FRANCHISE DISCLOSURE DOCUMENT

HTEAO FC, LLC
A Texas limited liability company
1322 Ranchers Legacy Trail,
Fort Worth, Texas 76126
806-322-0660
franchise@hteao.com
www.hteao.com

You will operate a retail store offering purified water, purified ice, bottled water, water containers, coffee, hot teas, a large selection of freshly brewed iced teas, fresh fruit, snacks, cold food, various retail products, and other related items under the name HTEAO.

The total investment necessary to begin operation of an HTEAO store ranges from $387,083 to $1,902,250.93, which includes $55,000 that must be paid to the franchisor or affiliate. The total initial investment necessary to begin operation of an HTEAO store with the right to operate a business at a non-traditional venue ranges from $88,500 to $346,000, which includes $25,000 that must be paid to the franchisor or affiliate. If you are acquiring development rights under a development program, you will sign a development agreement and pay a development fee equal to $40,000 for the first store, plus $17,500 for each additional store to be developed. For example, if you sign a development agreement for three Stores, you will pay us a development fee of $75,000 [$40,000 + [$17,500 x 2]]. You will be required to develop at least two Stores under a development agreement.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Franchise Development, 1322 Ranchers Legacy Trail, Fort Worth, Texas 76126, franchise@hteao.com or 806-322-0660.

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

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

Date of Issuance: April 30, 2025, as amended September 26, 2025

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 an outlet's 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 direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A 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 HTEAO 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 has been involved in material litigation or bankruptcy proceedings.
What's it like to be an HTEAO 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 the franchise. There are usually other restrictions. Some examples may include controlling your location, access to customers, what you sell, how you market, and your hours of operation.

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

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

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

Some States Require Registration

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

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

Special Risk(s) 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 Texas. 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 Texas than in your own state.

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

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

To simplify the language in this disclosure document, the term "we" means HTEAO FC, LLC, the franchisor. In this disclosure document, the term "you" means the person buying the franchise, the franchisee. The franchisee may be an individual or a business entity, such as a corporation, a limited liability company, a general partnership, or a limited partnership.

In this disclosure document, the term "you" includes the franchisee and individuals who are personally responsible for the franchisee's obligations, such as the owner of a sole proprietorship and the general partners of a partnership franchisee. These individuals are personally bound to the franchise agreement by virtue of their position with the franchisee. The term "Owners" refers to anyone with a beneficial ownership in the franchisee, but who is not personally responsible for the franchisee's obligations. "Owners" include shareholders of a corporation, members of a limited liability company, and limited partners of a limited partnership. As described in Item 15, the franchisee's "Owners" must sign a personal guaranty and agree to be personally bound to the franchise agreement.

The Franchisor and any Parents, Predecessors, and Affiliates

We are a Texas limited liability company. We are successor-in-interest to HTeaO FC, LLLP, a Texas limited liability limited partnership (our "Predecessor"), and were formed as part of a corporate reorganization that occurred on December 28, 2022. We are wholly owned by HTO LLC ("Direct Parent"), a Delaware limited liability company, which is wholly owned by HTO Intermediate Holdings, LLC, a Delaware limited liability company ("Intermediate Parent"), which in turn is wholly owned by our ultimate parent, HTO Holdco, LLC, a Delaware limited liability company ("Ultimate Parent").

We do business only under our corporate name and under the trade name and service mark "HTEAO". We and each of our parent companies maintain a principal business address at 1322 Ranchers Legacy Trail, Fort Worth, Texas 76126. Our agent for service of process is identified in Exhibit G to this disclosure document.

We and our Predecessor have been offering franchises of the type described in this disclosure document since April 2018. Both we and our Predecessor have always limited our activities to granting and supporting our franchisees, and neither we nor our Predecessor ever offered franchises in any other line of business or engaged in any other business activities.

Neither we nor our Predecessor have ever operated a business of the type being franchised, but our affiliate, TBevCo, LLC ("TBevCo") has operated similar stores since 2009. Two of our affiliate-owned stores operate under the mark "TEXAS TEA" in Amarillo, Texas, and five of the affiliate-owned stores operate under the mark "HTEAO", one in Midland, Texas, two in Amarillo, Texas and the other in Dumas, Texas. TBevCo maintains its principal business address at 1322 Ranchers Legacy Trail, Fort Worth, Texas 76126. TBevCo has never offered franchises in any line of business.

Our affiliate TBevCo IP, LLC ("TBevCo IP") owns all of the HTEAO intellectual property, including all trademarks, copyrights, and proprietary information, and has granted us a license to use the intellectual property and to sublicense use of the intellectual to our franchisees. TBevCo IP maintains its principal business address at 1322 Ranchers Legacy Trail, Fort Worth, Texas 76126. TBevCo IP has never operated a business of the type you will operate nor offered franchises in any line of business.

Our affiliate, Brandinc, LLC ("Brandinc") is no longer in business but will file a tax return.

Our affiliate, TeaBevCo, LLC ("TeaBevCo") operates as our supply chain and logistics company to our Franchisees, which manufactures, produces, and provides inventory for each store location. TeaBevCo maintains its principal business address at 7802 SW Loop 820, Suite 104, Benbrook, TX 76126. TeaBevCo has never operated a business of the type you will operate nor offered franchises in any line of business.

The Franchise Offered

We franchise the right to operate an HTEAO store ("Store") using our proprietary business format and system ("System") and intellectual property. HTEAO Stores feature the sale of purified water, purified ice, bottled water, water containers, coffee, hot teas, a large selection of freshly brewed iced teas, fresh fruit, snacks, cold food, various retail products, and other related items under the name HTEAO. They typically occupy 1,500 to 3,000 commercial square feet of space, feature a drive through, and are operated as either a freestanding or end-cap location.

You will operate the Store using the System, which includes our distinctive interior and exterior design, decor, color scheme, graphics, fixtures and furnishings, proprietary procedures for preparing, packaging, and serving items, operations and customer service standards and procedures, advertising and marketing specifications and requirements, and other standards, specifications, techniques, and procedures that we designate , all of which we may change, improve, and develop (collectively, the "Standards").

Our Stores are identified by the HTEAO service mark and other proprietary trademarks, service marks, our trade dress, and other indicia of origin that we designate to identify businesses operating according to the System ("Marks").

If we award you a franchise, you will sign a franchise agreement (see Exhibit C) and will develop and operate a Store, using our System and Marks, at a location that you select and that we have accepted as meeting our minimum site criteria. We call this the "Franchised Business."

If you meet certain criteria (which include operating an HTEAO Store under a franchise agreement and full compliance with your franchise obligations), we may allow you to operate a business at non-traditional venues such as sporting and entertainment stadiums and arenas, shopping mall, or airport. If you acquire these rights, you will sign a separate franchise agreement modified by our non-traditional venue agreement (see the Non-Traditional Venue Addendum attached to Exhibit C) and pay us an additional license fee (see Item 5). Businesses operated at non-traditional venues will offer and sell a limited, approved menu of items that are prepared at your HTEAO Store or other approved locations, utilizing our formulas and methods for preparing approved products.

If we approve your application to develop multiple Stores, you will sign our standard development agreement (see Exhibit B). The development agreement will state the number of Stores to be developed and will establish a development timetable. You will sign a separate franchise agreement for each Store that you develop. The franchise agreement for the first Store will be our current form of franchise agreement (see Exhibit C). The franchise agreement for your second and each additional Store will be the form then being offered to new franchisees, which may be materially different than our current Franchise Agreement.

Competition

The market for store services is well established and highly competitive. There is active price competition among stores, as well as competition for management personnel and for attractive commercial real estate sites suitable for the franchise. You will compete with big box retailers and other specialty businesses offering water, ice, beverages, and outdoor products, including ice chests, coolers, drinkware, and related accessories. Competitors may be locally owned or large, regional or national chains, grocery stores, and convenience stores. You will also face competition from on-line retailers selling similar products. Your business will also be affected by changes in consumer taste, demographics, traffic patterns, and economic conditions.

Industry-Specific Regulation

The retail food industry is heavily regulated. Many of the laws, rules, and regulations that apply to business generally. The Americans with Disabilities Amendments Act, Federal Wage and Hour Laws, and the Occupation, Health, and Safety Act, also apply to the operation of HTEAO Stores. Additional state

and local laws may apply to the employment of part time employees. For example, New York City's Fair Workweek Law protects fast food workers from termination, lay-offs, and reduction of hours, and imposes scheduling requirements.

In addition, the Menu Labeling Provisions of the Patient Protection and Affordable Health Care Act require certain restaurants and retail food establishments to post caloric information on menus and menu boards, and to provide additional written nutrition information available to consumers upon request.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and state and local health departments administer and enforce laws and regulations that govern food preparation and service, and sanitation conditions. State and local agencies inspect stores to ensure that they comply with these laws and regulations. Many state and local laws also prohibit smoking in public places.

