complies with our specifications and standards. We will have the right to require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered either to us or to a third party designated by us for review and testing. We will use reasonable efforts to begin an investigation of the proposed supplier or product within 30 days of your request. We will notify you within 10 days after we complete our investigation whether we approve the proposed supplier or product. We are under no obligation to investigate or approve any supplies or suppliers you request. If we do not approve the supplies or supplier within 60 days after your request, we will be deemed to have denied your request. We reserve the right to revoke our approval for any reason. We will not be required to approve any particular supplier nor to make available to you or to any prospective supplier any of our standards or specifications. In addition to our right to terminate this Agreement, we have the right to assess our then current prohibited product or service fee in the event you continue to purchase unapproved products or services after your receipt of written notice from us advising you to cease your purchase of such products or services.

1.3.5 *Compensation from Suppliers.* We reserve the right to receive rebates, credits and other compensation from suppliers we designate or approve to provide goods or services to you based upon the purchases by you and other franchisees of goods and services from such suppliers. We may use such compensation for any purpose we deem appropriate, including to subsidize our operating costs and are not required to pass on any such monies to you.

1.3.6 *Purchasing or Distribution Cooperatives.* We may establish national or regional purchasing or distribution programs for the purchase or distribution of certain goods, materials or supplies at reduced prices. You agree to participate in any purchasing or distribution cooperatives that we may establish for the region where your Franchise is located.

1.3.7 *Point of Sale, Surveillance and Computer Systems.* You agree to install, maintain and use in the Franchise such computer hardware, software, point-of-sale, cash register and surveillance systems as we specify from time to time, using suppliers we specify or approve from time to time. We may require you to incur costs to purchase, lease and license computer hardware and software and to obtain service and support, and to maintain such systems and to upgrade and make such changes to such systems as we may specify in writing. We may elect to manage the license with the point-of-sale provider we select for the system of Bobapop Tea Shops regionally or nationally, and you agree to pay such a provider's fee for such a license either to us or to the provider, as we specify. We may change the point-of-sale provider at our discretion. You must also be equipped to accept electronic payments wirelessly from customers using their cell phones and such apps as we may require, which may allow customers to accumulate reward points each time they make a purchase. You acknowledge that we cannot estimate the future costs that other providers may charge for the computer hardware, software, or

surveillance systems or their maintenance or upgrades, or additions or modifications to these systems, and that these costs may not be fully amortizable over the remaining term of this Agreement. We have the right to charge a reasonable systems fee for software or systems modifications and enhancements specifically made for us that we license to you and other maintenance and support services that we or our affiliates furnish to you.

1.3.8 *Electronic Communications.* You agree to maintain adequate telephone service for the Franchised Business, including a dedicated telephone line with voicemail dedicated to the Franchise, and a high-speed Internet connection. You agree to use in the Franchise only such email addresses as we authorize and you will comply with such policies as we prescribe from time to time for email use. We have the right to establish requirements that will permit us, as often as we deem appropriate, to access your computer system and to retrieve all information relating to the Franchise.

1.3.9 *Operations Data.* We will have continuing access to and use of all operations data, including specific products sold and other sales data, customer lists (including the name, address, telephone number and email address of each customer), surveillance video and all other content and data you collect or store on your computer and surveillance systems. We will periodically establish policies with respect to the use of such content and data, and you agree to comply with such policies.

1.3.10 *No Warranty.* We disclaim all express and implied warranties concerning any approved goods, materials or services, including, without limitation, any warranties as to merchantability, fitness for a particular purpose, availability, quality, pricing or profitability.

Section 1.4 – System Standards

1.4.1 *Manual.* During the term of this Agreement, we will give you access to the confidential Operations Manual (the “Manual”), training and other materials that we generally furnish to Franchisees from time to time for use in operating a Bobapop Tea Shop, in such media as we select, whether hard copy, through a secure Internet portal or otherwise. The Manual and the bulletins and other written materials we provide to you will contain mandatory and suggested specifications, standards, operating procedures, policies, methods and rules (“System Standards”) that we prescribe from time to time for the operation of a Bobapop Tea Shop and information relating to your other obligations under this Agreement. The Manual and other training materials are and will remain at all times our sole property. You acknowledge that all of these contain confidential information that is highly valuable to us. You will protect the confidentiality of such information in accordance with Section 3.2.

1.4.2 *System Modifications by Us.* We may modify or change the System Standards from time to time, and upon notice to you, we may make additions to, deletions from or revisions in the Manual to reflect such modifications or changes. Such modifications or changes may include, for example, the addition or discontinuation of products and services that you are required to sell at the Franchise and may obligate you to invest additional capital in the Franchise (“Capital Modification”). We will not obligate you to make any Capital Modification that we believe you

cannot reasonably amortize during the remaining term of this Agreement and with respect to leasehold improvements over the remaining term of the Lease unless we agree to extend the term of this Agreement or unless such investment is necessary in order to comply with applicable laws. You agree to adopt or comply with each new or changed procedure, policy, method and requirement as promptly as practicable after notice from us, and in any event within the time period we reasonably require.

1.4.3 *System Modifications by You.* You agree not to implement any modification or change in the System Standards or in the Franchise without our prior written approval, which we may withhold in our discretion. If you or any of your employees makes an improvement to the System Standards or in the Franchise, such improvement will be our property. All recipe, menu changes, and any other innovations (“improvements”) you or your employees or agents make or submit to us for our consideration and approval will become our property. We will have the right to use such improvements anywhere and authorize any Bobapop Tea Shop to use them. You assign to us all rights to such improvements and you agree to sign any documents and to require that your employees sign any documents that we may reasonably request from time to time to evidence such assignment.

Section 1.5 – Personnel; Training and Support

1.5.1 *Managing Owner.* The “Managing Owner” of your company is the person named as such in Addendum A. The Managing Owner is the primary person who will represent your company in your dealings with us and who will be responsible for overseeing and supervising the operation of the Franchised Business. The Managing Owner must be an owner of a majority equity interest in your business whom we approve. You agree that a shareholder, member or partner will serve as your Managing Owner throughout the term of this Agreement. You may not replace the Managing Owner without our prior written approval, which we may condition on, among other things, attendance and satisfactory completion by the prospective new Managing Owner of our initial training program at your expense.

1.5.2 *Operating Manager.* You will appoint at least one “Operating Manager”. The Managing Owner and Operating Manager may be the same person. Your Operating Manager may but need not be an owner of your company. You will ensure that the day-to-day operation of the Franchise is always actively managed by an Operating Manager who has attended and successfully completed such training as we may require from time to time. The Operating Manager will actively devote his or her full time, attention and effort to the Franchise and provide direct, day-to-day supervision of the operation of the Franchise. The Operating Manager will ensure at all times the proper levels of customer service in accordance with the Manual and this Agreement.

1.5.3 *Initial Training.* Before you begin operating the Franchise, we will train your Managing Owner and Operating Manager in the operation of a Bobapop Tea Shop. We charge for this training in accordance with Section 2.1.2. The Managing Owner and Operating Manager must complete the initial training to our satisfaction before the Franchise opens. At your request and if space is available, we will train additional personnel of your company at our then-current

rate. You must pay the compensation and travel and living expenses of all of your personnel who attend our training, regardless of whether we charge you a fee for such training. The training program consists of approximately 15-20 hours of training at our headquarters in Gaithersburg, Maryland or at your location as determine. We will endeavor to commence training approximately 5 weeks before opening of the Franchise, but the program must be completed at least 3 days before the scheduled opening of the Franchise.

1.5.4 *Opening Assistance.* We will provide pre-opening and opening training, supervision and assistance at your Franchise by one of our representatives for a period at our discretion up to 40 hours.

1.5.5 *Ongoing Training.* At your request, and if we agree, we will furnish additional training. We may charge our then-current fees and expenses for additional or remedial training that is not mandatory or that we require because your personnel are not meeting our standards. We do not charge for mandatory training other than initial training except as described in this Section 1.5.5. or in Section 1.5.6. Our fees and expenses will vary based on the staff, location, and type of training. If any inspection of the Franchise indicates noncompliance with any System Standards or if we receive negative customer feedback, we may require previously trained and experienced managers and employees to attend refresher training courses at such times and locations as we designate, and we may send our personnel to your Franchise to administer the training. In such an event, you agree to pay our then current fees for training and travel and living expenses for our personnel.

1.5.6 *Replacement Manager.* If the Managing Owner or Operating Manager does not satisfactorily complete the initial training program or if we determine that such person cannot satisfactorily complete the training program, or if the Managing Owner or Operating Manager ceases to act as such, then we must train, at your expense, a qualified replacement (who must be reasonably acceptable to us) within 30 days. Pending the appointment and training of a new Managing Owner or Operating Manager or if, in our judgment, the Franchise is not being managed properly, we have the right, but not the obligation, to appoint a manager for the Franchise and require you to pay in the manner described in Section 4.2.8.

1.5.7 *Ongoing Support.* At our discretion, we will provide support and guidance from time to time in the operation of the Franchise, either in person, by telephone, by email or in writing, through newsletters, franchisee group meetings or other means and regular operational reviews and advise you from time to time regarding the operation of the Franchise based on reports you submit to us and inspections or observations we make, to ensure compliance with the System Standards and to recommend improvements. At your request, and if we agree, we will furnish additional on-site guidance and assistance and, in such case, we may require you to pay our then-current fees and expenses. Your failure to implement any corrective action we require will constitute a material breach of this Agreement and may result in termination pursuant to Section 5.2.

1.5.8 *Conferences.* We may hold franchisee conferences from time to time to discuss ongoing changes in the industry, sales techniques, performance standards and other subjects. The

Managing Owner of your company must attend these conferences. You will be responsible for the travel and living expenses of your Managing Owner and any other attendees from your company. We may charge you and other franchisees a fee sufficient to cover the reasonable costs of such conferences. These conferences will be held at a location we select.

1.5.9 *Undertakings by Your Personnel.* You agree to take appropriate steps to advise all of your employees and contractors of your obligations under this Agreement and to ensure compliance by all of your employees and contractors with our standards and our confidentiality and noncompete requirements. Each manager of the Franchise and each person who receives or otherwise has access to Confidential Information (as defined in Section 3.2.1) who has not signed the Guaranty described in Section 1.1.7 must sign a written confidentiality agreement with your company in a form acceptable to us before having access to Confidential Information. At our request, you will submit to us a copy of all such written agreements. You will ensure that each such person complies with the terms of such agreement during the period that he or she is employed by you. Any breach of such agreement by any such person will be deemed a breach of this Agreement.

1.5.10 *Staff and Training.* You will maintain a competent, conscientious, trained staff in numbers sufficient to promptly service customers in accordance with the System Standards. You will ensure that all members of your staff receive the training and any certification we require from sources we approve, at your expense. We may require or permit you to implement, at your expense, programs for the training of some or all of your managers and other employees. Before you implement any such program, we must certify that the program meets our standards. We may require you to obtain re-certification of your training programs from time to time, and we may withhold certification if we determine, in our discretion, that your training programs do not meet our standards.

1.5.11 *Employer Obligations.* You will have sole authority and control over the day-to-day operations of the Franchise and its employees. You will be solely responsible for recruiting and hiring the persons you employ to operate the Franchise. You will employ only persons of good character who will at all times conduct themselves in a competent and courteous manner in accordance with the image and reputation of the Bobapop brand. You will also be responsible for their training, wages, taxes, benefits, safety, work schedules, work conditions, assignments, discipline and termination. You agree to comply with all workplace related laws. At no time will you or your employees be deemed to be employees of ours. We will have no right or obligation to direct your employees.

Section 1.6 – Operation of the Franchise

1.6.1 *Compliance with System Standards.* You agree to operate the Franchise in strict accordance with all System Standards in effect from time to time. You understand and acknowledge that every detail of the Franchise is important to you, to us and to other Bobapop Franchisees in order to develop and maintain high operating standards, to increase the demand for the services and products sold by all Franchisees, and to protect the reputation and goodwill of the Bobapop brand.

1.6.2 *Customer Service.* You will provide prompt, courteous and efficient service to all customers and treat all customers with respect. You will give prompt attention to all complaints from dissatisfied customers, if any, and use your best efforts to resolve such complaints as quickly as practicable, giving the customer the benefit of the doubt whenever feasible. You will provide customer service training to your employees. If we determine in our discretion that our intervention is necessary or desirable to protect the goodwill associated with the Bobapop brand, or if we believe that you have failed adequately to address or resolve any customer complaints, we may, without your consent, resolve any complaints and charge you an amount sufficient to cover our reasonable costs and expenses in resolving the customer complaints, which amount you will pay us immediately on demand.

1.6.3 *Maintaining Goodwill.* You will do nothing that, in our reasonable opinion, might diminish or adversely affect our reputation or the goodwill of the Bobapop brand. This obligation will survive this Agreement and continue in effect after the expiration or termination of this Agreement or your transfer in accordance with Article IV.

1.6.4 *Compliance with Laws.* You will comply with all applicable laws, rules and regulations in the operation of the Franchise and pay all taxes when due.

1.6.5 *Health and Safety Standards.* You will meet and maintain a high degree of sanitation and safety at the Shop Premises and the highest health standards and ratings applicable to the operation of the Franchise. In this connection you agree as follows:

1.6.5.1 If the municipality in which the Franchise is located maintains a rating system for or relating to the sanitary conditions of food establishments, you must maintain the highest rating possible for the Franchise. If you receive an inspection report or a warning, citation or notice that results in or may result in a lowering of such rating, you must provide us with a copy of such report, warning, citation or notice within 24 hours after you receive it. You agree to take immediate steps to restore the highest rating for the Franchise and to seek a reinspection or appeal as soon as possible in order to restore such rating.

1.6.5.2 If you receive an inspection report or a warning, citation, certificate or notice that requires you to repair, replace or further sanitize any item at the Shop Premises within 72 hours, you must provide us with a copy of such report, warning, citation, certificate or notice within 24 hours after you receive it.

1.6.5.3 In all cases not described in Sections 1.6.5.1 or 1.6.5.2, you will furnish us, within five days after you receive it, a copy of each inspection report, warning, citation, certificate, notice and rating resulting from an inspection conducted by any federal, state, county or municipal agency with jurisdiction over the Franchise.

1.6.5.4 You will notify us within 48 hours of the occurrence of any accident or injury that may adversely affect the operation of the Franchise or your financial condition, or that may give rise to liability or a claim against you or us.

1.6.6 *Maintaining the Premises.* You will at all times maintain the Tea Shop Premises in excellent repair and condition. You will make such additions, alterations, repairs and replacements as may be required for that purpose, including, without limitation, such periodic repainting and replacement of obsolete signs, furnishings, equipment and décor as we may reasonably direct.

1.6.7 *Remedial Work.* If we notify you of remedial work that is necessary to correct an unhealthy or unsafe condition and you fail to commence such work in good faith or to complete such work within the period specified in our notice, we will have the right, in addition to all other remedies, but not the obligation, to enter the Tea Shop Premises and complete the required repair or corrective work on your behalf. We will have no liability to you for any work performed. If we perform such work, we may require that you pay us in accordance with Section 2.1.7.4.

1.6.8 *Remodeling.* In addition to the requirements of Sections 1.6.6 and 1.6.7, we will require you periodically to make reasonable capital expenditures to remodel, modernize and redecorate the Tea Shop Premises so that such premises reflect the then-current image of Bobapop Tea Shops. All remodeling, modernization and redecoration will be deemed to be Capital Modifications as defined in Section 1.4.2, and they must be done in accordance with our standards as modified from time to time and with our prior written approval. We may require you to make additional Capital Modifications as a condition to renewal pursuant to Section 5.1.2.6. You will complete all required Capital Modifications within the time period we reasonably require in our written notice.

1.6.9 *Use of the Premises.* You will use the Tea Shop Premises solely for the operation of the Franchised Business. You will not use the Tea Shop Premises for any other purpose or activity during the term of this Agreement.

1.6.10 *Hours of Operation.* You agree to keep the Franchise operating at least 6 days per week from the hours of 12:00 p.m. – 8:00 p.m., or, if different, during such hours as the Lease may require.