The payment card industry ("PCI") Data Security Standard is the current standard of security requirements for all merchants or service providers that store, process, or transmit cardholder data. You are responsible for PCI Data Security Standard compliance as well as any federal, state, and local laws, regulations, and ordinances related to privacy matters, including data and personally identifiable information.

You should consider these laws and regulations when evaluating your purchase of a franchise.

ITEM 2

BUSINESS EXPERIENCE

Justin Howe –CEO and Board Member, HTO Holdco, LLC

Justin Howe has served as our President and Chief Executive Officer and as President and Chief Executive Officer of our Predecessor since our Predecessor's inception in November 2017. Since December 2022, Mr. Howe has served as manager of BGV. LLC in Fort Worth, Texas. Since February 2022, Mr. Howe has served as series manager of T Property Holdings Midland in Fort Worth, Texas. Since August 2021, Mr. Howe has served as Manager of BunsBurger, LLC in Fort Worth, Texas. Since June 2021, Mr. Howe has served as manager of Double H Aviation LLC in Fort Worth, Texas. Since May 2021, Mr. Howe has served as series manager of T Property Holdings Eagle Pass in Fort Worth, Texas. Since December 2020, Mr. Howe has served as manager of Go Time Aviation LLC in Fort Worth, Texas. Since December 2018, Mr. Howe has also served as Manager of T Property Holdings, LLC and Series Manager for both T Property Holdings Hillside, LLC and T Property Holdings Weatherford, LLC in Amarillo, Texas. Since October 2018, Mr. Howe has served as Manager of TeaBevCo, LLC in Amarillo, Texas. Since November 2017, Mr. Howe has also served as President of TBevCo IP in Amarillo, Texas. Since June 2017, Mr. Howe also served as Manager of BrandInc, LLC in Amarillo, Texas. Since April 2017, Mr. Howe served as Manager of J Howe Capital, LLC in Fort Worth, Texas. Since October 2017, Mr. Howe also served as Manager of 201 Dumas, LLC in Amarillo, Texas. Since October 2016, Mr. Howe served as Vice President of ProCrete Tradewinds, LLC in Amarillo, Texas. From August 2016 to March 2023, Mr. Howe served as Manager of Amarillo BBQ Investment Group, LLC in Amarillo, Texas. Since August 2015, Mr. Howe has also served as Manager of JCAC Properties, LLC, in Amarillo, Texas. Since April 2014, he has also served as President and Chief Executive Officer of TBevCo, LLC, in Amarillo, Texas. Since March 2009, he has also served as Manager of Howe Properties, LLC, in Amarillo, Texas. Since March 2004, Mr. Howe has also served as President and Chief Pilot of Go-Time, Inc., in Amarillo, Texas. Since May 2004, he has also served as President of Smooth Air, Inc., in Amarillo, Texas. Since February 2003, he has also served as President of Howe Enterprises, Inc., in Amarillo, Texas.

Heath Nielsen - President

Heath Nielsen has served as our President of HTO Holdco, LLC since May 2023. Mr. Nielsen has served as a Member of HTeaM, LLC since May 2023. Mr. Nielsen was appointed as an independent Board

Member of Free Rein Coffee Company in March 2024 in San Angelo, Texas. Mr. Nielsen served as the Chief Retail Officer for Black Rifle Coffee Company from 2022 to May 2023 in Prosper, Texas. Mr Nielsen served as the Senior Vice President of the US Divisions and Canada Branded Solutions for Starbucks/Nestle from 2010-2020 in Chicago, Illinois. During his tenure, Mr. Nielsen oversaw all aspects of Business Development within the US and Canada Field Divisions for Licensed stores.

Shane Clark – Chief Development Officer

Shane Clark has served as our Chief Development Officer since October 2024. Mr. Clark served as Chief Development Officer for Quality Brand Group LLC from March 2022 to September 2023 located in Dallas, Texas. Quality Brand Group LLC is a multi-unit, multi-brand franchise organization that develops, owns, and operates a mix of over 180 Dunkin', Baskin Robbins, and Buffalo Wild Wing Go locations across multiple states. Mr. Clark served as the Director of Real Estate and Construction for Dunkin Brands, Inc./Inspire Brands, Inc. from March 2008 to February 2022. During his tenure, Mr. Clark held various management roles leading franchisee growth of the iconic Dunkin', Baskin Robbins, and Jimmy John's brands throughout the United States. During his tenure at Inspire Brands, Mr. Clark was responsible for the oversight of 500+ restaurant openings in new and emerging markets across the nation.

Wayne Moore: Board Member, HTO Holdco, LLC

Wayne Moore has served as Board Member of HTO Holdco, LLC since its inception in December 2022. Mr. Moor also founded Crux Capital in January 2019, located in Dallas, Texas, and has served as its managing partner since its inception. Mr. Moore also has served as a Board Member of Woody's Brands, located in Houston, Texas, since March 2022, and as Chairman of the Board of Superscapes, located in Dallas, Texas, since January 2020. Mr. Moore has served as Co-Chairman of the Board of Buff City Soap, located in Dallas, Texas, since November 2019, and served as its Interim Co-CEO from April 2021 to August 2021.

Andrew Hawes – Franchise Development Officer

Andrew Hawes has served as our Franchise Development Officer since October 2022 and as Vice President of Franchise Development of our Predecessor since March, 2018. Since December 2022, Mr. Hawes has served as a Member of HTeaM, LLC in Fort Worth, TX. From December 2020 to December 2022, Mr. Hawes served as a Member of Proper Tea Holdings, LLC in Fort Worth, Texas. Since June 2020, Mr. Hawes has served as President of Hawes Holdings, LLC in Dallas, Texas. Since May 2013, Mr. Hawes has served as a Licensed Salesperson for Rogers Healy and Associates in Dallas, Texas.

Shravan Thadani Board Member, HTO Holdco, LLC

Shravan Thadani has served as Board Member of HTO Holdco, LLC since its inception in December 2022. Since March 2016, Mr. Thadani has also served as a Partner at Trive Capital, a Dallas, Texas based private equity firm, where he serves as Board Member for several of Trive's portfolio companies.

Matt Gonzalez Chief Logistics Officer

Matt Gonzalez has served as the Chief Logistics Officer of TeaBevCo LLC in Amarillo, Texas since October of 2023. Matt Gonzales served as the Vice President of Merchandise and Sales for TeaBevCo LLC from July 2018 to October 2023.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee.

You will pay us an initial franchise fee when you sign the franchise agreement.

The initial franchise fee is $40,000 for the right to operate a Store. If you acquire the right to operate a business at a nontraditional venue, you will sign a separate franchise agreement and pay us a reduced initial franchise fee of $25,000.

The initial franchise fee is uniform for all franchisees, and it is non-refundable upon payment. If you enter into a multi-unit development agreement, the initial franchise fee for your second and each additional Store will be $35,000.

Opening Day Promotion

If you are acquiring the rights to open a Store, on or before the Store Opening Date, as part of completing your New Store Opening (NSO) Checklist, you must pay to us an amount we designate, which will vary from location to location but will be at least $15,000. This amount is non-refundable upon payment.

Development Agreement

If you enter into a multi-unit development agreement, you will sign our development agreement and pay us a non-refundable development fee equal to 100% of the initial franchise fee payable under the franchise agreement for the first Store (i.e. $40,000), plus 50% of the initial franchise fee for each additional Store (i.e. $17,500) multiplied by the number of additional Stores you commit to develop.

For example, if you sign a development agreement for three Stores, you will pay us a development fee of $75,000 [$40,000 + [$17,500 x 2]].

When you sign the development agreement, you also will sign a franchise agreement for the first Store, and we will credit $40,000 of your development fee payment to fully satisfy the initial franchise fee due under that agreement.

As you get ready to develop additional stores, you will sign our then-current form of franchise agreement. The terms of our then-current form of franchise agreement may be materially different than the terms of our current franchise agreement, but the initial franchise fee will be locked in at $35,000 per additional store. When you sign the franchise agreement, we will credit $17,500 of your development fee payment toward payment of the initial franchise fee due under the franchise agreement, and you will pay us the balance.