1.6.11 *Payment Cards.* You will honor all credit, charge, courtesy or cash cards or other credit devices we specify. You will also comply with the then current Payment Card Industry Data Security Standards (PCI/DSS) as those standards may be revised by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org) or successor organization, including (i) implementing (at your expense) all security requirements that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit or debit cards, and (ii) participating in (at your expense) a standardized PCI/DSS compliance program that is provided by a PCI/DSS vendor, in each case, approved by us in our discretion. In the event you are unable to demonstrate full compliance, we may require you to engage the services of an approved vendor to assist you to maintain full compliance on an ongoing basis. Additionally, we may require you to use, and directly contract with, one or more approved third-party vendors for some or all of your managed firewall, other technology security compliance

and card brand or government requirements related to the transmission and processing of credit card transactions and information. You will immediately notify us if you become aware of any breach, or suspected breach, of card holder data, Personally Identifiable Information (PII), confidential information, or trade secrets related to the Franchise, whether notice is provided by your credit card processor, by law enforcement or by any other party.

1.6.12 *Entity Requirements.* All certificates representing stock, membership or other ownership interests in your company must contain a legend stating that transfer of such stock, membership or other ownership interest is limited by the provisions of this Agreement. Your company's business must be confined to owning and operating the Franchised, and we may require you to include this restriction in your company's organizational documents. Upon request, you will deliver to us copies of all organizational documents of your company, including articles of incorporation, by-laws, shareholders' agreement, limited liability company articles and operating agreement, partnership agreement, and any certificates we may request certifying any resolution of directors. Your company must remain in good standing throughout the term of this Agreement in its state of formation and, if different, in the state in which the Franchise is located.

1.6.13 *Customer Evaluations.* We reserve the right to institute programs for auditing customer satisfaction and other quality control measures, and to require you to pay the cost of such programs. You agree to present to your customers such evaluation forms as we periodically prescribe and to participate and request your customers to participate in any surveys performed by us or on our behalf.

1.6.14 *Inspections.* During the term of this Agreement, we or our designated representatives will have the right, at any time during your regular business hours, without prior notice to you, to enter upon the Shop Premises to inspect the premises; observe, photograph and videotape the operations of the Franchise for such periods as we deem necessary; remove samples of any products, materials or supplies for review and analysis; and to interview your personnel and customers. You agree to cooperate fully with us and our representatives during all inspections, observations, photographing, videotaping, product sample removal and interviews; and to take all steps reasonably necessary to correct any deficiencies in your compliance with System Standards or this Agreement within the time we specify. Your failure to implement any corrective action we require or your failure to pass two sequential inspections will constitute a material breach of this Agreement and may result in termination pursuant to Section 5.2. In addition to our right to terminate this Agreement, we have the right to assess a fee equal to our then current prohibited product fee in the event you continue to be out of compliance with the System Standards after your receipt of oral, email or written notice from us advising you of the nature of your default and requesting you to comply.

1.6.15 *Prices.* We reserve the right to require you to comply with such pricing as we may require of specific menu items or goods or services offered and sold by the Franchise as required in the Manual or as we otherwise reasonably direct in writing from time to time, subject to any relevant law governing our right to specify pricing.

1.6.16 Payments to Suppliers. You agree to pay all of your suppliers promptly in accordance with their payment terms and to comply in all other respects with your contractual obligations to third parties.

Section 1.7 Advertising, Promotion and Marketing

1.7.1 Signage. You will post prominent signage relating to the Franchised Business in easily seen locations both inside and outside the Shop Premises. We may prescribe or approve from time to time in writing the size, form, color scheme, content and location of all such signage. You agree to display and maintain signs reflecting the current image of Bobapop Tea Shops. You also agree to post any signs we designate to reflect the fact that you are an independent Franchisee, and not the Franchisor. You agree to discontinue the use of and destroy such signs as we declare to be unapproved or obsolete within the reasonable time that we specify for such destruction, which will not be less than 15 days. Because of the importance of the Bobapop Tea Shop image, you grant to us the right to enter the Tea Shop Premises to remove and destroy unapproved or obsolete signs in the event that you have failed to do so within the time we specify.

1.7.2 Local Advertising. We do not require you to engage in any local advertising or to spend any minimum amount of money on local advertising or grand opening advertising. All local advertising, marketing and public relations programs and activities that you do, and all materials you use in such programs and activities, must conform to such standards and requirements as we may specify from time to time. All such materials must be clear, factual and not misleading. You agree to submit to us, before you use them, samples of all materials you intend to use that we have not prepared or previously approved. We will endeavor to deliver to you our written approval or disapproval within 15 days after our receipt of such materials, but we will not be liable for any delay. If we have not notified you of disapproval within 15 days after your submission for approval, the materials will be considered approved. We may withdraw our approval at any time. If we withdraw our approval, you will immediately cease the use, distribution and dissemination of such material. Any advertising, marketing or sales concepts, programs or materials that you propose or develop for the Franchise and we approve may be used by us and by our affiliates and other franchisees without any compensation to you. You agree to use all point of sale materials that we may supply to you from time to time, in the manner we prescribe.

1.7.3 National and Regional Advertising. We or our designee may, at our discretion, exclusively maintain and administer any national and regional advertising, public relations and marketing programs and market research, including without limitation the System Website described in Section 1.8.1 and all programs financed by the Marketing Fund, as described below. You agree to participate in all national and regional programs we specify from time to time in the manner we specify.

1.7.4 Cooperative Advertising. We may establish and coordinate from time to time cooperative advertising, marketing and sales programs, customer satisfaction programs and other programs or activities among Bobapop Franchisees. These programs or activities may be on a

local, regional or national basis. You will participate in such programs and activities as we may prescribe. Such programs and activities may (at our option) be paid for on any equitable basis by the participants.

1.7.5 *Internet Advertising.* Any Internet advertising you do must be submitted to us in advance for our approval in the manner described in Section 1.7.2. We may withhold our approval at our discretion. You may not own an Internet domain name that includes any of the Marks or variations of any of the Marks.

1.7.6 *Social Media.* You may promote the Franchise through social media and similar means provided that such promotion is consistent with the System Standards. If any of your employees, owners, officers, directors or managers posts objectionable content to a social media website, you will have 12 hours after notice from us to remove such content provided that it is capable of removal. If you fail to remove the objectionable content within this 12 hour period, we will have the right to terminate this Agreement. You agree to check for social media postings of your employees from time to time to be sure that any comments they write are permitted and are consistent with our policies.

1.7.7 *Coupons, Customer Loyalty and Gift Cards and Apps.* You agree to participate in each gift card, customer loyalty card, mobile app and other similar program that we may periodically establish or approve for use at Bobapop Tea Shops either in your area or nationally, for all franchised Bobapop Tea Shops that you or any affiliate of yours owns. You agree to timely execute and deliver such agreements and other documents as we may reasonably require to facilitate such programs. You will not initiate any such program yourself without our prior written approval, which we may withhold in our discretion. You will distribute customer loyalty cards and sell and issue gift cards and redeem (without an offset against Royalty payments) coupons, customer loyalty cards and gift cards in accordance with procedures and policies we specify in the Manual or otherwise in writing. We will manage any customer loyalty mobile app or program with the provider we select for the system of Bobapop shops in your area or nationally. You agree to pay the provider's fee for such service.

1.7.8 *Advertising the Sale of Franchises.* We have the right to advertise the Bobapop Franchise opportunity on the menu and in your Franchise.

1.7.9 *Public Relations.* You agree to refer all inquiries from news reporters regarding The Franchise or the System to the person we designate as the public relations spokesperson for the Bobapop brand. You may not discuss any aspect of the Franchise or the System with any news reporter without our prior written approval in each instance.

Section 1.8 – Website

1.8.1 *System Website.* We maintain one or more websites to advertise, market and promote Bobapop Tea Shops, the products sold at Bobapop Tea Shops and the Bobapop Franchise opportunity (the "System Website"). The System Website lists the locations of Bobapop Tea Shops. We own all intellectual property and other rights in the System Website and

all information it contains.

1.8.2 *Promotion of the System Website.* All advertising, marketing and promotional materials that you develop for the Franchised must promote the System Website's URL in the manner we designate.

1.8.3 *Web Portal.* In addition to the System Website, we may (but we will not be obligated to) maintain a secure web portal, extranet or other system for all Bobapop Franchisees that will not be available to the general public. We may use this portal, extranet or system to provide support for franchisees and to allow for online franchise discussion groups. You agree both during and after the term of this Agreement not to disclose your means of access to such a portal to any person or entity who is not under your direct supervision and who does not have a need to have access. You agree to inform all persons under your supervision of this obligation of confidentiality. You further agree to comply with all guidelines and policies we establish from time to time for the use of this portal, extranet or system.

ARTICLE II – FEES; PAYMENTS; RECORDS; INSPECTIONS

Section 2.1 – Fees and Reports

2.1.1 *Initial Fee.* Upon your signing of this Agreement, you will pay us an initial fee of \$35,000 for a standard Bobapop Tea Shop (a "Standard Unit"). If you have signed a multi-unit agreement, all or a portion of your initial fee may be covered by the initial amount you paid under that agreement, depending upon the specific terms of that agreement that we negotiate. The initial fee is fully earned at the time we grant the Franchise and is not refundable under any circumstances.

2.1.2 *Training Fee.* Before you begin initial training, you will pay us a training fee of \$5,000.

2.1.3 *Royalty.* You agree to pay us a royalty ("Royalty") in the amount of 2.5% of the Gross Sales (as defined below) of the Franchise each Accounting Period (defined below) for a Standard Unit; and 4% of such Gross Sales for a Non-Traditional Unit.

2.1.4 *Definition of Gross Sales.* As used in this Agreement, the term "Gross Sales" or "Gross Sales of the Franchise" means all sales made in the operation of the Franchise, whether collected or not, including, but not limited to, all amounts you receive at or away from the Tea Shop Premises, whether from cash, check, credit or debit card (with no deduction for card company charges), near field communications (such as Apple Pay or Google Pay), proceeds of any business interruption insurance policies, and revenue from any other source. It does not include sales taxes collected from customers for payment to the appropriate taxing authorities, or amounts refunded or credited to customers.

2.1.5 *Definition of Accounting Period.* "Accounting Period" means the specific period that we designate from time to time in the Manual or otherwise in writing for purposes of your

financial reporting and payment obligations described in this Agreement. The Accounting Period may be a calendar month or a shorter or longer time period that we select, but not shorter than one week. We may designate different Accounting Periods for different purposes. The Accounting Period presently is monthly, that is, the end of each month after the signing of the Franchise Agreement.

2.1.6 *Other Fees.* In addition to any fees described elsewhere in this Agreement, you agree to pay us the following fees upon the occurrence of the following events:

2.1.6.1 If we do a photoshoot, video shoot, or any social media & advertising projects at your store, you agree to provide products to fulfill the project goals.

2.1.6.2 If you relocate the Franchise with our approval pursuant to Section 1.2.7, we may charge you a relocation fee of \$5,000 plus any reasonable expenses we incur.

2.1.6.3 If we obtain insurance on your behalf in accordance with Section 6.3.7, you will pay us an amount equal to the premiums and related costs for the required insurance in full upon receipt of the invoice, plus a 25% service charge.

2.1.6.4 If we provide additional or remedial training that is not mandatory or that we require because your personnel are not meeting our standards, or if you request and we agree to furnish additional on-site training, guidance or assistance in accordance with Sections 1.5.5 or 1.5.7, we may charge our then-current fees and expenses.

2.1.6.5 If we provide customer service in accordance with Section 1.6.2 because of your failure adequately to address or resolve any customer complaints, we may charge you our reasonable costs and expenses in resolving such complaints;

2.1.6.6 If we perform work to correct an unhealthy or unsafe condition at your Bobapop Tea Shop because you fail to perform the work after we notify you pursuant to Section 1.6.7, we may require you to pay for labor and materials plus a 25% service charge and an amount sufficient to reimburse us for our actual direct costs to supervise, perform and inspect the work and procure any replacement items, including labor, materials, transportation, lodging, meals, contractor fees and other direct expenses, all of which will be due and payable upon your receipt of our invoice.

2.1.6.7 If we perform an inspection or audit that is made necessary by your failure to furnish any information we require or if an audit or inspection reveals an understatement of Gross Sales greater than 2%, then we may require you to reimburse us for the reasonable cost of such inspection or audit in accordance with Section 2.2.6.

2.1.6.8 If you transfer the Franchise with our consent pursuant to Section 4.2, you agree to pay us a transfer fee of \$5,000.

2.1.6.9 If the Operating Manager ceases active management of the Franchised Business or if the business is not being managed properly, then pending the appointment

and training of a new Operating Manager, we may appoint a manager until you appoint a trained replacement manager and we may require you to pay in the manner described in Section 4.2.8.

2.1.6.10 If you renew the franchise pursuant to Section 5.1.2, at our sole discretion, you agree to pay us our then-current renewal fee, which will not exceed the greater of \$10,000 or 25% of the then-current initial franchise fee.

2.1.6.11 If any required payment you make to us is rejected by your bank because of insufficient funds, you will pay us \$50 for each occurrence.

2.1.6.12 If you continue to sell or purchase an unauthorized product or service or you continue to be out of compliance with the System Standards after we have notified you to cease such sales or purchases or to comply with the System Standards, you will pay us our then current fee pursuant to Section 1.1.4, 1.3.4 or 1.6.15. Such fee as of the date of this Agreement is \$150 per day. You acknowledge and agree that your continued sale or purchase of unauthorized products or services or your continued noncompliance with System Standards after we have notified you to cease will cause us to incur damages, the actual amount of which would be speculative and difficult to calculate. You acknowledge that \$300 per day from the date you receive our notice is a fair and reasonable estimate of the foreseeable damages that we are likely to incur.

2.1.6.13 If we hold franchisee conferences as described in Section 1.5.8, we may charge you a fee sufficient to cover the reasonable costs of such conferences.

2.1.6.14 If your franchise fee payment to us is deferred by operation of law until the opening of your franchise, but you do not open the franchise, you will pay us immediately \$5,000 for our efforts, time, and expense on your behalf as liquidated damages and not as a penalty.

2.1.7 *Inflation.* Fees stated in this Section 2.1 as dollar amounts may be increased from time to time to reflect increases in the Metropolitan Area Consumer Price Index for All Urban Consumers from the date of this Agreement, as published by the U.S. Department of Labor, or a successor index.

2.1.8 *Reports.* You will submit to us an electronic report within three days after the end of each Accounting Period setting forth your true and correct Gross Sales for such Accounting Period in such detail and in such manner as we require from time to time. We have the right, upon notice to you, to require you to submit to us, in digital format, (i) monthly and annual balance sheets and income statements for the Franchised Business, prepared in accordance with generally accepted accounting principles consistently applied, in the format we prescribe, and verified as correct in the manner we prescribe from time to time; and (ii) reviewed financial statements prepared annually.

2.1.9 *Payment.* You will pay us the Royalty Fee for each Accounting Period at the time

you submit each report to us in accordance with Section 2.1.10, based on Gross Sales during the most recent Accounting Period, along with the technology fee described in Section 2.1.7. You will pay us for all other amounts upon your receipt of our invoice, including but not limited to reimbursements to us for amounts we spend on your behalf, amounts you incur for training, and purchases we make at your request or on your behalf. Time is of the essence with respect to all payments you are to make to us. You will pay all sums you owe to us or to any of our affiliates electronically through one or more depository transfer accounts or using such methods as we may designate in the Manual or otherwise in writing. At our request, you agree to execute such documents as we determine are necessary for us to process electronic funds transfers from your designated bank account for payment of the fees you owe to us. You will bear all costs to establish and maintain the required electronic payment system, and all bank service charges. You will comply with our procedures for electronic payment, which we may modify from time to time, including the maintenance of such minimum bank account balance as we specify from time to time.

2.1.10 *Interest on Late Payments.* Any payment that is not made by the date it is due will be subject to interest at the rate of 1.5% per month or the highest rate allowed by law, whichever is less. If no due date is stated, interest begins to run 10 days after billing. Your failure to pay all amounts when due constitutes grounds for termination of this Agreement, as provided in Section 5.2.2.4. Interest will accrue whether or not we exercise our right to terminate. You acknowledge that this subsection does not constitute our agreement to accept any delay in payments or our commitment to extend credit to you or otherwise finance your operation of the Franchised Business.

2.1.11 *No Setoff.* Your obligations to make payments in accordance with this Agreement and any other agreement with us or any of our affiliates with respect to the Franchised Business are not subject to any abatement, reduction, setoff, defense or counterclaim due or alleged to be due for any past, present or future claim that you have or may have against us or any of our affiliates.

2.1.12 *Application of Payments.* All payments you make to us will be applied in such order as we may designate from time to time, regardless of any designation you may make with respect to the application of such payments, even if you specifically make payment conditional on our acceptance of your designated application or instructions.