ITEM 6
OTHER FEES

Franchise Agreement

Type of Fee[(1)]	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Revenue	Weekly	See Note 2.
Brand Development Fund	Generally, up to 2% of Gross Revenue but we have the right to increase your	Weekly	See Notes 2 and 3. See also Item 11 for more information about the

Type of Fee[1]	Amount	Due Date	Remarks
Contribution	contribution to up to 4% of Gross Revenue in certain situations.		Brand Development Fund.
Local Marketing Expenditure	At least 2% of Gross Revenue, measured on a semi-annual basis	Monthly	You must spend at least 2% of Gross Revenue each month to promote the Store in your market area.
Advertising Cooperative Contribution	As determined by the cooperative	As incurred	If we require you to participate in an established cooperative for your market area, your minimum monthly cooperative contribution will apply towards satisfaction of your local marketing requirement.
Additional Training; Remedial Training	Our then current rates; currently, $500 per day per trainer, plus travel and lodging expenses	Before training	Our rate is subject to change.
Mandatory Ongoing Training and Seminars	Our then current rate, currently, $500 per day, plus travel and lodging expenses	Before training	Our rate is subject to change.
Franchisee Conventions	Our then current rate, currently, $500 per day, plus travel and lodging expenses	Before attending	Our rate is subject to change.
Nonsufficient Funds Fee	Our then current rate, currently $100 per occurrence	As invoiced	Payable only if you have insufficient funds in your bank account for us to process electronic funds transfer. Our rate is subject to change.
Interest/Late Fee	18% per year or the maximum lawful rate	As invoiced	
Administrative Fee	$250 per enforcement effort (i.e., written or verbal notification and follow up), and $250 per week for each week that the issue remains unresolved	On demand	We may assess an administrative fee to compensate us for our time.

Type of Fee[1]	Amount	Due Date	Remarks
Transfer Fee	$1,500	With transfer application	Payable if you sign the franchise agreement as an individual and you request to transfer to a corporation or other business entity that you control; or if an Owner requests to transfer a non-controlling ownership interest to another party.
Transfer Fee	25% of then-current initial franchise fee if transferring the business or transferring control in the franchisee entity to an existing HTEAO franchisee; 50% of then-current initial franchise fee if transferring the business or transferring control in the franchisee entity to a new franchisee to the System	With transfer application	Payable if you request to sell the business to a third party.
Extended Term Fee	The then-current initial franchise fee divided by the number of days included in the initial term of the then-current franchise agreement, multiplied by the number of days of additional term being purchased	With transfer application	Payable if transferee requests to extend the term of the transferred franchise agreement.
Renewal Fee	50% of the then-current initial franchise fee	Before renewal	
Supplier Inspection and Testing	The lesser of $1,000 or our actual testing or inspection costs, plus reimbursement of our related travel, lodging, and salary costs for the individual(s) performing the evaluation	As invoiced	Before approving a supplier or vendor we may require you to pay the cost of testing the supplier's products and inspecting its facilities, including reimbursement of travel and lodging accommodations and salary expense for individuals performing the evaluation.
Indemnification	An amount equal to the value of all losses and expenses that we incur	On demand	

Type of Fee[1]	Amount	Due Date	Remarks
Audit Fee	Cost of audit	On demand	Payable only if the audit was necessary because of your failure to report to us or if it shows that you have underreported Gross Revenue by 2% or more.
Technology Fee	Currently, up to $450 per month, or $5,400 per calendar year (which limitation increases 10% per calendar year)	Monthly or other period that we specify	For the development and use of online and communications technologies.
Intranet Fee	Currently, up to $83.33 per month, or $1,000 per calendar year	Monthly or other period that we specify	For the dissemination of updates to the Manual and other Confidential Information.
Insurance Premium Reimbursement	Reimbursement of insurance premium plus reasonable administrative fee, not to exceed $500	On demand	Payable only if you fail to obtain or maintain required insurance and we obtain it on your behalf.
Customer Reimbursement	Amount of refund or payment	As invoiced	If we refund a customer's money or provide gift card money to compensate for a negative customer experience, you must reimburse us the amount of the payment.
Mystery Shopper Programs	Actual costs, estimated at $150 per month	As invoiced	Payable if we require you to participate in a mystery shop program.
Quality Assurance Audit Program	Actual costs, estimated at $300 per calendar quarter	As invoiced	Payable if we engage a third party to perform periodic quality assurance audits.
Relocation Fee	Reimbursement of our costs	As incurred	
Step-In Rights	Not to exceed 10% of Gross Revenue plus travel and lodging expenses for our personnel	On demand	Payable only if we manage the Store on your behalf.
Site Selection Extension	$3,000	Before expiration of Site Selection Period	Payable only if you timely request an extension of Site Selection Period, and your request is approved by the Site Selection Committee.

Type of Fee[1]	Amount	Due Date	Remarks
Opening Date Extension	$3,000	Before expiration of Opening Date	Payable only we grant an extension of Opening Date.
Liquidated Damages	If a lease has not yet been signed, an amount equal to 6% of the average weekly Gross Sales of all HTeaO Stores multiplied by 156. If a lease has been signed but Store construction has not begun or is only partially complete, and no HTeaO signage or trade dress has been installed, an amount equal to $100,000 plus 6% of the average weekly Gross Sales of all HTeaO Stores multiplied by 156. If Store construction is completed to the point that HTeaO signage or trade dress has been installed, an amount equal to $250,000 plus the present value of 6% of the Store's weekly Gross Sales multiplied by the number of weeks remaining in the franchise term.	Upon termination	Payable only if the Franchise Agreement terminates prior to natural expiration.

Development Agreement

Type of Fee	Amount	Due Date	Remarks
Extension Fee	$3,000	Before expiration of development period	Payable only if we grant an extension of a development period.
Transfer Fee	$1,500	Before transfer	Payable if you are an individual transferring to a Business Entity for convenience of operation, or if your Owners are transferring among themselves a minority ownership interest to one or more third parties.
Transfer Fee	$25,000 plus our related expenses.	Before transfer	Payable if you are assigning your interest in the Development Agreement, or your Owners are transferring a controlling interest.

Type of Fee	Amount	Due Date	Remarks
Assignment of Franchise Rights	$2,500	Before signing the Franchise Agreement	Payable only if you assign your right to enter into a Franchise Agreement to an affiliate.
Liquidated Damages	An amount equal to 6% of the average weekly Gross Sales of all HTeaO Stores in operation at the time of termination, multiplied by 156, multiplied by the number of undeveloped Stores.	Upon termination	Payable only if you fail to fulfill your development obligations.

Notes:

Note 1. All fees are uniformly imposed by us, are payable to us, and are non-refundable, unless otherwise noted. We do not impose or collect any other fees or payment for any third party.

Note 2. "Gross Revenue" is the total selling price of all products and services and all income of every other kind and nature related to your HTEAO Store, whether for cash or credit and regardless of collection in the case of credit. Gross Revenue does not include (i) sales (or similar) taxes that you collect from your customers if you transmit them to the appropriate taxing authority; (ii) proceeds from isolated sales of trade fixtures that are not part of the products and services you offer and that do not have any material effect on the operation of your Store; (iii) tips or gratuities paid directly by Store customers to your employees or paid to you and then turned over to these employees by you in lieu of direct tips or gratuities; or (iv) returns to shippers or manufacturers. Gross Revenue also does not include proceeds from the sale of gift certificates or stored value cards (all proceeds from the sale of gift certificates and stored value cards belong to us), but it does include the redemption value of gift certificates and stored value cards at the time purchases are made. You are responsible for the accurate reporting of gift certificate and stored value card sales and the corresponding impact on Gross Revenue.

Note 3. We assess your local marketing expenditures on a six-month basis. If an audit of your local marketing expenditures reveals that you have failed to meet your local marketing obligations during the previous six-month assessment period, we may increase your Brand Development Fund contribution to 4% of Gross Revenue. If that occurs, you will contribute to the Brand Development Fund 4% of Gross Revenue until you demonstrate compliance with your local marketing obligations during a full six-month assessment period, at which time your contribution to the Brand Development Fund will be reduced to 2% of Gross Revenue.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR INITIAL ESTIMATED INVESTMENT

Franchise Agreement

The first table describes the initial investment and costs for developing a Store and operating the Store for the first three months. The second table describes the initial investment and costs for developing a business inside a Non-Traditional Venue. All costs listed in the tables are estimates only. Actual costs will vary for each franchisee and each location depending on a number of factors. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. As described in the charts above,

your costs will vary depending on whether you open an HTEAO Store alone or if you develop a business inside a Non-Traditional Venue. You only have the opportunity to develop a business inside a Non-traditional Venue if you also continue to operate a Store.