2.1.13 *Taxes.* In the event that we are required to collect and pay any sales or use tax from you for payment to any tax authority based on your purchase of the franchise or any items relating to the franchise or based on any continuing payments you make to us under this Agreement, you will pay such amounts to us upon receipt of our invoice.

2.1.14 *Failure to Report.* If you fail to report your Gross Sales for any period, we may debit your account for 120% of the Royalty and Marketing Fee based on your Gross Sales that you last reported to us, for each late report and for each week or portion of a week past the due date. After we have determined the correct Gross Sales for such a period, we will debit your account for any shortfall or credit your account against future payments if the amount paid

exceeds the amount owed.

Section 2.2 – *Records; Inspection*

2.2.1 *Records.* You agree to maintain at the Tea Shop Premises full, complete and accurate records of the Franchise. You will maintain bookkeeping, accounting and records retention systems conforming to the requirements that we prescribe from time to time, and such other records as we prescribe from time to time relating to the operations of the Franchise. You agree to maintain and to furnish to us upon request complete copies of all income, sales, value added, use and service tax returns and employee withholding, workers' compensation and similar reports filed by you reflecting activities of the Franchise. You agree to preserve all records described in this Section 2.2.1 for a period of at least five years after their creation, or such longer period as may be required by law, during both the term and each renewal term of this Agreement and following the expiration or termination of this Agreement.

2.2.2 *Access to Systems.* We may use the computer and point of sale systems described in Section 1.3.7 to collect electronically the reports referred to in Section 2.1.10 and the records referred to in Section 2.2.1. We may use the content and data generated by the surveillance system described in Section 1.3.7 for any purpose, including to monitor customer service and the operation of the Franchise. We have the right to establish requirements that will permit us, as often as we deem appropriate, to access all cash registers, surveillance and computer terminals and your computer system and to retrieve all information relating to the Franchise.

2.2.3 *Right to Inspect.* During the term of this Agreement, we or our designated representatives will also have the right, at any time during your regular business hours, without prior notice to you, to enter upon the Tea Shop Premises to inspect the books and records of the Franchise and take excerpts. You agree to cooperate fully with us and our representatives during all such inspections.

2.2.4 *Right to Audit.* We have the right at any time during your regular business hours, without prior notice to you, to inspect and audit the records of the Franchise, or to cause such records to be inspected and audited. This right includes the right to access your computer systems.

2.2.5 *Discrepancies.* If any inspection or audit demonstrates an understatement of Gross Sales, you will pay the deficiency to us within 15 days after you receive the inspection or audit report.

2.2.6 *Cost.* All inspections and audits will be at our expense; but if an inspection or audit is made necessary by your failure to furnish, or your delay in furnishing, reports, supporting records, other information or financial statements we require, or if an understatement of Gross Sales for the period of any audit or inspection is determined by any such audit or inspection to be greater than 2%, you agree, within 15 days after our request, to reimburse us for the cost of such inspection or audit, including, without limitation, legal and accounting fees, and the travel expenses, including lodging, meals and per diem charges of the inspecting or auditing personnel.

These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

2.2.7 Survival of Inspection and Audit Rights. Our rights to inspect the books and records of the Franchised Business and to take excerpts, and to audit the Franchise, will continue for a period of six months following the expiration or termination of this Agreement; but we may only inspect such books and records or perform any such audit following the expiration or termination of this Agreement upon at least 24 hours' prior notice to you.

2.2.8 Disclosure of Your Financial Information. We have the right to disclose data we receive from you regarding the Franchised Business without identifying you. If we are required by law to disclose any data we receive from you regarding the Franchise and such disclosure will identify you, we will notify you of the disclosure to be made and, if you request, endeavor to obtain legally binding assurance that those who receive such disclosure will be bound by an obligation of confidentiality. We also have the right to disclose data regarding the Franchised Business to any prospective transferee of the Franchise you identify to us.

Section 2.3 – Security Interest

2.3.1 Grant of Security Interest. As security for the payment of all amounts you owe us from time to time under this Agreement and all other agreements between you and us, and your performance of all of your obligations under such agreements, you hereby grant to us a security interest in all of the assets of the Franchised Business, including, without limitation, all inventory, equipment, furniture and fixtures, as well as all proceeds from their sale and the related insurance (the "Collateral"). You warrant and represent that the security interest granted hereby is prior to all other security interests in the Collateral except bona fide purchase money security interests, or security interests held by financial institutions, if any, each of which is subject to our prior approval. Our security interest will be subordinate to any security interest held by a bank pursuant to Small Business Administration (SBA) financing of the Franchise. You agree not to remove the Collateral, or any portion of the Collateral, from the Tea Shop Premises without our prior written consent.

2.3.2 Collateral Assignment of Lease. In addition to granting us a security interest in the Collateral, pursuant to Section 2.3.1 above, you hereby grant to us a security interest in and to the Lease ("Collateral Assignment of Lease"), and all of your rights, title and interests in and to the Lease, as further security for the payment of all amounts you owe us from time to time under this Agreement and all other agreements between you and us. In the event of a breach or default by you under the terms of the Lease, or, in the event we make any payment to the landlord under the Lease as a result of your breach of the Lease, then such payment by us, or such breach or default by you, will at our option be deemed to be an immediate default under this Agreement, and we will be entitled to take possession of the Tea Shop Premises and to assume all of your rights, title and interests in and to the Lease and to all other remedies described in this Agreement or at law or in equity, without prejudice to any other rights or remedies we might have under any other agreements or under other applicable law. This Collateral Assignment of Lease will constitute a lien on your interest in and to the Lease until satisfaction in full of all

amounts owed by you to us. You agree to obtain the landlord's consent to this Collateral Assignment of Lease by having the landlord execute a lease addendum in the form contained in our franchise disclosure document.

2.3.3 Remedies.

2.3.3.1 Upon the occurrence of any event entitling us to terminate this Agreement or any other agreement between you and us, we will have all the rights and remedies of a secured party under the Uniform Commercial Code of the state in which the Franchised Business is located, including, without limitation, the right to take possession of the Collateral.

2.3.3.2 In addition to the remedies set forth in Section 2.3.3.1 above, in the event of a default by you under the terms of the Lease or under this Agreement, we will be entitled to exercise any one or more of the following additional remedies in our sole discretion:

- (i) subject to state law, without notice and with or without process, to enter upon and take and maintain possession of the Tea Shop Premises, together with all Collateral and all of your books, records, papers and accounts and to assume all of your rights, title and interests in and to the Lease;
- (ii) as your attorney-in-fact, or in our own name, to hold, operate, manage and control the Franchise with full power to use such measures as we deem proper or necessary to cure such default;
- (iii) to cancel, terminate or disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, replacements, alterations, additions, and improvements to the Tea Shop Premises;
- (iv) to insure and reinsure the same for all risks incidental to our possession, operation and management thereof; and
- (v) to terminate this Agreement as of the date of your default under the Lease.

2.3.4 *Filings.* You authorize us, without further notice to or consent by you, to file any records or other documents as we reasonably deem necessary to perfect, continue, amend or terminate our security interest in the Collateral. In connection with our security interest in the Lease, you agree to obtain the landlord's consent to the Collateral Assignment of Lease by having the landlord execute a Bobapop Lease Addendum in a form satisfactory to us.

2.3.5 *Election of Remedies.* The remedies set forth in this Section 2.3 do not exclude any of our other remedies under this Agreement or any other agreement between you and us. No exercise by us of any of our rights under this Section 2.3 will cure, waive or affect any default under this Agreement or any other agreement between you and us. No inaction or partial exercise by us of our rights will be construed as a waiver of any of our rights and remedies and no waiver by us of any such rights and remedies shall be construed as a waiver by us of any future rights and remedies.

2.3.6 *Grants of Security Interests to Others.* We must approve in advance and in writing any grant you make to any third party of a security interest in or encumbrance of any assets of the Franchised Business, including without limitation the Collateral or the Lease. We will not unreasonably withhold our consent to any such grant made in connection with financing for the development or operation of the Franchised Business or equipment leasing, if such financing satisfies our requirements, which may include execution of agreements by us, you and the secured creditor, in a form satisfactory to us, making any such security interest subordinate to the one you have granted to us pursuant to this Section 2.3.

2.3.7 *Survival.* The security interest created by this Section 2.3 will survive the termination or the expiration and nonrenewal of this Agreement and remain in effect until all of your monetary obligations to us are satisfied in full.

ARTICLE III PROPRIETARY RIGHTS; CONFIDENTIALITY; NONCOMPETITION

Section 3.1 – *Our Copyrights and Trademarks*

3.1.1 *Our Copyrights.* We and our affiliates are the sole owners of all copyrights in the Manual and all training and supplemental materials, all logos or other materials that are the subject of design patents, and other materials identified as ours that we provide to you, and in all advertising and promotional material created by or for us. You may not copy any such materials, nor create derivative works of any such materials, except as we specifically authorize or permit.

3.1.2 *Our Trademarks.* Your right to use the Marks is derived solely from this Agreement and is limited to your operation of the Franchise at and from the Shop Premises pursuant to and in compliance with this Agreement and all System Standards. Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that your use of the Marks and any goodwill established by such use will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Franchise in compliance with this Agreement). You will not contest or assist others in contesting our right to use the Marks.

3.1.3 *Proper Use of the Marks.* You may not use the Marks except as authorized under this Agreement. You understand that any use of the Marks other than as expressly authorized by this Agreement, without our prior written consent, will constitute infringement and that your right to use the Marks does not extend beyond the expiration or termination of this Agreement. You agree to use the Marks as the sole identification of the Franchise, except that you agree to identify yourself as the independent owner of the Franchise in the manner we prescribe. You may not use any of the Marks or any word similar to any of the Marks as part of any corporate or legal business name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you under this Agreement), or in any modified form, nor may you use any Mark in connection with the performance or sale of any unauthorized products or services or in any other manner we have not expressly authorized in writing. You may not use any Mark as part of a domain name or electronic address of a website. You agree to display the

Marks prominently in the manner we prescribe at the Franchise and on business forms and advertising materials. You agree to give such notices of trademark registrations and our ownership of the Marks as we specify from time to time and to obtain any fictitious or assumed business name registrations required under applicable law.

3.1.4 *Modifying the Marks.* We will have the right to modify or change the Marks from time to time upon written notice to you specifically referring to this Agreement and describing such modification or change. Such right will include the right to use a trademark that is entirely different from “Bobapop shop” and the right to require you to use one or more additional logos and marks; but we will make all such changes in the Marks only for good faith marketing, trademark or other reasons on a uniform basis for all Bobapop franchisees in the U.S. You agree, upon notice from us, to regard each such modified, changed, new or additional trademark as being within the definition of “Marks” under this Agreement, and to adopt and use each such trademark at your expense in accordance with the terms and conditions of this Agreement. We will not be obligated to reimburse you for any loss of revenue or expenses caused by any such modification or change.

3.1.5 *Infringement.* You agree to notify us of any apparent infringement of any Mark or of any of our copyrights, by any third party, as soon as such apparent infringement comes to your attention, and to notify us immediately of any challenge to your use of any Mark or of any of our copyrights or design patents and of any claim by any person of any rights in any Mark or any of our copyrights or design patents, and you agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate with respect to such apparent infringement, challenge or claim and the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark or our copyrights. You agree not to initiate any such action or proceeding, but to cooperate with us in any such action or proceeding and sign any and all instruments and documents, render such assistance and do such acts and things as may be necessary or advisable, in the opinion of our attorneys, to protect and maintain our interests in any litigation or any proceeding at the Patent and Trademark Office, or otherwise to protect and maintain our interests in the Marks or copyrights. In the event any sum is recovered based on our claim of infringement, we will have the exclusive right to such recovery.

Section 3.2 – Confidentiality of Our Information

3.2.1 *Confidential Information.* We possess and may continue to develop and acquire certain confidential information relating to the development and operation of Bobapop Tea Shops (“Confidential Information”). Confidential Information means information that is not generally available to the public and that has commercial value to us or to the Franchise, or that is personally identifiable information of customers. “Confidential Information” includes, without limitation:

3.2.1.1 product recipes, mixes and formulas;

3.2.1.2 the contents of the Manual and all supplemental materials;

- 3.2.1.3 the content of our training and assistance;
- 3.2.1.4 site selection criteria;
- 3.2.1.5 sales and marketing techniques;
- 3.2.1.6 customer lists;
- 3.2.1.7 planned advertising and marketing programs; current, past and planned research, development and test programs for products, services and operations;
- 3.2.1.8 specifications for and suppliers of certain equipment, fixtures, furnishings, signs, materials and supplies;
- 3.2.1.9 the operating results and financial performance of Bobapop Tea Shops other than the Franchise;
- 3.2.1.10 the videos and images recorded by the surveillance system (except to the extent necessary to prove wrongful acts);
- 3.2.1.11 usernames and passwords allowing access to protected areas on our website or computer network; and
- 3.2.1.12 all improvements and modifications to the System Standards or in the Franchise developed by you or your personnel.

You will not acquire any interest in any Confidential Information other than the right to use Confidential Information disclosed to you to enable you to operate the Franchise during the term of this Agreement.

3.2.2 *Nondisclosure and Non-Use.* At all times both during the term and after the expiration or termination of this Agreement, (i) you will keep all Confidential Information in the strictest confidence and you will not disclose any Confidential Information to any person other than your employees, agents or representatives who have a legitimate need to know such information and who are informed of this obligation of confidentiality and have signed either a Guaranty as described in Section 1.1.7 or a written confidentiality agreement with your company in a form acceptable to us, and (ii) you will not use any Confidential Information except for the purpose of fulfilling your obligations under this Agreement. You will immediately notify us upon discovering any loss or unauthorized disclosure by any of your owners, managers, employees, contractors, agents or representatives of any Confidential Information.

3.2.3 *Isolated Disclosures.* Notwithstanding the foregoing, we will not deem you to be in default of this Agreement as a result of isolated incidents of disclosure of Confidential Information by an employee other than an owner, provided that you have taken reasonable steps

to prevent such disclosure, including but not limited to the steps a reasonable and prudent owner of confidential and proprietary information would take to prevent disclosure of such information by his or her employees, and further provided that you pursue all reasonable legal and equitable remedies against such employee for such disclosure of Confidential information.

3.2.4 *Exceptions.* The obligations of confidentiality and non-use described above will not apply to information that: (i) you can clearly show was known to you on a non-confidential basis prior to its disclosure to you by us; (ii) is or becomes generally known among Competitive Businesses (as defined in Section 3.3.1) in the U.S. other than through disclosure by you or any of your employees, contractors, agents or representatives; or (iii) you can clearly show was received by you on a nonconfidential basis from a third party that is not prohibited from disclosing such information by a legal, contractual or fiduciary obligation.

3.2.5 *Disclosures Required by Law.* In the event that you become legally compelled to disclose any Confidential Information, you will (i) promptly notify us that such information is required to be disclosed, (ii) use your best efforts to obtain legally binding assurance that all those who receive disclosure such information is bound by an obligation of confidentiality, and (iii) disclose only that portion of the Confidential Information that your legal counsel advises is legally required to be disclosed.

3.2.6 *Return of Information.* Upon our request, you will promptly return to us all Confidential Information and all copies in your possession or under your control, and you will destroy all copies on your computers and other digital storage devices.

Section 3.3 – Noncompetition

3.3.1 *Definition of Competitive Business.* As used in this Agreement, the term “Competitive Business” means any business that sells, or grants franchises or licenses to others to operate, a retail business that sells, brewed tea and bubble tea to consumers for onsite consumption or carry-out or delivery that derives 5% or more of its revenues from such business (other than a Bobapop Tea Shop operated under a Franchise Agreement with us). The restrictions of this section will not apply to the ownership, solely as an investment, of publicly traded securities that constitute less than 1% of a class of ownership interests of the issuing company.

3.3.2 *Noncompetition During the Term.* You agree that during the term of this Agreement and any renewal of this Agreement, you and all company owners will not, directly or indirectly (through one of your company’s affiliates or owners or a member of the immediate family of any owner), either (i) have a direct or indirect interest in a Competitive Business located or operating anywhere in the U.S. or in any other country in which a Bobapop Tea Shop operates; (ii) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located or operating; or (iii) divert or attempt to divert any business or customer of the Franchise to any Competitive Business in any manner.

3.3.3 *Noncompetition After Termination.* Upon the expiration, termination, nonrenewal or transfer of this Agreement, you and your company’s owners (collectively “you”) agree for a

period of two years following such expiration, termination or transfer, that you will not, directly or indirectly (through one of your company's affiliates or owners or a member of the immediate family of any owner), either (i) have a direct or indirect ownership interest in a Competitive Business located or operating within 5 miles of the Site or within 5 miles of any Bobapop Tea Shop at the time of such expiration, termination, nonrenewal or transfer; (ii) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for any such Competitive Business; or (iii) divert or attempt to divert any business or customer of the Franchise to any competitor in any manner.

3.3.4 Agreement by Operating Manager. In addition to the obligations of Sections 3.3.2 and 3.3.3, you shall cause your Operating Manager to sign the Operating Manager's Non-Disclosure and Non-Compete Agreement, which is Addendum B hereto.

3.3.5 Reasonableness of Restrictions. You acknowledge that the time and geographical limitations in Sections 3.3.2 and 3.3.3 and 3.3.4 are reasonable and do not impose a greater restraint than is necessary to protect our goodwill or other business interests. If any of the limitation in such sections is held unreasonable or unenforceable by a court or governmental agency, then such limitation will be deemed to be reduced as necessary to enable the court or agency to enforce such limitation to the fullest extent permitted under applicable law.

ARTICLE IV TRANSFER

Section 4.1 – Transfer by Us

We may sell, assign or transfer our rights and obligations under this Agreement to any party, without your approval and without prior notice to you, provided that the buyer, assignee or transferee agrees in writing to assume all of our obligations under this Agreement. We will not be liable for obligations of the transferee arising after the date of transfer.

Section 4.2 – Transfer by You

4.2.1 No Transfer Without Our Approval. This Agreement is personal to you. We have granted the franchise to you in reliance upon our perceptions of your (or your company's owners') individual or collective character, skill, aptitude, business ability and financial capacity. Accordingly, you may make no Transfer (as defined below) without our prior written approval. Any purported Transfer without such approval will be a breach of this Agreement and will entitle us to terminate this Agreement as provided below. Our consent to a Transfer does not constitute a representation as to the fairness of the terms of any contract between you or your company's owners and the transferee, a guaranty of the successful operation of the Franchise by the transferee or a waiver of any claims we may have against you or your company's owners or of our right to demand the transferee's compliance with any of the terms or conditions of this Agreement.

4.2.2 Definition of Transfer. As used in this Agreement, the term "Transfer" means your (or your company's owners') voluntary, involuntary, direct or indirect assignment, sale, gift, pledge or other disposition of: (i) any legal or beneficial ownership or voting interest in your company; (ii) this Agreement, (iii) any material asset of the Franchise; or (iv) the lease or

ownership of the Tea Shop Premises (unless we agree to a relocation or unless the transfer of ownership does not affect your leasehold rights and obligations). “Transfer” also includes (v) the merger or consolidation of your company; (vi) the issuance of additional securities or other ownership or voting interests of your company, and (vii) the admission or departure of a partner or owner; (viii) transfers resulting from proceedings under the U.S. Bankruptcy Code or any similar law; (ix) transfers resulting from divorce; and (x) any grant of a security interest to a third party without our approval.

4.2.3 *Notice of Transfer.* You agree to notify us of any planned Transfer, and to provide us with any information we may reasonably request in order to permit us to evaluate the planned Transfer. If we do not exercise our right of first refusal under Section 4.3, we agree not to unreasonably withhold our approval of a Transfer. If we approve the Transfer, then you will be free, for 90 days following such approval, to effect the Transfer to the person or persons approved by us.

4.2.4 *Conditions to Transfer.* The following conditions will apply with respect to any Transfer except as described in Section 4.2.5:

4.2.4.1 The proposed transferee, its managers, directors, officers and owners, must be individuals of good character with sufficient business experience, aptitude, and financial resources to operate the Franchise and otherwise meet our then applicable standards for a new Bobapop Franchisee.

4.2.4.2 The proposed transferee may not be or be owned directly or indirectly by a Competitive Business, nor may any of the proposed transferee’s managers, directors, officers or owners perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business.

4.2.4.3 You will cure any default under this Agreement of which we will have notified you.

4.2.4.4 You will pay all fees and any other amounts then owed by you.

4.2.4.5 If the Lease requires it, the landlord must consent to the assignment of the Lease to the transferee.

4.2.4.6 You or the transferee will pay us a nonrefundable transfer fee described in

4.2.4.7 Section 2.1.8.6. We require that the transferee or your company under ownership by the transferee, at the time of closing, enter into our then current form of franchise agreement amended to shorten the initial term to conform to the remaining term of this Agreement and to remove the requirement to pay the initial fee, and each Guarantor under the new franchise agreement will have signed our then-current form of guaranty.

4.2.4.8 You and we will execute a written Consent to Transfer Agreement terminating this Agreement or an amendment to this Agreement acknowledging a change in ownership. Any such agreement or amendment must be in a form satisfactory to us and may include a general release of any claims against us and our affiliates and an

acknowledgment of your obligations following the Transfer.

4.2.4.9 You will upgrade and remodel the Shop Premises as we may require to conform to the then-current standards and specifications of a new franchised business then being established, and you will complete the upgrading and remodeling within the time specified by us.

4.2.4.10 We will have approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of the Franchise.

4.2.4.11 If you or your owners finance any part of the sale price of the transferred interest, you or your owners will have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests are subordinate to the transferee's obligation to pay Royalties, Marketing Fees and other amounts due to us.

4.2.4.12 After our authorization of the Transfer and your compliance with all of the requirements listed above, you will give us not less than five business days' written notice of the date, time and place of the closing of such Transfer, and you will give us an opportunity to have a representative present at the closing.

4.2.4.13 If the transaction is brokered by a third-party or by one of our authorized sales representatives, you or the proposed transferee will be responsible for paying broker fees at the same commission rate that we pay such brokers or sales representatives.

4.2.4.14 If the transaction is a securities offering as described in Section 4.2.9, you must pay us the greater of: (i) 50% of our then-current initial franchise fee; or (ii) our reasonable costs and expenses associated with reviewing the proposed offering.

4.2.4.15 You and your Owners will release us.

4.2.5 *Transfer to a Company you Control.* Upon prior notice to us and the signing by the relevant parties of assignment documents acceptable to us, you may transfer this Agreement to an entity that conducts no business other than the Franchise in which you maintain management control and of which you or all of the owners of your company own and control 100% of the equity and voting power, provided that all assets of the Franchise are owned, and the entire Franchise is conducted by, a single entity. The requirements of Sections 4.2.4.6 through 4.2.4.13 will not apply to any such transfer. You will remain personally liable under this Agreement after such Transfer by signing a Guaranty as described in Section 1.1.7.

4.2.6 *Transfer Upon Death or Disability.* You or your executor or other personal representative must promptly notify us in the event of the death or disability of the Managing Owner. Any transfer upon death or disability will be subject to the same terms and conditions as those that apply to other transfers, as described in Sections 4.2.1 through 4.2.4; but you or your executor or other personal representative will have a period of 12 months in which to effect a transfer acceptable to us in the event of death, and six months in the event of disability. The Managing Owner must be replaced with a new Managing Owner acceptable to us. As used in this Agreement, the term "disability" means a mental, emotional or physical injury, illness, incapacity, disability or impairment that is reasonably expected to prevent or actually does

prevent a person from performing the obligations set forth in this Agreement for more than 30 days. A person's disability for purposes of this section will be determined by a licensed practicing physician selected by us upon examination of such person or, if such person refuses to be examined, then such person will automatically be deemed disabled for purposes of this section as of the date of refusal. We will pay the cost of the examination to the extent it is not covered by insurance.

4.2.7 Operation of the Franchised Business Upon Death or Disability. Upon the death or disability of the Managing Owner, you or such deceased or disabled owner's executor, administrator, conservator, guardian or other personal representative must within a reasonable time, not to exceed 30 days from the date of death or disability, appoint a Managing Owner to operate the Franchise. Such a Managing Owner will be required to complete our training at your expense. Pending the appointment and training of a Managing Owner or if, in our judgment, the Franchise is not being managed properly, we have the right, but not the obligation, to manage the Franchise ourselves or through another franchisee. You will pay us or such other Franchisee for such services in accordance with our or such other franchisee's then current fees.

4.2.8 Transitional Management Costs. In the event that we appoint a manager for the Franchise pursuant to Section 4.2.7 or Section 1.5.6, all funds from the operation of the Franchise during the management by our appointed manager will be kept in a separate account, and all expenses of the Franchise, including compensation, other costs and travel and living expenses of our manager, will be charged to this account. We will also have the right to charge a reasonable management fee (in addition to the Royalty and Marketing Fee and other fees payable under this Agreement) during the period that our appointed manager manages the Franchise. Operation of the Franchise during any such period will be on your behalf. We will not be liable to you or your company's owners for any debts, losses or obligations incurred by the Franchise or to any of your suppliers for any products, materials, supplies or services the Franchise purchased during any period it is managed by our appointed manager.

Section 4.3 – Our Right of First Refusal

4.3.1 Notice of Third Party Offer. If you or any of your company's owners at any time desire to sell, assign or transfer for consideration this Agreement and the other assets of the Franchise or the ownership of your company to anyone other than as described in Section 4.3.4, you will obtain and immediately submit to us a true and complete copy of a bona fide written offer from the third party that desires to acquire your company or its assets (the "Third Party Offer"). The Third Party Offer must include the names of all owners of any entity offeror and the names of all partners of any partnership offeror or, in the case of a publicly-held entity, copies of the most current quarterly report and Form 10K. The Third Party Offer must contain details of the payment terms of the proposed sale and the source and terms of any financing of the proposed purchase price, and may not include or be contingent upon the purchase of assets other than those related to the Franchise.

4.3.2 Exercise of Our Right of First Refusal. We will have the right, exercisable by notice delivered to you or your company's selling owner or owners within 30 days after the date of our receipt of a copy of the Third Party Offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in the Third Party

Offer, provided that (i) we may substitute cash for any form of payment proposed in such offer; and (ii) we will have at least 60 days after giving notice of our election to prepare for closing. If we exercise our right of first refusal, the seller and we will execute a written agreement, in a form satisfactory to us, acknowledging the seller's continuing obligations. We may require the seller to sign a general release of any claims against us. If you own the Tea Shop Premises, we or our assignee will only have a right to lease the Tea Shop Premises for the remaining term of the Franchise Agreement, excluding renewals, at fair market value.

4.3.3 *Consequence of Non-exercise of Our Right of First Refusal.* If we do not exercise our right of first refusal, you or your owners may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to our approval of the transfer as provided in Section 4.2; but if the sale to such purchaser is not completed within 120 days after delivery of the Third Party Offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the thirty day period following either the expiration of such 120 day period or the notice to us of the material changes in the terms of the sale, either on the terms originally offered (following such 120 day period) or the modified terms (following notice to us of material changes in the terms of the sale), at our option.

4.3.4 *Exceptions.* Our right of first refusal will not apply to transfers from one current owner of your company to another current owner unless the Managing Owner is transferring his or her ownership. In addition, our right of first refusal will not apply to any partial sale of your company or its assets. We will not have the right to become a partial owner of your company.

ARTICLE V TERM AND TERMINATION

Section 5.1 - Term and Renewal

5.1.1 *Initial Term.* This Agreement will be effective as of the date set forth in the opening paragraph of this Agreement. The initial term of this Agreement will expire on the date specified in Addendum A, but if no expiration date appears in Addendum A, then the initial term of this Agreement will expire 5 years after the date of this Agreement. If a current lease or sublease will expire before the expiration of this Agreement, you may attempt to obtain a replacement lease or sublease. We will have the right to approve any proposed replacement lease or sublease as otherwise provided in Section 1.2.5. If you are unable to obtain a replacement lease or sublease that meets our approval before the current lease or sublease expires, (i) you have the right to terminate this Agreement, subject to your observation of all notice provisions and post-term obligations set forth in this Agreement, or (ii) we have the right to terminate this Agreement in accordance with Section 5.2. In addition, if the current lease or sublease is terminated for any reason before it expires, we have the right to terminate this Agreement in accordance with Section 5.2.

5.1.1.1 *Renewal.* You will have the right to acquire a successor franchise for a term of 5 years, provided that you comply with the following conditions: you will have given us notice of your desire to acquire a successor franchise ("Renewal Notice") not less than twelve months nor more than eighteen months before the end of the then-current term. The maximum number of renewals is two, i.e. a total of 10 years beyond the initial

5 year term.

5.1.1.2 you and your affiliated companies must not be in default under this Agreement or any other agreement with us or any of our affiliates at the time you give your Renewal Notice, or if you are in default, you have cured such default in the manner described below;

5.1.1.3 you comply with our then-current financial qualifications and training requirements for new Bobapop Franchises;

5.1.1.4 you must not have received more than three notices of default during any 24 month period during the term of this Agreement, whether or not such defaults have been cured;

5.1.1.5 you present evidence to us that you have the right to remain in possession of the Shop Premises for the duration of the term of the successor franchise agreement, or you obtain our approval of a new location for the Franchise for the duration of the successor franchise term;

5.1.1.6 to comply with our then-current standards in effect for new Bobapop Franchises, at your cost and expense, you remodel and refurbish the Tea Shop Premises, and you repair or replace equipment (including electronic cash register or computer hardware or software systems), signs, interior and exterior decor items, fixtures, furnishings, catering or delivery vehicles, if applicable, supplies and other products and materials required for the operation of the Franchised Business as we may reasonably require, and you obtain any new or additional equipment, fixtures, supplies and other products and materials that we may reasonably require;

5.1.1.7 you execute a general release, in a form prescribed by us, of any and all claims against us and our affiliates and their respective members, managers, officers, directors, shareholders, partners, agents and employees; and

5.1.1.8 you execute our then-current standard form of Franchise Agreement, which agreement will supersede this Agreement in all respects; but you will not be required to pay the initial fee stated in the successor franchise agreement. Instead, you will pay us the renewal fee referred to in Section 2.1.8.8. You understand that the successor franchise agreement may contain materially different terms than this Agreement, including, but not limited to, increased fees.

If you or any of your affiliated companies is in default under this Agreement or any other agreement with us or any of our affiliates at the time you give your Renewal Notice, we will give you notice, not more than 30 days after receipt by us of your Renewal Notice, of such default, and we will give you 30 days to cure. In the event that you fail to cure in that period, or in the event that any other condition set forth in this Section 5.1. is not satisfied, your right to renew will terminate. Nothing in this Section 5.1 will limit our right to terminate this Agreement in

accordance with Section 5.2.2 or 5.2.3.

5.1.2 *Hold Over.* If you do not sign a new franchise agreement before the term of this Agreement expires and you continue to accept the benefits of this Agreement after this Agreement expires, then at our option, we may treat this Agreement either as: (i) expired as of the date of expiration, with you then being deemed to be operating without a franchise in violation of our rights; or (ii) continued on a month-to-month basis (the "Interim Period") until either (A) both you and we sign a new Franchise Agreement or (B) either you or we give at least 30 days' prior written notice to the other party of your or our intention to terminate the Interim Period, in which case the Interim Period and this Agreement will terminate on the date specified in the notice, which will not be more than 60 days following the date of the notice unless both parties agree. All of your obligations will remain in full force and effect during the Interim Period as if this Agreement had not expired.

Section 5.2 - Termination

5.2.1 *Termination by You.* You may not terminate this Agreement except in the event of our material breach of this Agreement. In the event that you claim that we have materially breached this Agreement, you will provide us with written notice of such claim within twelve months of its occurrence, specifically enumerating all alleged deficiencies and providing us with an opportunity to cure, which will in no event be less than 90 days from the date of our receipt of the notice. Your failure to give such notice will constitute a waiver of your right to terminate on the basis of such breach or to raise such breach as a claim or defense in any action against us.