HTEAO Store

Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee[1,20]	$40,000	$40,000	Lump sum	When you sign the Franchise Agreement	Us
Rent (3 months)[2, 3]	$5,083	$37,500	As arranged	As invoiced	Landlord
Utility and Lease Security Deposits	$0	$12,500	Lump sum	When lease is signed or service is arranged	Landlord and utility service providers
Opening Day Promotion and Initial Marketing Campaign[4]	$15,000	$25,000	As arranged	On or before the Opening Day Promotion	Us
Lease Negotiations Assistance [5]	$0	$5,000	As arranged	As invoiced	Tenant Rep- Real Estate Broker
Design and Architectural Fees[6]	$0	$80,000	As arranged	As invoiced	Approved Architect & Civil Engineer
Licenses and Permits[7]	$1,000	$6,000	As arranged	As invoiced	Government agency
Leasehold Improvements[8]	$0	$1,074,700.93	As arranged	As invoiced	Contractor(s)
Signage[9]	$10,000	$77,550	As arranged	As required by sign vendor	Sign vendor
Furniture and Fixtures[10]	$30,000	$40,000	As arranged	As invoiced	Suppliers
POS/Back Office System[11]	$20,000	$30,000	As arranged	As invoiced	Suppliers
Equipment[12]	$200,000	$296,000	As arranged	As invoiced	Suppliers
Professional Services[13]	$3,000	$6,000	As arranged	As invoiced	Accountants, lawyers, etc.
Initial Inventory[14]	$45,000	$50,000	As arranged	As invoiced	Suppliers
Insurance[15]	$6,000	$12,000	As arranged	As invoiced	Insurance Broker
Training Expenses[16,17]	$2,000	$10,000	As invoiced	We provide opening assistance only for your first Store.	Suppliers of transportation, food and lodging for you and your employees

Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment is to be Made
Additional Funds[18, 19]	$10,000	$100,000	As incurred	As incurred	Employees, third party vendors and suppliers
TOTAL[20]	$387,083	$1,902.250.93			

HTEAO Non-Traditional Venue

Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee[1,20]	$25,000	$25,000	Lump sum	When you sign the Franchise Agreement	Us
Design and Architectural Fees[6]	$8,000	$55,000	As arranged	As invoiced	Architect
Licenses and Permits	$500	$2,000	As arranged	As invoiced	Government agency
Signage[9]	$2,000	$10,000	As arranged	As required by sign vendor	Sign vendor
Furniture and Fixtures[10]	$15,000	$50,000	As arranged	As invoiced	Suppliers
POS/Back Office System[11]	$2,000	$20,000	As arranged	As invoiced	Suppliers
Equipment	$8,000	$130,000	As arranged	As invoiced	Suppliers
Initial Inventory[14]	$27,000	$50,000	As arranged	As invoiced	Suppliers
Insurance[15]	$1,000	$4,000	As arranged	As invoiced	Insurance Broker
TOTAL[19,20]	$88,500	$346,000			

Notes:

Note 1. The figure in the charts reflects our standard initial franchise fee. See Item 5 for more information about the initial franchise fee and development fee.

Note 2. You must lease (which could be in the form of a lease, ground lease, a build-to-suit, or a reverse build-to-suit) commercial retail space with 1,500 to 3,000 square feet. Commercial real estate costs vary greatly depending on geographic location. Depending on various factors, rent can range anywhere from $11.80 to $60.70 or more per square foot depending on condition and location. The low figure represents three months' rent for a location with 1,500 square feet, assuming rent at $11.80 per square foot. The high figure represents a location with 3,000 square feet, assuming rent at $60.71 per square foot. These figures do not factor in property taxes, property insurance, or any other charges that may be imposed under your lease.

Note 3. The FDD does not contemplate real estate development cost as part of the HTeaO business model, as these costs are all typically accounted for in the calculation the developer uses to determine

rent. However, you personally or your affiliates may purchase the land and develop the site if the site is approved in writing by HTeaO. The land must be owned by an individual or entity separate from the franchisee unless otherwise approved in writing by HTeaO, subject to Item 7 Note 2. If the entity that owns the site is owned by you or your affiliates, that entity will be required to execute a Lease and a Lease Rider with the Franchisee and HTeaO. The land owner / real estate developer, even if owned by you or your affiliates, will be required to lease the fully developed site or ground lease the undeveloped site to the operating entity that is the party to this Franchise agreement (Franchisee).

Note 4. On or before the Store Opening Date is set, as part of completing your New Store Opening (NSO) Checklist, you must pay to us an amount we designate, which will vary from location to location but will be at least $15,000, for your opening day promotion and initial marketing campaign. This payment is due on or before your Opening Day Promotion. See Item 11 for more information about our initial advertising requirements.

Note 5. If you use the services of a tenant representative broker to assist you with site selection and negotiating a letter of intent and/or a lease for the Store premises, your representative may charge a services fee in the form of a retainer, and will also receive a commission from the landlord from the placement.

Note 6. Unless the specific deal terms dictate that the developer is responsible for all Architect and Civil Engineer for your Design and Architectural services, you must use our required Architect & Civil Engineer for your Design and Architectural services. The Design & Architectures estimated costs do not include any construction administration services or land development costs (which may include phase 1 and phase 2 environmental testing, geotechnical reports, title policies, ALTA boundary or topographical surveying, re-platting, "sitework or dirt-work," adding "select fill" dirt to the site, protecting any endangered species, constructing a retaining wall or walls, construction of a detention pond, existing site demolition design, driveway connection design, stormwater treatment design, multiphase erosion control plans, lift station design, DOT permitting, stormwater permitting, utility permitting, turn lane design, off-site utility design, extensive tree mitigation, building permit investigation reporting [when a site investigation report is not available], formal structural calculation package [if required by the jurisdiction], high wind structural design, high seismic structural design, photometric studies, traffic impact analysis studies, non-standard design modifications due to jurisdictional or site requirements, TDLR [Texas Accessibility Requirement], South Florida MEP design, Chicago MEP design, South Florida permitting, New York boroughs permitting, Wisconsin permitting, Indiana permitting, dumpster enclosure permitting, or canopy permitting).

Note 7. This would not be inclusive of any one-time fees such as impact fees, connection fees, extension fees, DOT fees, stormwater permitting, utility permitting, or any trade permit fees.

Note 8. Construction costs vary widely, depending upon the location, design, configuration and condition of the premises. The low figure represents the estimated cost of constructing building improvements in a build-to-suit transaction, where leasehold improvements are the responsibility of the landlord or building out a second-generation space where the landlord pays for all the costs of the tenant improvements and that may already have a sufficient HVAC system, and floor drains, ADA-compliant restrooms, and appropriate utility service and hook-ups. The high figure represents the estimated cost of constructing building improvements on a retail-ready pad site in a ground lease transaction for HTeaO Corporate Stores for Stores open in the last 18 months. The estimates above do not include excessive sitework or dirt work; adding select fill dirt to the site; protecting any endangered species; mitigating existing environmental issues; constructing a retaining wall or walls; constructing a detention pond; existing site demolition; driveway connections to adjacent sites; underground stormwater treatment or control; multiphase erosion control; lift station construction; deceleration turn lane construction; off-site utility design; or extensive tree mitigation. You must ensure that the General Contractor maintains the bond and insurance requirements outlined in the GC MSA. Additionally, you must follow our design standards and

construction processes and obtain approval for your Store before opening. The cost of construction and leasehold improvements depends upon the size, condition, and location of the Store, as well as the local cost of labor. The figure above does not include the cost of land or any land development costs, which may include, but are not limited to, civil engineering design, Phase 1 environmental testing, geotechnical reports, title policies, land or topographical surveying, re-platting, sitework or dirt work, adding select fill dirt to the site, protecting endangered species, constructing retaining walls, or constructing a detention pond.

Note 9. These include signage and graphics. You must use our approved signage.

Note 10. These represent the estimated costs of purchasing required furniture and fixtures and decor items for your Store. You must use our approved furniture, fixtures, and decor specifications.

Note 11. See Item 11 for more information about our POS computer hardware and software requirement. These estimates include the cost of acquiring one POS system and the first annual maintenance and support services fee.

Note 12. This estimate does not include a double drive-thru. We will not approve a double drive-thru unless your municipality requires your Store to be equipped with one.

Note 13. You will likely need to employ an attorney, an accountant, and other consultants to assist you in setting up your business and in reviewing the franchise offering. These fees may vary from location to location depending on the prevailing rates of local attorneys, accountants, and consultants.

Note 14. These are the estimated cost of purchasing food and beverage inventory, merchandise, supplies, and other miscellaneous items.

Note 15. See Item 8 for more information about insurance requirements. These amounts reflect an estimated down payment of your annual premiums, equal to one month's payment, plus the first two monthly premium charges.

Note 16. See Item 11 for more information about our initial training program. The amounts in the chart represent the estimated out-of-pocket costs (including travel to and from the training site, one double-occupancy hotel room, and dining expenses) for two individuals to attend training.

Note 17. If you are opening your first Store, we will make available at least one of our representatives to provide four days of opening assistance.