5.2.2 *Termination by Us Upon Notice.* We may terminate this Agreement upon written notice to you with immediate effect if:

5.2.2.1 you or any of your company's owners have made any material misrepresentation or omission in connection with your application for and purchase of the Franchise;

5.2.2.2 your Managing Owner fails to complete the initial training to our satisfaction in accordance with Section 1.5.3;

5.2.2.3 you fail to find a Site for the Franchise acceptable to us within the time required by Section 1.2.1 or you fail to commence operation of the Franchise within the time required by Section 1.2.10;

5.2.2.4 you are more than five days late in your payment of any amount due to us under this Agreement or to any of the suppliers of the Franchise and you fail to make such payment within five days after we will have notified you that such payment is past due;

5.2.2.5 you or any of your affiliates defaults under the Lease and fails to cure such default within the time required under the Lease, or you lose the right to possession of the

Tea Shop Premises and have not relocated to another site approved by us;

5.2.2.6 you no longer have a competent, conscientious, trained staff in numbers sufficient to promptly service customers in accordance with the System Standards;

5.2.2.7 you or any of your company's owners use or disclose any Confidential Information in violation of the requirements of Section 3.2;

5.2.2.8 you or any of your company's owners make any unauthorized use of the Marks or challenge or seek to challenge the validity of any of the Marks;

5.2.2.9 you fail to maintain the insurance we require and do not correct the failure within ten days after we deliver written notice of that failure to you;

5.2.2.10 you refuse to permit us or our agent to enter upon the Tea Shop Premises to conduct any periodic inspection in accordance with Section 1.6.15;

5.2.2.11 you fail to maintain the highest rating possible for the Franchise in accordance with the terms of Section 1.6.5, or you fail to notify us as required under Section 1.6.5, or you fail to correct in a timely manner any condition described in any inspection report or any warning, citation, certificate or notice relating to the Franchise; a threat or danger to public health or safety results from the construction or maintenance of the Tea Shop Premises or from the operation of the Franchise, or you violate any health, safety or sanitation law, ordinance or regulation and do not begin to correct such noncompliance or violation immediately, and completely correct such noncompliance or violation within 72 hours after written notice of such threat, danger, noncompliance or violation is delivered to you;

5.2.2.12 you fail to remove any objectionable content posted to a social media website within 12 hours after we request you to remove it pursuant to Section 1.7.12;

5.2.2.13 you knowingly maintain false books or records or submit to us a report that understates the Gross Sales of the Franchise three or more times during the term of this Agreement or by more than five percent on any one occasion;

5.2.2.14 you fail for a period of 15 days after notification by appropriate authority to comply with any other law or regulation applicable to the operation of the Franchise;

5.2.2.15 you or any of your company's owners effect or attempt to effect a Transfer without our approval and contrary to the provisions of Article IV;

5.2.2.16 you fail to meet the requirements of Section 1.6.11 including demonstrating full PCI/DSS compliance through means that we request in our reasonable discretion;

5.2.2.17 in the event of your death or disability or the death or disability of an owner of your company, this Agreement or such owner's interest is not assigned as required by Article IV;

5.2.2.18 you or any of your company's owners are or have been convicted of, or plead or have pleaded guilty or no contest to, a felony or any other crime or offense, or engage in any dishonest, deceptive or unethical conduct that may, in our opinion, adversely affect the reputation of the Franchised Business, other Bobapop Tea Shops or the goodwill associated with the Marks;

5.2.2.19 you fail to operate the Franchise for three consecutive business days, unless the Franchised Business has been closed for a purpose we have approved or because of casualty;

5.2.2.20 you fail to pay when due any federal or state income, service, sales, withholding or other taxes due in connection with the operation of the Franchise, unless you are contesting your liability for such taxes in good faith or you have received an extension from the applicable government agency of the time within which to make such payments;

5.2.2.21 you commit two or more defaults under this Agreement in any period of 12 consecutive months, whether or not each such default has been cured after notice was delivered to you;

5.2.2.22 your use of your assets, property or interests or those of any of your owners are blocked under any law, rule or regulation relating to terrorist activities;

5.2.2.23 you become insolvent or make a general assignment for the benefit of creditors; or, unless prohibited by law, if a petition in bankruptcy is filed by you or filed against and consented to by you or not dismissed within 30 days; or if a proceeding for the appointment of a receiver or other custodian of your company, business or assets is filed and consented to by you; or if a receiver or other custodian (permanent or temporary) of all or any part of your business or assets is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; or if a final judgment remains unsatisfied or of record for 30 days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement); or if execution is levied against your property or business; or if suit to foreclose any lien or mortgage against the Shop Premises or equipment of the Franchised Business developed hereunder is instituted against you and not dismissed within 30 days; or if the real or personal property of any restaurant developed under this Agreement is levied and sold at public auction by a sheriff or marshal; or if your company is dissolved;

5.2.2.24 you or any of your affiliates default under any financing agreement or arrangement with any party advancing funds to you in connection with the operation of

the Franchise or the operation of another business under a Franchise Agreement with us;

5.2.2.25 any other Bobapop Franchise Agreement now or hereafter in effect between us and you or any of your affiliates is terminated due to a breach by you or your affiliate; or

5.2.3 *Termination After Cure Period.* Except as set forth in Section 5.2.2, you will have 30 days after receipt of written notice from us of a material default in which to remedy the default and provide evidence of that remedy to us. If any such default is not cured within that time, this Agreement will terminate without further notice to you effective immediately upon expiration of that time unless we notify you otherwise in writing.

5.2.4 *Relationship Laws.* Notwithstanding the provisions described in this Section 5.2, if any valid, applicable law or regulation limits our right to terminate this Agreement or requires different or longer notice periods than those set forth in this Agreement, this Section 5.2 is deemed amended to conform to the minimum notice periods or restrictions upon termination required by such law or regulation. We will not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, arbitration, hearing or dispute relating to this Agreement or the termination of this Agreement.

Section 5.3 - Consequences of Termination

5.3.1 *General Consequences.* Upon the expiration of this Agreement or its termination for any reason:

5.3.1.1 all rights and licenses granted to you under this Agreement will immediately terminate;

5.3.1.2 you will remit to us, within 15 days of such expiration or termination, or on such later date that the amounts due to us are determined, such Royalties and Marketing Fees, amounts owed for purchases from us, interest due and all other amounts owed to us that are then unpaid, and you will submit to us any reports and other information you may be required to submit to us with respect to the operation of the Franchised Business up to the date of expiration or termination;

5.3.1.3 you will deliver to us, within 15 days of such expiration or termination, a complete list of all customers in your possession or under your control, current as of the effective date of termination or expiration, including the name, address, telephone number and email address of each customer; you will cease to use the Marks in any way, cease referring to or identifying yourself as a Bobapop Franchisee and remove all such identifying materials from the Tea Shop Premises, unless we instruct you otherwise;

5.3.1.4 you will take such action as may be required to cancel all fictitious or assumed name or equivalent registrations or domain name registrations relating to your use of any Marks;

5.3.1.5 you will promptly return to us or deliver to us or otherwise dispose of as we may instruct, the Manual, and all supplemental materials, amendments, revisions and copies of the Manual (including copies stored electronically), as well as all other Confidential Information and all copies of such information in your possession or under your control, and all printed materials containing any Mark, and you will remove and destroy all copies from your computers and other electronic storage media, and you will allow us, without liability to you or to third parties, to remove all such items from the Franchise; and

5.3.1.6 you will assign to us or our designee all of your right, title and interest in and to your telephone numbers, websites, domain names and meta tags associated with the Mark (the "Listings") and you will notify the telephone company and all listing agencies of the termination or expiration of your right to use any of the Listings, and that you authorize the transfer of the Listings to us or our designee.

5.3.1.7 if you terminate the Franchise Agreement without proving our breach and failure to cure under Section 5.2.1 or if we terminate the Franchise Agreement for cause under Section 5.2, you will pay to us liquidated damages equal to the most recent 24 months of the average royalties paid or owed to us by you; provided that, if you have not been in business for at least 24 months, the liquidated damages shall equal the average royalties paid during the months you have been in business times 24. It is agreed that this is not a penalty but is a reasonable effort to assess damages in an uncertain situation.

5.3.2 *Right to Purchase Assets.* Upon the expiration of this Agreement or its termination for any reason, if we elect not to offer or you elect not to accept, a successor franchise, we will have the right, but not the obligation, to purchase some or all of the assets of the Franchise, including any furnishings, fixtures, equipment, signs, inventory, supplies and marketing materials and all other items, including the leasehold rights (subject to any rights of approval retained by the owner of the Tea Shop Premises) to or ownership of the Tea Shop Premises. The purchase price for such assets will be their fair market value as agreed by you and us or, if we are unable to agree, as determined in the manner described in Section 5.3.4. Before exercising our purchase right under this section, we will have the right to enter the Tea Shop Premises during reasonable hours to inspect the assets. If we elect to exercise our purchase right under this section, we will give you written notice of our intent to do so within 30 days after the expiration or termination of this Agreement. 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. We have the unrestricted right to assign this option to purchase the Franchise. We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise. This provision will also apply in the event of death or disability under Section 4.2.6.

5.3.3 *Leasehold Rights.* If we exercise our right to assume your lease, you agree at our

election,

(i) to assign your leasehold interest in the Tea Shop Premises to us or (ii) if you are unable to assign your leasehold interest, to enter into a sublease at a fair market rental for the remainder of the lease term on the same terms (including renewal option) as the prime lease; or (iii) if you own the Tea Shop Premises, to lease the premises to us at a reasonable commercial rent and according to terms comparable with rental terms for similar leased property in the marketplace where the Site is located.

5.3.4 *Purchase Price and Closing.* If we exercise our right to purchase substantially all of the assets of the Franchise:

5.3.4.1 the purchase price will be the fair market value of the assets of the Franchise, determined in a manner consistent with reasonable depreciation of the leasehold improvements, equipment, fixtures, furnishings, signs, materials and supplies. The fair market value of the Franchised Business will include the goodwill you have developed in the market that is independent of the goodwill of the Marks and the franchise system. The length of the remaining term of the lease or sublease of the Shop Premises, if any, and the age and condition of the improvements, equipment, fixtures, furnishings, décor and signs will also be considered in determining the fair market value. We may exclude from the assets purchased cash or its equivalent and any leasehold improvements, equipment, fixtures, furnishings, signs, materials and supplies that are not necessary or appropriate to the operation of the Franchise or that we have not approved as meeting our standards, and the purchase price will reflect such exclusions.

5.3.4.2 If we and you are unable to agree on the fair market value of the assets of the Franchise or the Site, or the fair rental value of the Tea Shop Premises, such fair market value or fair rental value will be determined by one independent appraiser agreed to by you and us. If we fail to agree on an appraiser within 30 days after our notice to you of our intent to purchase such assets, then each party will name its own reputable appraiser within seven days thereafter, and the average of their determinations will be binding. If one appraiser is chosen, then the parties will share the cost of the appraiser equally. If two appraisers are used, each party will pay its own appraisal fees. You and we will instruct the appraiser or appraisers to complete their appraisal within 30 days after their appointment.

5.3.4.3 The closing of the purchase described in this section will take place not later than 90 days after the determination of the purchase price. We will pay the purchase price at the closing, but we have the right to set off against the purchase price any and all amounts you or your company's owners owe to us. At the closing, you agree to deliver instruments transferring to us (i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances, with all sales and other transfer taxes paid by you; (ii) all licenses and permits of the Franchise that are assignable; and (iii) a leasehold interest in (or unencumbered title to) the Tea Shop Premises and the improvements to

such premises.

ARTICLE VI REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION

Section 6.1 - *Representations and Warranties*

6.1.1 *Your Representations.* You represent and warrant as follows:

6.1.1.1 YOU ACKNOWLEDGE THAT ONLY THE TERMS OF THE FRANCHISE AGREEMENT ARE BINDING (SUBJECT TO STATE LAW). ANY REPRESENTATION OR PROMISES OUTSIDE THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT MAY NOT BE ENFORCEABLE. NO CLAIM MADE IN ANY FRANCHISE AGREEMENT IS INTENDED TO DISCLAIM THE REPRESENTATIONS IN THIS FRANCHISE DISCLOSURE DOCUMENT.

6.1.1.2 YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT, AND YOU RECOGNIZE THAT, LIKE ANY OTHER BUSINESS, AN INVESTMENT IN A BOBAPOP FRANCHISE INVOLVES BUSINESS RISKS AND THAT YOUR ABILITIES AND EFFORTS ARE VITAL TO THE SUCCESS OF THE VENTURE.

6.1.1.3 YOU RECEIVED THE BOBAPOP FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 DAYS (AND 10 BUSINESS DAYS) BEFORE THE EARLIER OF THE DATE ON WHICH YOU (I) SIGNED THIS AGREEMENT OR ANY RELATED AGREEMENT OR (II) PAID ANY CONSIDERATION IN CONNECTION WITH THE SALE OR PROPOSED SALE OF A BOBAPOP FRANCHISE. YOU HAVE READ AND UNDERSTOOD THIS AGREEMENT AND HAVE HAD AMPLE OPPORTUNITY TO CONSULT WITH AN ATTORNEY AND OTHER ADVISORS OF YOUR OWN CHOOSING ABOUT THE POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS AGREEMENT. YOU ACKNOWLEDGE THAT WE HAVE ADVISED YOU TO HAVE THIS AGREEMENT REVIEWED AND EXPLAINED TO YOU BY AN ATTORNEY.

6.1.1.4 ALL STATEMENTS YOU HAVE MADE AND ALL MATERIALS YOU HAVE SUBMITTED TO US IN CONNECTION WITH YOUR APPLICATION FOR AND PURCHASE OF THE FRANCHISE ARE ACCURATE AND COMPLETE AND, IN THAT CONNECTION, YOU HAVE MADE NO MISREPRESENTATIONS TO US OR OMITTED DISCLOSING ANY MATERIAL INFORMATION TO US.

6.1.1.5 YOU ARE UNDER NO OBLIGATION OR RESTRICTION, NOR WILL YOU ASSUME ANY OBLIGATION OR RESTRICTION, THAT WOULD IN ANY WAY INTERFERE OR BE INCONSISTENT WITH, OR PRESENT A CONFLICT OF INTEREST CONCERNING, YOUR RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT.

6.1.1.6 Addendum A COMPLETELY AND ACCURATELY DESCRIBES ALL OF YOUR COMPANY’S OWNERS, DIRECTORS, OFFICERS, MEMBERS, PARTNERS AND MANAGERS AND THEIR OWNERSHIP INTERESTS AND MANAGEMENT POSITIONS IN YOUR COMPANY.

6.1.1.7 YOUR COMPANY HAS THE POWER AND AUTHORITY TO ENTER INTO THIS AGREEMENT AND TO PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT AND IS NOT RESTRICTED FROM DOING SO BY ANY AGREEMENT WITH ANY OTHER PARTY, AND THE PERSON SIGNING THIS AGREEMENT ON BEHALF OF YOUR COMPANY HAS THE POWER AND AUTHORITY TO BIND YOUR COMPANY.

6.1.2 *Your Compliance with Laws.* You represent and warrant that neither you nor any person holding any ownership interest in your company, controlled by you or under common control with your company, (i) is identified on the lists of “Specially Designated Nationals” or “Blocked Persons” maintained by the U.S. Treasury Department’s Office of Foreign Assets Control, (ii) is designated under Executive Order 13224 as a person with whom we may not transact business, (iii) is affiliated with or supports any individual or entity engaged in, contemplating or supporting terrorist activity, or (iv) has violated any law prohibiting corrupt business practices or money laundering.

Section 6.2 - Indemnification

6.2.1 *Your Indemnity.* You will indemnify and hold us and our affiliates, and the members, managers, stockholders, directors, officers, employees and agents of our company and our affiliates, harmless from and against all costs, expenses, liabilities and losses, including reasonable attorneys’ fees and disbursements, directly or indirectly relating to: (i) the failure of any of your representations, warranties or covenants set forth in this Agreement, or (ii) any act or omission of yours or anyone associated with or employed by or affiliated with you, except as described in Section 6.2.2. We will have the right to participate in the defense, with counsel of our own choice and at our own expense, of any action that may give rise to your obligation to indemnify, and to reject any settlement that might adversely affect us.

6.2.2 *Our Indemnity.* We will defend and indemnify and hold you and your affiliates, and the members, managers, stockholders, directors, officers, employees and agents of your company and its affiliates, harmless from and against all costs, expenses, liabilities and losses, including reasonable attorneys’ fees and disbursements, directly or indirectly relating to: (i) your use of the Marks or any copyrights or design patents owned by us or our affiliate in full compliance with the terms and conditions of this Agreement; or (ii) advertising or promotion carried out by us or by agencies or media engaged by us relating to the Bobapop brand, provided that you have timely notified us of each such claim or proceeding, have given us sole control of the defense and settlement, and have otherwise complied with this Agreement.

6.2.3 *Notice of Claim; Survival.* Each party will give the other notice of any claim that

may require indemnification promptly after such party learns of such claim. The rights and obligations of the parties under this Section 6.2 will survive the expiration or termination of this Agreement.

Section 6.3 - Insurance

6.3.1 *Insuring the Franchise.* During the term of this Agreement and any renewal, you will obtain and maintain, at your own expense, an insurance policy or policies protecting you against any demand or claim with respect to personal and bodily injury, death, or property damage, or any loss, liability, or expense arising or occurring upon or in connection with the operation of the Franchised. Such policy or policies must:

6.3.1.1 be written by an insurer licensed and admitted to write coverage the state in which the Franchised Business is located and with a rating of "A" or better as set forth in the most recent edition of Best's Key Rating Guide;

6.3.1.2 be primary coverage without right of contribution from any general liability policy or auto liability policy or from any insurance of ours;

6.3.1.3 include the name Bobapop LLC, and Bobapop International Trade Company as additional insureds;

6.3.1.4 be provided on an Additional Insured Grantor of Franchise Endorsement form CG2029 (or an endorsement form with comparable wording acceptable to us; and

6.3.1.5 comply with our written requirements at the time such policies are obtained and provide at least the types and minimum amounts of coverage specified below or as described in our written notice to you.

Your obligation to obtain and maintain such insurance will not be limited in any way by reason of any insurance that we may maintain.

6.3.2 *Minimum Coverage.* The policies referred to in Section 6.3.1 must include at least the following:

6.3.2.1 "all risk" or "special" property insurance covering all real and personal property and equipment on a replacement costs basis, including business interruption and extra expense insurance;

6.3.2.2 comprehensive general liability insurance, including products and completed operations, in an amount of not less than the following combined single limits: \$2,000,000 per occurrence, \$2,000,000 personal and advertising injury, \$2,000,000 completed operations/products aggregate, \$2,000,000 aggregate per location;

6.3.2.3 employment practices liability coverage with a limited \$100,000 per

occurrence and in the aggregate;

6.3.2.4 automobile liability coverage, including coverage of owned, non-owned, rented or hired vehicles with coverage in amounts not less than \$1,000,000 combined single limit; and

6.3.2.5 worker's compensation insurance for statutory limits and employer's liability insurance in an amount not less than \$1,000,000.

6.3.3 *Waiver of Subrogation.* You and your insurers must agree to waive their rights of subrogation against us in connection with any and all insurance that you are required to maintain under this Section 6.3.

6.3.4 *Changes in Coverage Requirements.* Each year we may unilaterally modify the insurance minimum coverage requirements by delivery to you of written notice of the change, which may include an increase to the minimum coverage requirements to reflect changes in inflation or as market conditions warrant.

6.3.5 *Negligence.* All public liability and property damage policies must contain a provision that Bobapop LLC, and Bobapop International Trade Company, although named as additional insureds, will nevertheless be entitled to recover under such policies on any loss occasioned to any such company by reason of your negligence.

6.3.6 *Certificates of Insurance.* At least ten days before you are first required to carry insurance, and thereafter at least thirty days before the expiration of any policy, you will deliver to us a certificate of insurance evidencing your compliance with this Section 6.3. Each certificate of insurance must expressly provide that we must receive at least thirty days' prior written notice in the event of material alteration to or cancellation or non-renewal of any coverage evidenced by the certificate.

6.3.7 *Our Remedies.* If you fail to obtain or maintain the required insurance in accordance with this Section 6.3, we or our designee will each have the right and authority (but not the obligation) to obtain such insurance on your behalf. Such rights will be in addition to and not in lieu of any other rights or remedies available to us. If we obtain such insurance on your behalf, we may require you to pay us the charges described in Section 2.1.7.2.

6.3.8 *No Effect on Indemnity.* Nothing in this Section 6.3 will relieve you of liability under the indemnity provisions in Section 6.2.

ARTICLE VII MISCELLANEOUS

Section 7.1 – Relationship of the Parties. You are an independent contractor and not an agent of ours. You will have no power or authority to make any commitment or enter into any contract or agreement obligating or purporting to obligate us, and you will not hold yourself out as having such power or authority. Nothing in this Agreement imposes a fiduciary duty upon us. You agree

to conspicuously identify yourself in all dealings with customers, suppliers, public officials, your employees and others as the owner of an independent business under a franchise from us and to place such notices of independent ownership on such forms, business cards, stationery, advertising and other materials as we require from time to time.

Section 7.2 – *Reasonable Business Judgment.* You acknowledge that the long-term interests of the network of Bobapop Tea Shops, and our company and its owners, taken together, require that we have the latitude to make business decisions with respect to the franchise system. The ultimate responsibility to make decisions with respect to the franchise system and the System Standards is vested in us because we, you and all Bobapop Franchisees have a collective interest in working within a franchise system that can quickly adjust to changing business conditions, including changes in the competitive environment, new laws and regulations, and emerging business opportunities. We have this right even if, at times, a particular decision adversely affects you. We will not be required to consider your particular economic or other circumstances or to disregard our own economic or other business interest when making decisions under this Agreement.

Section 7.3 - *Mediation*

7.3.1 Except for matters where either party seeks equitable relief, or where we seek to recover monies owed, neither party will seek a judicial resolution of a dispute between them without first requesting a meeting or telephone conference with the other party by written notice, which notice will designate a party who is a senior executive with authority to reach a resolution of the dispute on their behalf. The party receiving the notice will also designate a representative of similar authority for the purpose of discussing the specific matter in dispute. If Franchisee is an individual, Franchisee must be the designated representative. At least one meeting or telephone conference of the designated representatives will be held in an effort to resolve the dispute. The parties will agree on a location, date and time for the meeting or telephone conference which must be within thirty (30) days of the initial notice. If the meetings and telephone conferences do not resolve the dispute, either party may pursue mediation in accordance with Subsection 7.3.2.

7.3.2 If the dispute is not resolved pursuant to Subsection 7.3.1, the parties shall submit the dispute to mediation in accordance with the Commercial Arbitration Rules and Mediation Procedures of the American Arbitration Association unless both parties agree to waive mediation and proceed directly to court.

Section 7.4 – *Injunctive Relief.* You understand that your covenants set forth in Article III constitute essential elements of this Agreement. If you fail to comply strictly with any such covenants, we will suffer irreparable harm and will have a cause of action for damages or injunctive relief or both against you in a court of competent jurisdiction without bond.

Section 7.5 – *Severability.* If any restrictive covenant in this Agreement is held to be invalid or unenforceable because its duration is too long or its scope is too broad, you and we agree that the court making such determination will have the power to reduce the duration or scope in such a manner that the remaining revised covenant will be valid and enforceable. Whenever possible, each provision of this Agreement will be interpreted in such a manner as to be effective and valid

under applicable law, but if any provision of this Agreement is prohibited by or invalid under applicable law, such prohibition or invalidity will not invalidate the remainder of such provision or the other provisions of this Agreement.

Section 7.6 – No Waiver of Rights. No delay or failure to exercise any right or remedy provided for in this Agreement will be deemed to be a waiver of such right or remedy or acquiescence in the event giving rise to such right or remedy. No waiver will be binding unless contained in a writing signed by the party waiving its rights. Any waiver is limited to the specific situation in which it is given and no waiver of any breach or default under this Agreement will be construed as a waiver of any earlier or succeeding breach or default.

Section 7.7 – Notices. All notices, requests, consents and other communications required or permitted by this Agreement will be in writing and will be delivered by hand, confirmed email, overnight delivery service, or registered or certified first class mail, to the following address, or such other address as either party, by like notice, designates with respect to its own address:

If to us: Bobapop LLC
312 Main St #100,
Gaithersburg MD 20878
bobapopusa@gmail.com

If to you: The address indicated in Addendum A, including email

Any such notice, request, consent or other communication will be deemed given and be effective upon receipt at such address.

Section 7.8 – Affiliates. As used in this Agreement, the term “affiliate” of a party means a company directly or indirectly controlling, controlled by or under common control with such party. “Control” of another company, as used in this Agreement, means the ownership of or the power to vote, directly or indirectly through majority-owned companies, more than 50% of the voting stock or voting rights of such other company.

Section 7.9 – Limitation of Actions. Any and all claims and actions arising out of or relating to this Agreement brought by either party against the other must be brought or asserted before the expiration of the earlier of (i) the time period for bringing an action under any applicable statute of limitations; (ii) one year after the date upon which a party discovered, or should have discovered, the facts giving rise to the claim; or (iii) two years after the first act or omission giving rise to the alleged claim. Claims and actions not brought within such a time period will be irrevocably barred. Claims by us of your underreporting of sales and our claims for failure to pay monies owed or for indemnification will be subject only to the state applicable statute of limitations. Notwithstanding the above, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Section 7.10 – Waiver of Punitive Damages and Jury Trial. Except for your obligation to indemnify us for third party claims under Section 6.2, we and you each waive to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other party, and we and you agree that any recovery in a dispute between us will be limited to equitable relief and to the recovery of actual damages sustained. We and you irrevocably waive trial by jury

in any action, proceeding or counterclaim brought by either of us.

Section 7.11 – No Class Actions. Any litigation and any arbitration will be conducted and resolved on an individual basis only and not a class-wide, multiple plaintiff or similar basis. No such proceeding will be consolidated with any other proceeding involving any other person, except for disputes involving affiliates of the parties.

Section 7.12 – Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Maryland applicable to agreements made and to be performed entirely within the State of Maryland, without regard to Maryland’s conflict of laws principles; but nothing in this Agreement will be deemed to extend the application of the Maryland Franchise Act to the sale of franchises outside of the State of Maryland.

Section 7.13 – Jurisdiction and Venue. You irrevocably consent to the non-exclusive jurisdiction of the federal and state courts located in the city in which our principal office is located at the time the suit is filed (or Baltimore City, Maryland at our election). If we assign or otherwise transfer this Agreement, all legal actions between the parties will be venued exclusively in a state or federal court in the judicial district in which the assignee or transferee’s principal offices are located at the time the suit is filed. You hereby waive, to the full extent permitted by law, defenses based on jurisdiction, venue and forum *non conveniens*. You further consent to service of process in any action by registered mail, return receipt requested, or by any other means permitted by law.

Section 7.14 – Costs and Expenses. In any legal action arising out of or pursuant to this Agreement or otherwise in connection with the relationship between us, the prevailing party will be entitled to recover its reasonable costs and expenses (including reasonable attorneys’ fees). Attorneys’ fees include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred in preparation for or in contemplation of the filing of a written demand or claim, or in the course of an action, hearing or proceeding to enforce the obligations of the parties under this Agreement.

Section 7.15 – Entire Agreement. This Agreement and all related agreements executed simultaneously with this Agreement constitute the entire understanding of the parties and supersede any and all prior oral or written agreements between you and us on the matters contained in this Agreement; but nothing in this or any related agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. Nothing in the Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document. Except for changes permitted under this Agreement to be made unilaterally by us, no amendment to this Agreement will be binding unless such amendment is in writing and executed by the parties.

The parties have signed this Agreement on the dates set forth below, with effect as of the effective date as stated in the opening paragraph of this Agreement.

Bobapop LLC

[Franchisee]

By _____

Title _____

Date _____

By _____

Title _____

Date _____

**ADDENDUM A
TO FRANCHISE AGREEMENT OF BOBAPOP LLC**

FRANCHISEE INFORMATION

1. Approved location (the Site): _____
2. Territory _____
3. Agreement expiration date: _____
4. Initial fee: _____
5. Managing Owner: _____
6. Operating Manager: _____
7. Type of shop (indicate one):

Standard Unit: _____

Non-Traditional Unit: _____

8. Mailing Address for notices (if different than 1):

(Cannot be a post office box address)

Email Address: _____

9. Ownership and management of the franchisee.

The franchisee is a [limited liability company/corporation].

The following person(s) are the [members and managers/shareholders, officers and directors] of the Franchisee:

<i>Name and Address</i>	<i>Positions</i>	<i>Percentage Ownership</i>

**ADDENDUM B
TO FRANCHISE AGREEMENT OF BOBAPOP LLC**

Operating Manager's Non-Disclosure and Non-Compete Agreement

This Agreement is made and entered into _____ (“Franchisee”) and
_____ (“Operating Manager”).

RECITALS

WHEREAS, Franchisee is the owner of a BOPAPOP TEA SHOP Franchise (“Tea Shop”);
and

WHEREAS, Operating Manager is employed as the full-time manager of the Tea Shop;
and

WHEREAS, in connection with Operating Managers duties and as a necessary part thereof, Operating Manager will learn and use confidential and trade secret information of the Franchise (including but not limited to product recipes, mixes and formula, the contents of the Operations Manual and supplemental materials, training, sales and marketing techniques, and customer lists which have been furnished to Franchisee by the Franchisor, and which are crucial to the operation of and protection of the Franchise and the Bobapop Franchise System; and

WHEREAS, Franchisee and the Franchisor have taken the appropriate steps to protect this confidential and trade secret information; and

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Operating Manager shall receive Bobapop's confidential information and trade secrets in confidence, maintain them in confidence, and use them only in the course of Operating Manager's employment by with Franchisee for so long as Franchisee is licensed by Bobapop LLC to use the “BOBAPOP FRANCHISE SYSTEM”.

2. Operating Manager shall surrender the ***BOBAPOP LLC Operations Manual*** and any other material containing some or all of Bobapop's confidential information and trade secrets to Franchisee and to Bobapop LLC upon termination of employment by Franchisee, or upon any other request by Franchisee or Bobapop LLC.

3. Operating Manager shall not, directly or indirectly, do any act, which would or would likely to be injurious or prejudicial to the goodwill associated with the BOBAPOP LLC FRANCHISE SYSTEM, or omit to do any act, the omission of which would do the same.

4. As used in this Agreement, the term “Competitive Business” means any business that sells, or grants franchises or licenses to others to operate, a retail business that sells, brewed tea and bubble tea to consumers for onsite consumption or carry-out or delivery that derives 5% or more of its revenues from such business (other than a Bobapop Tea Shop operated under a Franchise Agreement with Franchisor). The restrictions of this section will not apply to the ownership, solely as an investment, of publicly traded securities that constitute less than 1% of a class of ownership interests of the issuing company.

5. In order to protect the goodwill and special qualities of the BOBAPOP LLC FRANCHISE SYSTEM and the value of Bobapop’s trade secrets, Operating Manager further undertakes and covenants that, during the time Operating Manager is employed by Franchisee and for a continuous uninterrupted period of two (2) years commencing upon the effective date of termination of Operating Manager’s employment, regardless by whom, or the date that Operating Manager begins to comply with this Section, whichever is later, Operating Manager shall not, either directly or indirectly, for or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or other business entity either (i) have a direct or indirect ownership interest in a Competitive Business located or operating within 5 miles of the Franchise for which Operating Manager has worked or within 5 miles of any Bobapop Tea Shop at the time of termination of Operating Manager’s employment; or (ii) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for any such Competitive Business; or (iii) divert or attempt to divert any business or customer of the Franchise to any competitor in any manner.

6. Franchisee undertakes to use its best efforts to ensure that Operating Manager acts as required by this Agreement.

7. Franchisor is an intended third party beneficiary of this Agreement and also has a right to enforce it.

8. Operating Manager agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions thereof, Franchisor shall be entitled to enforce the provisions of this Agreement against Operating Manager and, if necessary, Franchisee, and may seek, in addition to any other remedies which are made available to it at law or in equity, a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without being required to furnish a bond or other security.

9. If any Court or other tribunal having jurisdiction to determine the validity or enforceability of this Agreement determines that it would be unenforceable as written, its provisions shall be determined to be withheld, modified or limited to such extent or in such manner as is necessary for it to be valid and enforceable to the greatest extent possible.

10. Should legal proceedings have to be brought by Franchisor against Operating Manager to enforce the non-competition provisions of this Agreement, the period of restriction shall be deemed to begin running on the date of entry of an order granting Franchisor preliminary injunctive relief and shall continue uninterrupted for the entire period of restriction.