Note 18. The amounts in the chart represent the additional funds, or working capital, you will likely need to operate the Store before opening and during the initial three-month period. You may need these funds to pay fixed operating expenses, such as rent, employee salaries, payroll taxes, utility charges, license and permit fees, and to purchase uniforms, supplies, and collateral merchandise. The amounts in the chart do not include any allowance for debt service or for a salary for you. These amounts are estimates only, and we cannot assure you that you will not have additional expenses. Your actual costs will depend on factors like your management skills, experience, and business acumen. You should review these numbers carefully with your business advisor before purchasing an HTEAO franchise.

Note 19. The low-end estimate represents a location with one POS terminal. The high-end estimate represents a location with two POS terminals.

Note 20. All amounts are non-refundable unless otherwise noted.

Development Agreement

If you sign a development agreement, we anticipate that the initial investment for each Store will be the same as for a single Store, subject to future inflationary increases and potential future changes to our build-out and equipment requirements. If you require additional on-site assistance beyond your first Store, you must also pay our then-current fee and reimburse us for our expenses.

If you sign a development agreement, however, the amount and timing of payment of the initial fee will be different: instead of paying us an initial franchise fee ($40,000 as reflected in the previous chart), you will pay us a development fee calculated as the sum of $40,000 for the first Store plus $17,500 for the second and each additional franchise to be developed under the development agreement. When you sign the development agreement, you also will sign a franchise agreement for the first Store, and we will credit $40,000 of your development fee payment to fully satisfy the initial franchise fee due under that first franchise agreement.

The following chart illustrates the development fee payable for two, three, four, and five Stores:

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Fee – 2 Stores[1]	$57,500	Lump sum	When Development Agreement is signed	Us
Development Fee – 3 Stores[1]	$75,000	Lump sum	When Development Agreement is signed	Us
Development Fee – 4 Stores[1]	$92,500	Lump sum	When Development Agreement is signed	Us
Development Fee – 5 Stores[1]	$110,000	Lump sum	When Development Agreement is signed	Us

The development fee is nonrefundable and is payable to us when the development agreement is signed.

As you get ready to develop additional Stores, you will sign our then-current form of franchise agreement. The terms of our then-current form of franchise agreement may be materially different than the terms of our current franchise agreement but the initial franchise fee will be locked in at $35,000 per additional store. When you sign the franchise agreement, we will credit $17,500 of your development fee payment to partially satisfy the initial franchise fee due under the franchise agreement and you will pay us the balance at that time.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchases from Approved Suppliers; Purchases According to Specifications

We will provide you with a list of approved manufacturers, suppliers and distributors ("Approved Suppliers List"). The "Approved Suppliers List" may specify a required manufacturer or supplier of a specific product or piece of equipment or service. We reserve the right to designate a required source for certain products and supplies, and we or an affiliate may be a required source. We also reserve the right to change the "Approved Suppliers List" as we consider necessary. Information concerning the "Approved Suppliers List" will be communicated on request or when the Approved Suppliers List is updated by Franchisor.

The "Approved Suppliers List" may include manufactures, suppliers, service-providers and distributors for: (1) fixtures, furniture, equipment, signs, items of decor, audio/visual system, (2) Saleable Merchandise; (3) food products and ingredients, (4) uniforms and clothing, (5) advertising, point-of-purchase materials, and other printed promotional materials, (6) gift certificates and stored value cards, (7) stationery, business cards, contracts, and forms, (8) bags, packaging, and supplies bearing our Marks,

(9) insurance coverage, (10) real estate brokerage services, (11) real estate development services, and (12) architectural and/or construction management services, (13) financial lending services, (14) specialized equipment-lending services, (15) point-of-sale services, or (16) credit card processing services. "Saleable Merchandise" means products intended for retail sale at or from the Store location, whether or not proprietary products, including ice chests, coolers, drinkware and related accessories, prepackaged food and related items.

We impose minimum levels of inventory, Saleable Merchandise, and related goods and products that you are required to maintain.

You must purchase the POS computer hardware and software from our approved suppliers. See Item 11 for more information about computer hardware and software requirements. If a designated music provider has been identified, you must acquire music from the designated provider.

We or our affiliates may be designated or approved suppliers for products or services and, currently, we and our affiliates are the only approved suppliers of tea and Saleable Merchandise, including coffee, hot teas, ice chests, coolers, drinkware and related accessories, prepackaged food and related items. We or an affiliate may derive revenue from franchisee purchases to the extent that franchisees purchase items from us or an affiliate, plus any related shipping expenses.

Other than our officers and CEO's ownership interest in us and in our affiliates, none of our officers hold an interest in any privately-held suppliers, or a material interest in any publicly-held suppliers, to our franchise system. Occasionally, our officers may own non-material interest in publicly-held companies that may be suppliers to our franchise system.

If you propose to purchase from an unapproved source any items for service for which we have identified designated or approved supplier(s), you must request our approval. We may require as a condition of granting approval that our representatives be permitted to inspect the supplier's facilities and that information, specifications, and samples, as we reasonably require, be delivered to us or to an independent, certified laboratory for testing. We may charge a fee for testing, which will be the lesser of $1,000 or the actual cost of the inspection and test. We will notify you within 30 days of your request as to whether you may purchase products from the proposed supplier. If we agree to evaluate a supplier, we will provide the supplier with our specifications and standards and our criteria for supplier approval.

If we have not identified an approved supplier or distributor for an item or service, you may purchase the item or service from a supplier of your choice, but they must meet our specifications, which may include brand requirements.

Franchised Location and Lease

You must acquire a site for your Store that meets our site selection criteria and that we approve. You must occupy the Store according to a commercial lease, the lease must contain terms that we specify. (See Lease Rider attached as Attachment F to the Franchise Agreement.)

You must purchase and install, at your expense, all millwork, equipment, and signs from an approved third-party supplier. You must purchase and install, at your expense, all furnishings, fixtures and décor from our approved supplier.

Insurance

You must provide us with a certificate of builder's risk insurance complying with the below requirements before beginning leasehold improvements. For all other policies, you must provide us with a certificate of insurance complying with the below requirements at least 10 days before opening your franchised business, and at least 30 days before any renewal providing the endorsements as noted below. If you do not comply with the insurance requirements, we reserve the right but not the duty to force place insurance on your behalf and charge you the premium due along with any administration fee that might apply and which will be due immediately to us.

You must obtain and maintain insurance that meets our minimum insurance requirements, which currently consist of the following:

- Property Insurance with special form coverage (including equipment breakdown coverage) including business income and extra expense for actual loss sustained for 12 months or 30% of gross sales. This policy must include off premises utility services including overhead lines with limits of $20,000 and food spoilage with limits of $10,000. Deductible maximum is $5,000. Flood and Earthquake will be required in geographically prone areas.
- Crime policy for employee dishonesty for $25,000 and Monies & Securities of $10,000 in $10,000 out.
- Food Borne Illness/Trade Name Restoration for $500,000 to cover lost income from an actual or alleged contamination event within the brand.
- General Liability coverage for $1,000,000 per occurrence and $2,000,000 aggregate including additional insured endorsement naming HTEAO FC, LLC. This policy will include Fire Legal of $300,000, Medical Payments of $5,000, Personal Injury and Advertising Liability of $1,000,000.
- Employment Practices Liability including third party claims for $1,000,000 with our required franchisee program endorsement providing for reimbursement of defense costs that we may incur in response to a claim for wrongful employment practices. Limit applies per policy.
- Auto Liability for all owned, non-owned and hired vehicles used in the franchised business for $1,000,000 combined single limit liability and naming HTEAO FC, LLC as additional insured.
- Umbrella Liability for $1,000,000 in excess of the General Liability, Auto Liability, and Employer's Liability naming HTEAO FC, LLC as an additional insured.
- Workers' Compensation for statutory limits including Employer's Liability of $1,000,000/$1,000,000/$1,000,000 and the Alternate Employer's endorsement in our favor.
- Builder's Risk insurance is required while in the construction phase. We will require to be an additional insured on all liability policies from contractors and sub-contractors and General Liability policy during the construction phase.
- All policies will include a 30-day notice of cancellation for which we will receive notification. Please note that your lease agreement may require more or different coverage than is included here.

All insurance policies must be written by a carrier with an A.M. Best rating of at least A-VII. All liability policies must contain a separate endorsement naming us and our affiliates as additional insureds. All insurance policies must include a waiver of subrogation in favor of us and our affiliates, and each company's officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants, and employees, and must include a 30-day notice of cancellation directed to both you and to us or the person we designate.

These are minimum requirements only, and we have the right to modify them at any time. You should consult with your own insurance advisor to determine whether they are appropriate and sufficient for your business and to protect your assets. These are our minimum requirements. Your landlord may require more coverage or different types of coverage.