14. This Agreement shall be governed by and construed under the laws of the State of Maryland.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISEE

OPERATING MANAGER

By: _____

By: _____

Name: _____

Name: _____

Print Name: _____

Print Name: _____

Date: _____

Date: _____

GUARANTY AGREEMENT

_____ whose address is

WHEREAS:

entered into a Franchise Agreement dated _____; and

Now Therefore, in consideration of and as an inducement to Franchisor to enter into the Franchise Agreement with Franchisee, Guarantor hereby covenants and agrees as follows:

- 2022 Bobapop LLC
Franchise Disclosure Document
10.03.2022

or release any indebtedness or obligation of Franchisee or any guarantor, or settle, adjust or compromise any claims against Franchisee or any guarantor;

8. Guarantor waives any right he or she may have to receive demands and notices of any kind with respect to enforcement of this Guaranty Agreement, including, without limitation, notice of presentment, demand for payment or performance by Franchisee, notice of default by Franchisee or any guarantor, or notice of any release of any guarantor or other security for the performance of the Franchise Agreement or the obligations of Franchisee;
9. Franchisor may pursue its rights against any guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise of such right or remedy shall preclude the further exercise of such right or remedy;
10. Upon receipt by Franchisor of notice of the death of Guarantor, the estate of deceased Guarantor shall be bound by the foregoing Guaranty Agreement, but only for defaults and obligations under the Franchise Agreement existing at the time of death; the obligations of all other guarantors shall continue in full force and effect;
11. This Guaranty Agreement will continue during the term of the Franchise Agreement and, after its termination or expiration as long as obligations covered by this Guaranty remain outstanding;
12. Guarantor's obligations under this Guaranty Agreement are effective on the Effective Date of the Franchise Agreement, regardless of the actual date of signature;
13. This Guaranty Agreement is governed by Maryland law and Guarantor irrevocably submits to the jurisdiction and venue of the courts of Maryland or at the option of Franchisor, the principal place of business of Franchisor at the time of suit;
14. If Franchisor is required to enforce this Guaranty Agreement in any judicial or arbitration proceeding or on any appeals, Guarantor agrees that it will reimburse Franchisor for its enforcement costs. Enforcement costs include reasonable accountants', attorneys', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty Agreement;
15. Guarantor acknowledges that he or she has obtained independent legal advice before signing this Guaranty Agreement.

IN WITNESS WHEREOF Guarantor has signed this Guaranty Agreement.

Signature

Print Name

Address

Signed and delivered by the above-named Guarantor in the presence of:

Witness Signature

Print Name

Address

ADDENDUM D
TO FRANCHISE AGREEMENT OF BOBAPOP LLC
FORM OF GENERAL RELEASE

This General Release ("Release Agreement") is executed in favor of BOBAPOP LLC ("Franchisor") by _____ with a principal place of business at _____ ("Franchisee").

RECITALS

A. Franchisor and Franchisee entered into a Franchise Agreement (the "Existing Franchise Agreement") on _____ for the operation of a Bobapop Tea Shop (the "Franchise");

B. As part of the consideration for a renewal of the Franchise, in accordance with all the requirements to renew under the Franchise Agreement, Franchisee executes this General Release.

NOW THEREFORE, in consideration of the mutual promises contained herein and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Franchisee agrees as follows:

1. **Waiver and Release of Franchisor** Effective as of the date hereof Franchisee, for its shareholders, owners, members, beneficiaries, officers, partners, directors, employees, attorneys, representatives, successors, heirs and assigns (collectively hereinafter the "Franchisee Parties") hereby waives, releases and forever discharges Franchisor and its shareholders, owners, members, beneficiaries, officers, partners, directors, employees, attorneys, representatives, successors, heirs and assigns (collectively hereinafter "Franchisor Parties"), jointly and severally, from all demands, actions, causes of action, suits, proceedings, covenants, claims, executions, judgments, losses, damages, penalties, obligations and liabilities whatsoever (collectively "Claims or Suits"), of every nature, kind, type, or description, in law or in equity, including but not limited to those directly or indirectly arising out of, resulting from or relating to the Existing Franchise Agreement or its predecessor agreement or the performance of the obligations of the parties thereto whether known, unknown, direct, indirect, absolute, contingent, disclosed or undisclosed that the Franchisee Parties have or ever had or may ever have against Franchisor Parties arising out of event or circumstance from the beginning of time to the date of this release.

2. **Governing Law.** This Release Agreement and the rights and obligations of the parties hereunder shall in all respects be governed by and construed and enforced in accordance with the laws of the State of Maryland.

3. **Headings.** All sections and descriptive headings of paragraphs of this Release Agreement are inserted for convenience only and shall not affect the construction or interpretation hereof.

4. **Counterparts.** This Release Agreement may be executed in any number of counterparts each of which, when executed and delivered, shall be deemed an original, but all of which shall together constitute on and the same instrument.

IN WITNESS WHEREOF, this Release Agreement has been executed as of this date.

Dated: _____

Franchisee (if business entity):

By: _____

Title: _____

If Individually:

By: _____

ADDENDUM E
TO FRANCHISE AGREEMENT OF BOBAPOP LLC
FRANCHISE COMPLIANCE QUESTIONNAIRE

As you prepare to enter into a Franchise Agreement with BOBAPOP LLC, it is important to determine whether any statements or promises were made to you, either orally or in writing, which were not authorized by BOBAPOP LLC, and which may be untrue, inaccurate or misleading.

Please provide honest and complete responses to each of the following:

1. Have you received and personally reviewed our Franchise Agreement and all its attachments?
Yes ____ No ____

2. Do you understand all of the information contained in our Franchise Agreement and all its attachments?
Yes ____ No ____

If your answer is No, please state which parts of the Franchise Agreement or its attachments you do not understand. Attach additional pages if necessary.

3. Have you received and personally reviewed the Franchise Agreement which you are to sign, with all its blanks completed?
Yes ____ No ____

If your answer is Yes, please state what date this completed Franchise Agreement was received: _____

4. Have you received and personally reviewed our Franchise Disclosure Documents (FDD)?
Yes ____ No ____

Please state the date you first received the current FDD: _____

Did you sign a receipt for the FDD confirming the date you received it? Yes ____ No ____

5. Do you understand all of the information contained in the FDD, including any attachments?
Yes ____ No ____

If your answer is No, please state which parts of the FDD or its attachments you do not understand. Attach additional pages if necessary.

6. Have you discussed the benefits and risks associated with purchasing a **“BOBAPOP TEA SHOP”** franchise, with an attorney, accountant or other professional advisor? Yes ____ No ____

If your answer is No, did you have the opportunity to do so and chose not to?

Yes ____ No ____

Do you understand those risks?

Yes ____ No ____

7. Do you understand that the success or failure of your **“BOBAPOP TEA SHOP”** franchise will depend in large part upon your skills and abilities, the competition, and general business and economic factors such as inflation, interest rates and cost of labor? Yes ____ No ____

CONSIDER THE FOLLOWING QUESTIONS IN REGARD TO INFORMATION PROVIDED DIRECTLY FROM FRANCHISOR OR ITS REPRESENTATIVES (NOT ITS FRANCHISEES):

8. Has any employee, broker or other person representing BOBAPOP LLC made any statements or promises concerning the revenues, profits or operating costs of a **“BOBAPOP TEA SHOP”** franchise other than those representations contained within the Disclosure Document?

Yes ____ No ____

9. Has any employee, broker or other person representing BOBAPOP LLC made any statements or promises concerning the amount of money you may earn in the operating of a **“BOBAPOP TEA SHOP”** franchise?

Yes ____ No ____

10. Has any employee, broker or other person representing BOBAPOP LLC made any statements or promises concerning the likelihood of success that you should or might expect to achieve from operating a **“BOBAPOP TEA SHOP”** franchise?

Yes ____ No ____

11. Has any employee, broker or other person representing BOBAPOP LLC made any statements or promises concerning the advertising, marketing, training or support service or assistance that we will furnish to you that contradicts any information in the FDD?

Yes ____ No ____

12. Has any employee, broker or other person representing BOBAPOP LLC made any statements or promises concerning the costs you may incur in starting or operating the **“BOBAPOP TEA SHOP”** franchise that contradicts any information in the FDD?

Yes ____ No ____

13. Has any employee, broker or other person representing BOBAPOP LLC made any statements or promises or agreements relating to the **“BOBAPOP TEA SHOP”** franchise that contradicts any information in the FDD?

Yes ____ No ____

If you have answered Yes to any of the questions numbered 8 through 13 above, please provide a full explanation *for each*. Attach additional pages if necessary.

14. 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.

15. I signed the Franchise Agreement and Addendum (if any) on _____, _____, and acknowledge that no Agreement or Addendum is effective until signed and dated by BOBAPOP LLC.

Your answers are important to us and we will rely on them; by signing this Questionnaire, you are representing that you have responded truthfully to all of the above questions.

Date: _____

Prospective Franchisee: _____

EXHIBIT D

LIST OF FRANCHISEES AND FORMER FRANCHISEES

NONE.

EXHIBIT E
SPECIFIC STATE DISCLOSURES

**ADDENDUM TO BOBAPOP LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF CALIFORNIA**

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.dfpi.ca.gov.

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

- a. The franchisor, any person or franchise broker in Item 2 of the FDD is not 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.
- b. California Business and Professions Code 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
- c. 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.).
- d. The Franchise Agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
- e. The Franchise Agreement requires litigation in Maryland with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California (such as Business and Professions Code Section 20040.5 and Code of Civil Procedure Section 1281) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.
- f. The Franchise Agreement requires application of the laws of Maryland. This provision may not be enforceable under California law.
- g. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may

by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

- h. 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). Business and Professions Code Section 20010 Voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

**AMENDMENT TO BOBAPOP LLC.
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF CALIFORNIA**

In recognition of the California Franchise Investment Law, Cal. Bus. & Prof. Code § 31000 *et seq.*, and the California Franchise Relations Act, Cal. Corp. Code § 20000 *et seq.*, the parties to the attached Franchise Agreement (the “Agreement”) agree as follows:

1. Section 4.2.15 of the Agreement shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

You shall execute a general release under seal, in a form satisfactory to us, of any and all claims against us and our officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

2. A new sub-section 5.2.5 of the Agreement, under the sub-heading “Termination in California” shall be added, as follows:

To the extent that the provision of this Section 5.2 regarding termination is inconsistent with the requirements of the California Franchise Relations Act, the termination provisions are superseded by the Act's requirements and shall have no force or effect.

3. A new sub-section 3.3.5 of the Agreement, under the sub-heading “Application of Covenants in California” shall be added as follows:

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

4. A new sentence is added to the end Section 3.3 of the Agreement as follows:

The Non-Disclosure and Non-Competition Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

5. Section 7.11 of the Agreement, under the heading “Governing Law”, shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

This Agreement takes effect upon its acceptance and execution by Bobapop LLC and shall be interpreted and construed under the laws of the State of Maryland, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of Maryland choice of law rules) except to the extent governed by the U.S. Trademark Act of 1946, 15 U.S.C. § 1051, *et seq.* (the “Lanham Act”); provided, however, that if the covenants in Section 3.3 of this Agreement would not be enforceable under the laws of Maryland, and the Franchised Business is located outside of Maryland, then such covenants shall be interpreted and construed under the laws of the state in which the Franchise is located. Nothing in this Section 3.3 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the State of Maryland to which this Agreement would not otherwise be subject. However, these provisions may not be enforceable under California law.

6. 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) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Amendment to the Franchise Agreement in duplicate on the day and year first above written.

ATTEST:

FRANCHISOR:
BOBAPOP LLC

Witness

By: _____

FRANCHISEE

ATTEST:

Witness

By: _____

**ADDENDUM TO BOBAPOP LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS**

This Addendum to Franchise Agreement is effective as of the date Franchisor and Franchisee execute the Franchise Agreement, and amends the Franchise Agreement as follows:

- 1 . Illinois law governs this Franchise Agreement and all related agreements between the parties to the franchise.
- 2 . The Illinois Franchise Disclosure Act of 1987 provides as follows:

Sec. 4. Jurisdiction and venue. Any provision in a Franchise Agreement that designates jurisdiction or venue in a forum outside of this State is void, provided that a Franchise Agreement may provide for arbitration in a forum outside of this State.

and

Sec. 41. Waivers void. 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. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

Dated this ____ day of _____, 20__.

ATTEST:

FRANCHISOR:
BOBAPOP LLC

Witness

By: _____

FRANCHISEE

ATTEST:

Witness

By: _____

ATTEST:

Witness

By: _____

**ADDENDUM TO BOBAPOP LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF ILLINOIS**

1. The following item is required to be included within the Franchise Disclosure Document and shall be deemed to supersede the language that is in the Franchise Disclosure Document itself:

Section 4 of the Illinois Franchise Disclosure Act dictates that “any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that a Franchise Agreement may provide for arbitration in a forum outside of this State.” Therefore, the Illinois Franchise Disclosure Act supersedes any contrary provisions contained in the Franchise Agreement.

2. Illinois law requires fourteen calendar days’ disclosure prior to the signing of a binding agreement or any payment to the franchisor. This amends Item 23, the receipt to this Offering Circular.
3. Illinois law governs this Franchise Agreement.
4. Any releases that the Franchisor requests the Franchisee to sign must conform with the Illinois Franchise Disclosure Act.
5. Under Illinois law, a Franchise Agreement may not provide for a choice of law of any state other than Illinois. Accordingly, Item 11 is amended to state “there is no choice of law for Illinois franchisees except Illinois.” The Franchise Agreement is amended accordingly.
6. The Franchise Agreement is amended to state that it does not exclude the representations contained in, or the understandings communicated by, the Franchise Disclosure Document.
7. The Franchise Agreement is amended to comply with Section 27 of the Act to allow any and all claims and actions arising out of or relating to these Agreements, the relationship of Franchisor and Franchisee or Franchisee’s operation of the Franchise brought by Franchisee against Franchisor shall be commenced within three (3) years from the occurrence of the facts giving rise to such claim or action, within one (1) year after the Franchisee becomes aware of the facts or circumstances indicating Franchisee may have a claim for relief, or ninety (90) days after delivery to Franchisee of a written notice disclosing the violation, or such claim or action will be barred.
8. The Franchise Agreement is amended to state that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of Illinois is void. This section shall not prevent any person from entering into any settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any other

provision of that Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20__.

ATTEST:

FRANCHISOR:
BOBAPOP LLC

Witness

By:_____

ATTEST:

FRANCHISEE

Witness

By:_____

ATTEST:

Witness

By: _____

**ADDENDUM TO BOBAPOP LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF INDIANA**

1. To be added to Item 3 of the FDD, is the following statement:

There are presently no arbitration proceedings to which the Franchisor is a party.

2. Item 17 of the FDD is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory, called the Area of Exclusive Rights.
3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).
4. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends the Franchise Agreement.
5. Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20____.

ATTEST:

FRANCHISOR:
BOBAPOP LLC

Witness

By:_____

ATTEST:

FRANCHISEE

Witness

By:_____

ATTEST:

By:_____

**ADDENDUM TO BOBAPOP LLC FDD
AND
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MARYLAND**

This Addendum to the Franchise Disclosure Document and Franchise Agreement is effective as of the date Franchisor and Franchisee execute the Franchise Agreement, and amends the Franchise Agreement and Franchise Disclosure Document as follows:

Item 17 of the Franchise Disclosure Document

The general release required as a condition of renewal, sale, and /or assignment shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Sections 4.2.4 and 5.1.2 of the Franchise Agreement says that BOBAPOP LLC may require you to sign a general release of claims as a condition of transfer or renewal of your Franchise. Under Maryland law (COMAR 02.02.08.16L), this condition will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure law.

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement and the outlet is opened.

Signatures on Next Page

Dated this ____ day of _____, 20 ____.

ATTEST:

FRANCHISOR:
BOBAPOP LLC

Witness

By: _____
FRANCHISEE

ATTEST:

Witness

By: _____

ATTEST:

Witness

By: _____

**AMENDMENT TO BOBAPOP LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MINNESOTA**

In recognition of the requirements of the Minnesota Franchise Act, Minnesota Statutes, " 80C.01 - 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Commissioner of Commerce, the parties to the attached BOBAPOP LLC, Franchise Agreement (the "Agreement") agree as follows:

1. Section 3.1.5 of the Agreement entitled "Marks" shall be supplemented by the addition of the following language:

"BOBAPOP LLC, will protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name."

2. Section 4.2.4.15 of the Agreement under the heading "Assignment; Conditions and Limitations", shall be deleted in its entirety and shall have no force or effect, and the following shall be inserted in lieu thereof:

"Franchisee must execute a general release under seal, in a form satisfactory to BOBAPOP LLC, of any claims against BOBAPOP LLC, and its officers, directors, shareholders and employees, in their corporation and individual capacities, excluding only such claims as Franchisee may have that have arisen under the Minnesota Franchise Act or the Rules and Regulations promulgated thereunder by the Commissioner of Commerce."