Revenue Derived from Franchisee Purchases and Leases

We and our affiliates will derive revenue from franchisee purchases and leases of products and services from us or our affiliates. Franchisees will buy their Saleable Merchandise from us and our affiliates and we may realize a profit on the sale of Saleable Merchandise to you.

During our last fiscal year, December 31, 2024, we or our affiliates derived $28,032,623 in revenue on account of franchisee purchases or leases.

Estimated Proportion of Required Purchases and Leases to all Purchases and Leases

We estimate that your purchases and leases from us or our designated sources will range from 75% to 90% of your total initial investment (not including the initial franchise fee or real estate costs) and approximately 90% of your ongoing purchases and leases in the operation of the Franchised Business.

Description of Purchasing Cooperatives; Purchasing Arrangements

We may negotiate purchase arrangements with primary suppliers or distributors for the benefit of franchisees. If we negotiate a purchase agreement or a master service agreement you must participate in the purchasing program. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers. We do not provide you any material benefits (for example, additional renewal rights or rights to acquire additional franchises) based on your purchase of particular products or services or use of particular suppliers.

Presently, there are no purchasing or distribution cooperatives in existence for the franchise system.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section(s) in Franchise Agreement	Section(s) in Development Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 3.1 and 3.3	Not applicable	Items 8 and 11
b. Pre-opening purchases/leases	Sections 3.4, 6.5, 6.6, 10.1, and 10.2	Not applicable	Items 5, 6, 7, 8, and 11
c. Site development and other pre-opening requirements	Sections 3.4 and 5.3	Article 4	Items 1, 7, 8, and 11
d. Initial and ongoing training	Sections 5.1 and 5.5	Not applicable	Items 6, 7, and 11
e. Opening	Sections 3.5 and 5.2	Section 4.5	Items 7 and 11
f. Fees	Sections 4.1, 4.2, 4.3, 4.8, 4.9, 4.11, 4.12, 9.3 and 9.4	Articles 3 and 4	Items 5, 6, 8, and 11
g. Compliance with standards and policies/Manuals	Article 8	Not applicable	Items 8, 11, 14, and 16
h. Trademarks and proprietary information	Article 7	Not applicable	Items 11, 13, and 14
i. Restrictions on products/services offered	Sections 1.1, 6.4, 6.5 and 6.8	Not applicable	Items 8 and 16

Obligation	Section(s) in Franchise Agreement	Section(s) in Development Agreement	Disclosure Document Item
j. Warranty and customer service requirements	Not applicable	Not applicable	Item 16
k. Territorial development and sales quotas	Not applicable	Not applicable	Item 12
l. Ongoing product/service purchases	Sections 6.5, 6.6 and 8.2	Not applicable	Items 8, 11, and 16
m. Maintenance, appearance and remodeling requirements	Sections 6.7 and 6.10	Not applicable	Item 8
n. Insurance	Article 11.2	Section 7.2	Items 7 and 8
o. Advertising	Article 9	Not applicable	Items 6, 8, and 11
p. Indemnification	Section 11.3	Section 7.3	Item 6
q. Owner's participation/ management/staffing	Sections 6.2 and 6.3	Not applicable	Items 1, 11, and 15
r. Records and reports	Sections 10.4, 10.5, and 10.6	Not applicable	Item 11
s. Inspections and audits	Sections 6.9 and 10.7	Not applicable	Items 6 and 11
t. Transfer	Article 12	Article 8	Items 6, 12, and 17
u. Renewal or extension of rights	Section 2.2	Section 4.4	Items 6, 12, and 17
v. Post-termination obligations	Article 14 and Section 15.2	Sections 2.2 and 10.2	Item 17
w. Noncompetition covenants	Section 15.1 and 15.2	Article 10	Item 17
x. Dispute resolution	Article 19	Article 14	Item 17
y. Guaranty	Sections 12.3 and 18.6	Sections 8.3 and 13.6	Item 15

ITEM 10
FINANCING

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

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

Except as listed below, HTEAO FC, LLC is not required to provide you with any assistance.

Before you open your Store, we or our designee will:

1. Permit or decline to permit development of a store at a proposed site within 30 days of receiving all requested information. (Franchise Agreement, Section 3.2.).

2. Admit two individuals to our initial training program, described below. (Franchise Agreement, Section 5.1.)

3. With regard to the first Store you develop, make available at least one individual to provide you four days of opening assistance. (Franchise Agreement, Section 5.2.1.)

4. With regard to the first Store you develop, at your request, provide additional Store opening assistance, subject to the availability of personnel, in consideration for a per diem fee and reimbursement of all travel, lodging, dining, and wages' costs for the individuals providing additional assistance. (Franchise Agreement, Section 5.2.1.)

5. Provide you access to our Manuals. (Franchise Agreement, Section 8.1.) The Table of Contents of our Confidential Operations Manual is attached to this disclosure document as Exhibit E. Our Confidential Operations Manual consists of 216 pages.

6. Provide pre-opening consultation and advice as we deem appropriate, which may include advice with regard to the development and operation of the Store, building layout, furnishings, fixtures, and equipment, plans and specifications, employee recruiting, selection, and training, purchasing and inventory control, and other matters as we deem appropriate. (Franchise Agreement, Section 5.3.)

During the operation of your Store, we will:

1. Provide ongoing consultation and advice as we deem appropriate, which may include information about new product development, instruction concerning the operation and management of a Store, advertising and marketing advice, and financial and accounting advice. (Franchise Agreement, Section 5.4.)

2. Communicate to you information about our Approved Suppliers. (Franchise Agreement, Section 6.6.)

3. Administer the Brand Development Fund and allocate funds for authorized purposes. (Franchise Agreement, Section 9.3.)

4. Maintain a central web site that will identify the location of your Store and provide other information to promote the HTEAO System. (Franchise Agreement, Section 9.7.)

Advertising

Our advertising program for the products and services offered by HTEAO Stores currently consists of online advertising, coupon distribution; sponsorship to local community programs; and promotional materials at the store level. Our advertising materials currently are created in-house, and with the help of an outside advertising agency.

We will maintain control over all promotional and marketing materials to be used in your Store. You may, at your option, submit to us proposed materials, which we will review and let you know whether they are approved within 10 days of their receipt. Materials that are not approved within this 10-day period are considered not approved.

Opening Day Promotion and Initial Marketing Campaign

On or before the Store Opening Date is set, as part of completing your New Store Opening (NSO) Checklist, you must pay to us an amount we designate, which will vary from location to location but will be at least $15,000, for your opening day promotion and initial marketing campaign. If, within 90 days after the store opens, the Store's sales volume is less than 70% of the average store volume for our System, we may require you to pay us up to an additional $10,000, which we will use for additional marketing to promote your Store.

Local Marketing

Each month, you must spend at least 2% of Gross Revenue to promote the Store in your market area. At our request, you must provide copies of invoices that support your local marketing spend.

Brand Development Fund

In addition to your initial advertising campaign, you must contribute weekly to our Brand Development Fund ("Fund"), which contribution will be collected in the same manner as the Royalty Fee. Generally, we require you to contribute up to 2% of Gross Revenue. We assess your local marketing expenditures on a six-month basis. If an audit of your local marketing expenditures reveals that you have failed to meet your local marketing obligations during the previous six-month assessment period, we may increase your Brand Development Fund contribution to 4% of Gross Revenue. If that occurs, you will contribute to the Brand Development Fund 4% of Gross Revenue until you demonstrate compliance with your local marketing obligations during a full six-month assessment period, at which time your contribution to the Brand Development Fund will be reduced to 2% of Gross Revenue.

We may use Fund monies to pay for creative development services (including creation and modification of Store design and trade dress, logos, graphics and vehicle wraps, and advertising and promotional items, including the cost of photography services and design software); preparing and procuring market studies, providing or obtaining marketing services (including, conducting customer surveys, focus groups, and marketing and compliance-related mystery shops and customer interviews); employing advertising and/or public relations agencies; developing, producing, distributing and placing advertising (including, without limitation, preparing and conducting media advertising campaigns in various media, local store advertising and promotion in a particular area or market, or for the benefit of a particular Store or Stores concerning store opening promotion or otherwise, conducting and administering in-store promotions; preparing and executing direct mail advertising, and developing, producing and purchasing point-of-sale advertising, and other sales aids and promotional items and materials); new product development and development of product packaging; developing, updating and hosting our web site (including development of locator programs) and/or an intranet or extranet system; obtaining sponsorships and endorsements; preparing and conducting sweepstakes and other promotions; developing, administering, and distributing coupons, gift certificates, stored value card and loyalty card programs, and customized promotions, and the cost of product associated with the redemption of free coupons, gift certificates, stored value cards, loyalty cards and/or other customized promotions; developing and administering other customer loyalty programs; developing and administering online ordering platforms; providing and procuring public relations services; conducting public relations activities; charitable donations; membership fees in international, national, regional, and/or local trade or other associations or organizations. We will also use Fund monies to reimburse ourselves for our costs of personnel and other administrative and overhead costs associated with providing the services described in this paragraph.

We will administer the Fund. We will not use Fund monies for creating or placing any advertisement that is principally a solicitation for new franchisees, but we may include in all advertising prepared using Fund monies (including Internet advertising) information concerning franchise opportunities, and a portion of Fund monies may be used to create and maintain one or more pages on our web site devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by franchise candidates. Any amounts contributed to the Fund that are not spent in the year they are collected will remain in the Fund for use during the next year.

Although not contractually required to do so, we anticipate that each Store owned by us or an affiliate of ours will contribute to the Fund on the same basis as our franchisees. Upon your reasonable request, we will provide you an annual unaudited statement of Fund contributions and expenditures.

Advertising Cooperative or Advertising Council

We can designate any geographic area in which two or more company-owned or franchised HTEAO Stores are located as a region for an advertising cooperative ("Cooperative"). If we do, the Cooperative must be organized and governed as we determine. Any Cooperatives we authorize will be for the exclusive purpose of administering advertising programs and developing promotional materials for use by its members. If a Cooperative is established for an area in which any Store is located, you must become a member of the Cooperative and participate in the Cooperative by contributing the amounts required by the Cooperative's governing documents, and you must abide by the Bylaws of the Cooperative. The Cooperative will have the right to establish its own fees. You must also submit to the Cooperative and to us all statements and reports that we, or the Cooperative, may require. Cooperative contributions will be maintained and administered under the Cooperative's governing documents, and the Cooperative will be operated solely as a conduit for the collection and expenditure of advertising contributions.

Advertising cooperatives will be governed by written agreements which are available for review at your request. We have the sole right to form, change, dissolve, and merge Cooperatives and to create and amend any organizational and governing documents of any Cooperative. Once established, we may terminate and/or dissolve the Cooperative at any time. The Cooperative will not be terminated, however, until all monies in the Cooperative have been expended for authorized purposes or returned to contributing Stores (whether franchised or company or affiliate-owned), without interest, on the basis determined by a majority vote of its members. Each Cooperative must prepare annual, unaudited financial statements, which will be made available to its contributing members.

No advertising council has been established for the franchise system.

Computer and Electronic Cash Register Systems

You must purchase, install, and maintain an electronic point of sale cash register system to record sales and transaction data (such as item ordered, price, and date of sale) that we designate. Currently, the Revel POS System is the only approved POS System. You will use the POS System to record sales, maintain customer data, control inventory, track employee time and payroll, and report sales. To operate the POS System, you will need to connect to a high-speed communications device which is capable of accessing the Internet via a third-party network. We have the right to independently access all information and financial data recorded by the system for daily polling, audit, and sales verification. Updates or replacement of the POS System, both hardware and software, may be required. There is no contractual limitation on the frequency or cost of these obligations.

The approximate cost to purchase the POS System, Computer System, computer software, and hardware may range from $20,000 to $30,000 (exclusive of the first year of the maintenance agreement fee and license fee described in the two paragraphs below).

You must sign a computer maintenance agreement with the manufacturer of the POS System and pay the annual maintenance fee which we estimate will range from $3,500 to $5,000. Your maintenance agreement must also include a network and security services agreement which covers up to $100,000 in losses due to any kind of data breach.

At our request, you must install and maintain interactive multi-media equipment, devices, and facilities that we require, including approved surveillance systems, music systems, Wi-Fi, and other wireless Internet and communications systems and interactive displays, including plasma or LCD screens. If a designated music provider has been identified, you must acquire music from the vendor.

You must (a) use any proprietary software programs, system documentation manuals, and other proprietary materials that we require concerning the operation of the Store; (b) input and maintain in your computer this data and information as we prescribe; and (c) purchase new or upgraded software programs, system documentation manuals, and other proprietary materials at then-current prices whenever we adopt

new or upgraded programs, manuals and materials system-wide. You must enter into all software license agreements, "terms of use" agreements, and software maintenance agreements, in the form and manner we prescribe, and pay all fees imposed.

We may independently poll your Gross Revenue and other information input and compiled by your POS System or accounting system from a remote location. There is no limitation on our right to access this information. Neither we, nor our affiliates, nor any third parties must provide ongoing maintenance, repairs, upgrades, or updates to your POS System or other computer equipment. Except as described above, there are currently no optional or required maintenance/upgrade contracts for the POS System or other computer equipment.

System Web Site

TBevCo IP owns the domain name http://www.hteao.com and http://www.hteaofranchise.com.. We use it as the primary web site for information about us and our franchised businesses. You may not establish your own web site, social networking site, or other electronic media. At our option, we may establish one or more additional web sites to advertise, market, promote, and operate the HTEAO businesses and the franchise opportunity.

Online Ordering

You must participate in our online ordering system through our approved POS supplier. You must pay the required annual fee for the online ordering module.

Training

Within 60 days of your Store's estimated opening date, the person whom you designate to be your "General Manager" (GM50) and one other person, who will be involved in the day-to-day operations of the location, must attend and complete our initial training program to our satisfaction. Our initial training program is offered in Fort Worth, Texas, and is conducted on a monthly basis. Initial training will be conducted by or under the supervision of Operations Services Training Manager, Jennifer Ugalde and our Director of Corporate Stores and Operations Services, Debbie Holcomb. Jennifer Ugalde began her experience with HTeaO as a part-time Team Member in a Corporate-Owned location in Amarillo, TX in October 2022. Jennifer Ugalde was promoted to Team Leader at the location in December 2022 where she served until January 2023 where she was then promoted to Assistant General Manager. Jennifer Ugalde served as the Assistant General Manager from January 2023 until April 2024. While working as the Assistant General Manager, Jennifer Ugalde also served as a support member for the New Store Opening team beginning in January 2024. Jennifer Ugalde became a New Store Opening team leader from April 2024 until April 2025. Jennifer was then promoted to the Operations Services Training Manager in April 2025. Jennifer Ugalde brings HTeaO in-store experience through her multiple roles within the Store and training. Debbie Holcomb began as the Director of Retails Operations in May 2023 with HTeaO where she served in that position until September 2023. From September 2023 until December 2023, Debbie Holcomb was promoted to the Corporate Store Director and then became Director of New Store Opening team and Director of Operations Services in December 2023 where she served until November 2024. In November 2024, Debbie Holcomb was then promoted to Director of Training while still serving as the Director of New Store Opening team. In February 2025, Debbie Holcomb became Director of Corporate Stores while still maintaining her position as Director of New Store Opening Team and Director of Operations. Debbie Holcomb brings extensive experience in training and operations management having worked with major brands such as Walmart and Smoothie King. Debbie has lead training programs focused on operational excellence, team development and brand consistency. Training invitations are sent for attendance based on construction timelines. Attendance is awarded based on availability and the completion of the invitation's requirements. We provide instructors and training materials, but you must pay all training-related expenses, including travel, lodging, and

dining expenses for all of your employees who attend training. The subjects covered and other information relevant to our initial training program are described below.

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
History of HTEAO	1	0	Fort Worth, TX
Use of the Manual	2	0	Fort Worth, TX
Tour of HTEAO	0	1	Fort Worth, TX
Pre-Opening Procedures	1	1	Fort Worth, TX
Personnel Issues	1	0	Fort Worth, TX
HTeaO Coffee	0	1	Fort Worth, TX
Marketing in Community	2	0	Fort Worth, TX
Management Procedures/ Deputy	3	1	Fort Worth, TX
Franchise Reporting Requirements	1	1	Fort Worth, TX
Accounting/Record keeping	1	0	Fort Worth, TX
Customer Service Procedures	2	2	Fort Worth, TX
Front/Back of House – Manager Duties	2	1	Fort Worth, TX
In-Store Experience/Culture	1	1	Fort Worth, TX
Inventory Management	3	1	Fort Worth, TX
POS System/Scheduling	2	2	Fort Worth, TX
Cleaning Procedures	1	1	Fort Worth, TX
Safety Procedures	1	1	Fort Worth, TX
Store Operations/ Barista Training	1	1	Fort Worth, TX
Optional Extra In-Store Experience	0	1	Fort Worth, TX
Community Marketing/AD Spend	1	0	Fort Worth, TX
Finance/Compliance	1	0	Fort Worth, TX
Totals	27	14	

Our initial training program is subject to change, without notice, to reflect updates in the materials, methods, and manuals and changes in personnel. The subjects taught and the time periods allocated for each subject may vary based on the experience of the trainees. Instruction materials are our Operations Manuals and training workbooks.