3. Section 5.2 of the Agreement under the heading "Termination", shall be supplemented by the following new subsection 5.2.5 entitled "Termination Rights under Minnesota Law":

"Minnesota law provides Franchisee with certain termination, non-renewal and transfer rights. Minn Stat. ' 80C.14, subdivisions 3, 4, and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement, and that consent to transfer of the franchise may not be unreasonably withheld."

4. Section 7.12 of the Agreement entitled "Governing Law" shall be supplemented by the addition of two final paragraphs as follows:

"With respect to franchises governed by Minnesota law, BOBAPOP LLC, will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement."

“Minnesota Franchise Act, Minn. Stat. ' 80C.21, and Minn. Rule 2860.4400(J) prohibit BOBAPOP LLC, from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Franchise Agreement can abrogate or reduce any of Franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. This includes Section 80C.17, subd. 5, which provides that no action may be commenced pursuant to this section more than 3 years after the cause of action accrues.”

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Amendment to the Franchise Agreement in duplicate on the day and year first above written.

Dated this ____ day of _____, 20__.

ATTEST:

FRANCHISOR:
BOBAPOP LLC

Witness

By:_____

FRANCHISEE

ATTEST:

Witness

By:_____

**ADDENDUM TO BOBAPOP LLC
FRANCHISE DISCLOSURE DOCUMENT
THE STATE OF NEW YORK**

Registration of this franchise with the State does not mean that the State recommends it or has verified the information in this Disclosure Document. If you learn that anything in this Disclosure Document is untrue, contact the Federal Trade Commission and the State Administrator for this State listed in Exhibit A.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. 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 PROSPECTUS.

THIS DISCLOSURE DOCUMENT IS PROVIDED FOR YOUR OWN PROTECTION AND CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THIS DISCLOSURE DOCUMENT AND ALL CONTRACTS AND AGREEMENTS SHOULD BE READ CAREFULLY IN THEIR ENTIRETY FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

ALTHOUGH THESE FRANCHISES HAVE BEEN ACCEPTED FOR FILING SUCH FILING UNDER GENERAL BUSINESS LAW, ARTICLE 33 OF THE STATE OF NEW YORK DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE NEW YORK STATE DEPARTMENT OF LAW THAT THE

INFORMATION PROVIDED IN THIS AGREEMENT IS TRUE. THE DEPARTMENT'S REVIEW DID NOT INCLUDE A DETAILED EXAMINATION OF THE MATERIALS SUBMITTED. A FALSE, INCOMPLETE, INACCURATE OR MISLEADING STATEMENT MAY CONSTITUTE A VIOLATION OF BOTH FEDERAL AND STATE LAW, AND SHOULD BE REPORTED TO BOTH FEDERAL TRADE COMMISSION, WASHINGTON, DC 20580 AND THE NEW YORK STATE DEPARTMENT OF SECURITIES, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, NEW YORK, NY 10271.

GENERAL BUSINESS LAW, ARTICLE 33 OF THE STATE OF NEW YORK MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE A COPY OF THE OFFERING PROSPECTUS, TOGETHER WITH A COPY OF THE FRANCHISE AGREEMENT AT THE EARLIER OF (A) THE FIRST PERSONAL MEETING BETWEEN THE FRANCHISE OR ITS AGENT AND THE PROSPECTIVE FRANCHISEE, (B) AT LEAST TEN (10) BUSINESS DAYS PRIOR TO THE EXECUTION OF A BINDING FRANCHISE OR OTHER AGREEMENT OR (C) AT LEAST TEN (10)

BUSINESS DAYS PRIOR TO THE RECEIPT OF ANY CONSIDERATION IN CONNECTION WITH THE SALE OR PROPOSED SALE OF A FRANCHISE.

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: SECRETARY OF STATE, 41 STATE STREET, ALBANY, NY 12231.

Amendments to Item 3 of the Disclosure Document:

Except as stated in Item 3 of the prospectus, neither we, nor any person or franchise sales agent identified in Item 2 of the prospectus, have any actions required to be disclosed pursuant to 13 NYCRR 200.4(iii), Item 3:

A. 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. In addition, include 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.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-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.

C. Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or is subject to any currently effective order of any national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Amendments to Item 4 of the Disclosure Document:

Neither the franchisor, its affiliate, its predecessor nor its officers has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed pursuant to 13 NYCRR 200.4(iii), Item 4:

- (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 introduction to Item 17 is amended to read as follows:

THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT.

The Summary column of Item 17m is amended to read: “we shall have the right to transfer or assign all or any part of its interest herein to any person or legal entity who in our good faith judgment has the willingness and capacity to assume our obligations.”

The Summary column of Item 17t is amended to add the following: The foregoing choice of law should not be considered a waiver of any right conferred upon you by the General Business Law of the State of New York, Article 33.”

THIS NEW YORK ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF NEW YORK OR LOCATE THEIR FRANCHISES IN NEW YORK.

**ADDENDUM TO BOBAPOP LLC
FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NORTH DAKOTA**

For Bobapop LLC Franchised Businesses (“Franchised Businesses”) located in North Dakota:

1. The words “sign release” are deleted from Item 17(c) of the Franchise Disclosure Document (“FDD”), Section 6.1.2 of the Franchise Agreement (“FA”) is deleted, and Addendum H to the FA is deleted.
2. The words “Payment of all amounts due” are deleted from Item 17(i) of the FDD, and the obligation to pay all amounts due in Section 5.3.1.2 of the FA is deleted.
3. Item 17(r) of the FDD and Section 3.3 of the FA are modified by the addition of the following language: “Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.”
4. Item 17(s) of the FDD is amended as follows: “Except for certain claims, all disputes must be mediated/ litigated at a site agreeable to all parties, and which may not be remote from the franchisee’s place of business, under the auspices of the American Arbitration Association.”
5. Section 7.11 and 7.12 of the FA are modified by deleting the choice of law for Maryland and the requirement that litigation take place in Maryland.
6. Section 7.9 is deleted.

**ADDENDUM TO BOBAPOP LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF RHODE ISLAND**

The Rhode Island Securities Division requires the following specific disclosures to be made to prospective Rhode Island franchisees:

In spite of the provisions of Item 17t of the Disclosure Document, any litigation or arbitration arising under the Franchise Agreement will take place in Rhode Island or other place mutually agreed to by the franchisee and franchisor. In spite of the provisions of Section 7.11-7.12 of the Franchise Agreement and to the extent required by Section 19-28.1-14 of the Rhode Island Franchise Investment Act, the Franchise Agreement will be governed by the laws of the State of Rhode Island.

**ADDENDA TO BOBAPOP LLC
FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF SOUTH DAKOTA**

Not Applicable

**ADDENDUM TO BOBAPOP LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF VIRGINIA**

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

Additional Disclosure: The following statement is added to Item 17.f-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 ground 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.”

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

**AMENDMENT TO BOBAPOP LLC.
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF VIRGINIA**

This Amendment to the Franchise Agreement is effective as of the date Franchisor and Franchisee execute the Franchise Agreement, and amends the Franchise Agreement as follows:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Amendment to the Franchise Agreement in duplicate on the day and year first above written.

ATTEST:

FRANCHISOR:
BOBAPOP LLC

Witness

By:_____

FRANCHISEE

ATTEST:

Witness

By:_____

**ADDENDUM TO BOBAPOP LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY STATE OF WASHINGTON**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act (the “Act”), Chapter 19.100 RCW, prevails.

Section RCW 19.100.180 of the Act, may supersede the Franchise Agreement in your relationship with us, including the area of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with us including the area of termination and renewal of your franchise.

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

In Washington, provisions of the Franchise Agreement which unreasonably limit the statute of limitations or remedies under the Washington Franchise Investment Act, such as the right to jury trial, may not be enforceable.

The Franchise Agreement requires application of the laws of a state other than Washington. If there is a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chap. 19.100 RCW, will prevail.

The Franchise Agreement requires you to sign a general release of claims as a condition of renewing or transferring the franchise. A release or waiver of rights signed by a franchise owner may not include rights under the Washington Franchise Investment Protection Act. This will not prevent a franchisor from requiring you to sign a general release of claims as part of a negotiated settlement of a dispute after the agreement is in effect and when you are represented by independent counsel.

Under Washington law, transfer fees may be collected only to the extent that they reflect the franchisor’s reasonable estimated or actual costs in connection with the transfer.

**AMENDMENT TO BOBAPOP LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF WASHINGTON**

This Amendment is entered into this _____, 20__ (the “**Effective Date**”), between BOBAPOP LLC, a Maryland Limited Liability Corporation whose principal business address is 312 Main Street, Suite 100, Gaithersburg, MD 20878 (“**we**,” “**us**,” “**our**” or “**Franchisor**”), and _____, whose principal business address is _____,

(referred to in this Amendment as “**you**,” “**your**” or “**Franchisee**”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “**Agreement**”).

1. **Precedence and Defined Terms.** This Amendment is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Amendment supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Amendment have the meanings as defined in the Agreement.
2. **Washington Franchise Investment Protection Act.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act (the “**Act**”), Chapter 19.100 RCW, prevail.
3. **Relationship.** Section RCW 19.100.180 of the Act may supersede this Agreement in your relationship with us, including the area of termination and renewal of your franchise. There may also be court decisions which may supersede this Agreement in your relationship with us including the area of termination and renewal of your franchise.
4. **Arbitration.** In any arbitration involving a franchise purchased in Washington, the arbitration site will either be in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.
5. **Waiver of Rights.** A release or waiver of rights signed by you will not include rights under the Act except when signed pursuant to a negotiated settlement after the agreement(s) are 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, rights or remedies under the Act such as a right to a jury trial may not be enforceable.
6. **Transfer Fees.** Transfer fees may be collected to the extent that they reflect our reasonable estimated or actual costs in effectuating a transfer.

Intending to be bound, you and we sign and deliver this Amendment in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

BOBAPOP LLC

FRANCHISEE

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

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

**ADDENDUM TO BOBAPOP LLC
FRANCHISE DISCLOSURE DOCUMENT**

REQUIRED BY THE STATE OF WISCONSIN

Uniform Franchise Disclosure Document for BOBAPOP LLC for use in the State of Wisconsin shall be amended as follows:

Cover Page:

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE WISCONSIN FRANCHISE INVESTMENT LAW. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES OF WISCONSIN OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE WISCONSIN FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

THIS DISCLOSURE DOCUMENT AND THE FRANCHISE AGREEMENTS ARE SUBJECT TO THE WISCONSIN FRANCHISE INVESTMENT LAW.

1. Item 17, Renewal, Termination, Transfer and Dispute Resolution, shall be amended by the addition of the following paragraphs at the conclusion of the Item 17 disclosures:

“To the extent that the provisions regarding renewal described in this section are inconsistent with the requirements of the Wisconsin Fair Dealership Law (which, among other things, grants you the right, in most circumstances, to 90 days prior written notice of termination and 60 days within which to remedy any claim deficiencies), the renewal provisions will be superseded by the requirements of the Wisconsin Fair Dealership Law and will have no force or effect.”

“To the extent that the provisions regarding termination described in this section are inconsistent with the requirements of the Wisconsin Fair Dealership Law (which, among other things, grants you the right, in most circumstances, to 90 days prior written notice to termination and 60 days within which

to remedy any claim deficiencies), the termination provision will be superseded by the requirements of the Wisconsin Fair Dealership Law and will have no force or effect.”

“To the extent that the provisions regarding termination described in the Franchise Agreement regarding repurchase of inventory are inconsistent with the requirements of §135.045 of the Wisconsin Fair Dealership Law, the above-mentioned provisions will be superseded by the Law's requirements, which states that if we, at the option of you, repurchase inventory which was sold by us to you for resale, fair wholesale market value must be paid for all merchandise bearing a name, trade name, label or other mark which identifies “BOBAPOP LLC.”

“Covenants not to compete during the term of and upon termination or expiration of a Franchise Agreement are enforceable only under certain conditions according to Wisconsin Law.”

**AMENDMENT TO BOBAPOP LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF WISCONSIN**

In recognition of the Wisconsin Fair Dealership Law, Wisconsin Statutes, §§ 135.01 -135.07, the parties to the attached BOBAPOP LLC, (“Franchisor”) Franchise Agreement (the “Agreement”) agree as follows:

1. Section 5 of the Agreement, under the heading “Term and Renewal,” shall be supplemented by the addition of a new final paragraph (i) as follows:

“To the extent that the provisions of §2 regarding renewal are inconsistent with the requirements of the Wisconsin Fair Dealership Law (which, among other things, grants you the right, in most circumstances, to 90 days prior written notice to termination and 60 days within which to remedy any claims deficiencies), said renewal provision will be superseded by the requirement of the Wisconsin Fair Dealership Law and will have no force or effect.”

2. Section 5.2 of the Agreement under the heading “Termination”, shall be supplemented by the following new subsection entitled “Termination Rights under Wisconsin Law:

“To the extent that the provisions of §5.2 regarding termination are inconsistent with requirements of the Wisconsin Fair Dealership Law (which, among other things, grants you the right, in most circumstances to 90 days prior written notice of termination and 60 days within which to remedy any claimed deficiencies), said termination provisions will be superseded by the requirements of the Wisconsin Fair Dealership Law and will have no force or effect.

IN WITNESS WHEREOF, the parties intending to be bound legally, have fully executed, sealed and delivered this Amendment to the Agreement as of the day and year contained in the Agreement.

ATTEST:

FRANCHISOR:
BOBAPOP LLC

Witness

By:_____
FRANCHISEE

ATTEST:

Witness

By:_____

ATTEST:

Witness

By:_____

STATE EFFECTIVE DATES

The following states have franchise laws that require the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<u>State</u>	<u>Effective Date</u>
California	To be determined
Hawaii	To be determined
Illinois	To be determined
Indiana	To be determined
Maryland	January 5, 2023, as amended February 7, 2023
Michigan	To be determined
Minnesota	To be determined
North Dakota	To be determined
New York	To be determined
Rhode Island	To be determined
South Dakota	To be determined
Virginia	February 3, 2023, amendment pending
Washington	To be determined
Wisconsin	To be determined

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 sell-assisted marketing plans. In all other states, this document may be used as is.

EXHIBIT F

RECEIPT

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

If Bobapop LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York, and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan, Oregon, and Wisconsin require that we give you this Disclosure Document at least 10 business days before the execution of any franchise or other agreement or the payment of any consideration, whichever occurs first.

If BOBAPOP LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

Franchisor: Bobabop LLC, A Maryland Limited Liability Corporation, Attn. Sam Lin, 312 Main Street, Suite 100, Gaithersburg, MD 20878
Telephone: (240)846-3168

Seller:

Sam Lin, 312 Main Street, Suite 100, Gaithersburg, MD 20878, (240)846-3168
Susan Hsu, 312 Main Street, Suite 100, Gaithersburg, MD 20878, (240)846-3168

Date of Issuance: October 3, 2022, and as amended February 9, 2023.

See Exhibit A for our registered agents authorized to receive service of process.

I have received a Uniform Franchise Disclosure Document dated February 9, 2023 that included the following Exhibits:

Exhibit A - Franchisor's Agents for Service of Process and State Franchise Administrators
Exhibit B - Financial Statements

Exhibit C - Franchise Agreement

Addenda to Franchise Agreement

Addendum A – Franchisee Information

Addendum B – Operating Manager’s Non-Disclosure and Non-Compete Agreement

Addendum C – Guarantee

Addendum D – Release

Addendum E – Compliance Questionnaire

Exhibit D - List of Franchisees and Former Franchisees

Exhibit E – State Specific Addenda and Riders

Dated this ____ day of _____ 20__ at _____ a.m./p.m.

PROSPECTIVE FRANCHISEE:

If a business entity:

If individual(s):

(Name of Business Entity)

(Signature)

By: _____
(Signature)

(Print Name)

Its: _____
(Title)

(Signature)

(Print Name)

(Print Name)

EXHIBIT F

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

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Addendum E – Compliance Questionnaire

Exhibit D- List of Franchisees and Former Franchisees
Exhibit E – State Specific Addenda and Riders

Dated this ____ day of _____ 20__ at _____ a.m./p.m.

PROSPECTIVE FRANCHISEE:

If a business entity:

If individual(s):

(Name of Business Entity)

(Signature)

By: _____
(Signature)

(Print Name)

Its: _____
(Title)

(Signature)

(Print Name)

(Print Name)