At our request, your General Manager (GM50), Store managers, and/or other of your employees that we designate must attend additional courses, seminars, and training programs that we may reasonably require. We may charge a reasonable tuition for these additional courses, seminars, or other training programs. Each store location is allotted two attendees into the Tea Academy; any additional attendee will be at an additional expense of no less than $3,000 per attendee. You are responsible for all training-

related costs and expenses including salary, travel, lodging, and dining costs for all of your employees who attend training.

Confidential Operations Manuals

After you sign the franchise agreement, we will provide you access to our Manuals. A copy of the table of contents of our Confidential Operations Manual is attached as Exhibit E.

Site Selection and Opening

When you sign the franchise agreement, we will agree on a "Site Selection Area" within which you may locate the Store. You must acquire a Store site meeting our site selection criteria within 180 days after you sign the franchise agreement. For each proposed site that you identify, you must deliver to us all relevant site information and a franchise site application in a form that we prescribe that includes information about the site that we may reasonably request to perform site evaluation, which may include spreadsheet data entry, market analysis, manual count traffic analysis, PowerPoint presentations, geographical maps, topographical maps development maps, population densities, etc. We will permit or refuse to permit development at the proposed site within 30 days of receiving all requested information about the site. The criteria that we use to evaluate the site include general location and neighborhood statistics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease or purchase terms.

When the site is selected, we will designate an "Opening Date" (or opening window) for the Store, which will be no later than six months after site selection. The Store must be open for business by the Opening Date, but no later than 12 months after the franchise agreement is signed. Factors which may affect the length of time between signing the franchise agreement and opening for business include the time necessary to find a location, to negotiate a lease, to obtain required financing, to obtain permits and license, to complete construction and leasehold improvements, to complete our initial training program, and to adequately train your personnel. Delay in construction may be caused by inclement weather, material or labor shortages, labor actions, slow deliveries, equipment shortages, or similar factors. If the Store is not open according to these deadlines, we can terminate the franchise agreement.

ITEM 12
TERRITORY

Except for the territorial protection described below, 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.

Franchise Agreement – HTEAO Store

You will operate the Store at a location that you have selected, and that we have accepted as meeting our minimum site selection criteria for HTEAO Stores. You may relocate the Store, only with our prior written consent. We will consent to relocation if your lease expires or terminates through no fault of yours, or if the Store premises is destroyed or materially damaged by fire, flood, or other natural catastrophe and you are not in default of the franchise agreement or any other agreement with us.

When the Store location is identified, we will designate a "Protected Area," which will be identified in Attachment B to the franchise agreement. Your Protected Area may be defined as a specified radius with its central point located at the Store's main entrance, may be identified on a map, or may be identified by a geographic description. The minimum Protected Area may be as small as an office or retail building for Stores in densely populated, urban areas, and will likely be larger in suburban, less populated areas.

Except as provided below, no other HTEAO Store will be located in your Protected Area, but another franchisee's Protected Area may overlap with your Protected Area.

Carved out from protection in the Protected Area will be any venues that we consider "Captive Markets." A Captive Market is any facility that serves a captive market, such as department store, supermarket, shopping mall (defined as enclosed or open retail centers with gross leasable area in excess of 350,000 square feet), amusement park, airport, train station, travel plaza, casino, nightclub, store, public facility, college or school campus, sports or entertainment stadium or arena, hospital, office building, convention center, airline (in-flight services), military base, or any other mass gathering event or location. A Captive Market also is any facility for which service rights are contracted to a third party or parties (including designated roadways and adjacent facilities).

During the franchise term, we will not own or operate, or grant anyone else the right to operate, an HTEAO Store within your Protected Area (which excludes any Captive Markets), but we may develop, operate, and offer other similar concepts that may compete with franchisees in the Protected Area. You have the right to advertise to residents outside your Protected Area, but not inside another franchisee's protected area. We reserve to ourselves all other rights, including the right to own and operate and to grant others the right to own and operate HTEAO Stores outside the Protected Area, regardless of their proximity to the Protected Area, and in "Captive Markets," wherever located. We also have the right to distribute products and services identified by the Marks, such as pre-packaged products, through alternative channels of distribution including grocery stores, supermarkets, convenience stores, stores, and via mail order, catalog sales, and/or the Internet. We are not required to compensate you if we exercise any of the rights specified above inside your Protected Area.

Franchise Agreement – Non-Traditional Venue

If you operate an HTEAO Store you may also have the opportunity, in our sole discretion, to operate a business in non-traditional venue under the terms and conditions described in the Non-Traditional Venue Addendum attached to the Franchise Agreement as Attachment K. Your business in a non-traditional venue will offer an approved menu utilizing our formulas and methods for preparing approved food products. If we grant you the right to develop a business in a non-traditional venue, you may operate a kiosk, food stand, or other non-brick-and-mortar unit at Captive Market location, including sports or entertainment stadium or arena, shopping mall, and airport. You will not be granted a Protected Area to operate a business in non-traditional venue.

There are no circumstances that permit us to modify your territorial rights under the franchise agreement.

Development Agreement

Under the development agreement, we grant you the right to develop and operate a specified number of HTEAO Stores at sites in a specified Development Area. The Development Area will be identified on Attachment B to the development agreement and may be described in terms of cities, counties, states, or some other designation.

During the term of the development agreement, we will not own or operate, or grant anyone else the right to operate, an HTEAO Store within the Development Area, except in Captive Markets, but we may develop, operate, and offer other similar concepts that may compete with developers in the Development Area. We reserve to ourselves all other rights, including the right to own and operate and to grant others the right to own and operate HTEAO Stores outside the Development Area, regardless of their proximity to the Development Area, and in "Captive Markets" located within and outside the Development Area. We also have the right to distribute products and services identified by the Marks, such as pre-packaged products, through alternative channels of distribution including grocery stores, supermarkets, convenience stores, stores, and via mail order, catalog sales, and/or the Internet, and to make deliveries or permit other franchisees to make deliveries to residents within your Development Area. We are not required to compensate you if we exercise any of the rights specified above inside your Development Area.

If you fail to meet any of your obligations under the development agreement, including the development obligations, we may (i) terminate or modify any territorial protections granted to you, (ii) reduce the size

of the Development Area, or (iii) reduce the number of Stores which you may establish under the Development Schedule. There are no other circumstances that permit us to modify your territorial rights under the development agreement. After the expiration of the term of your development agreement, we may own, operate, franchise, or license others to operate additional HTEAO Stores anywhere, without restriction, including in your Development Area, subject to the rights granted to you in the Protected Area established under any then-existing franchise agreement.

ITEM 13
TRADEMARKS

TBevCo IP owns and has acquired the registration for the following principal trademark on the Principal Register of the U.S. Patent and Trademark Office. All required affidavits and renewals have been filed.

Mark	Registration Number	Registration Date	International Class
HTEAO (standard character)	4822545	September 29, 2015	030
HTEAO (standard character)	5742878	May 7, 2019	009
HTEAO (standard character)	5742874	May 7, 2019	021
HTEAO (standard character)	5742880	May 7, 2019	025
HTEAO (standard character)	5742877	May 7, 2019	032
HTEAO (standard character)	5742873	May 7, 2019	030
	5742886	May 7, 2019	009
	5742884	May 7, 2019	021
	5742887	May 7, 2019	025

Mark	Registration Number	Registration Date	International Class
	5742881	May 7, 2019	030
	5742885	May 7, 2019	032
DRINK TEA BE HAPPY	SN88020666	September 22, 2020	030
	SN98865504	Pending	009, 021, 025, 030, 032, 035
HTEAO TEXAS BORN AND BREWED	SN98865504	Pending	009, 021, 025, 030, 032, 035
SIP HAPPY	SN98835805	Pending	030, 032
HTEAO	SN98836064	Pending	009, 021, 025, 030, 032, 035
BREW YOUR THING	SN98835816	Pending	030, 032
BREWED DIFFERENT	SN98835790	Pending	030, 032

TBevCo IP owns and has granted us the right to use the Marks in connection with the franchising of HTEAO Stores and the operation of company-owned Stores. The initial term of our agreement with TBevCo IP is perpetual, unless otherwise terminated by mutual agreement, or by TBevCo IP on account of our material breach. Upon termination of the agreement, TBevCo IP has an option to assume all franchise related agreements to which we are a party. There are no other agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to you.

There is no presently effective determination of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the Marks which is relevant to their ownership, use, or licensing.

We know of no superior prior rights or infringing use that could materially affect your use of the Marks, and we know of no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

You may use only the Marks that we designate, must use them only in the manner that we authorize and permit, and must use them with the symbols, "®", "TM", or "SM", as appropriate. You may use the Marks only for the operation and promotion of the Franchised Business and only in the manner we prescribe. You may not contest ownership or validity of the Marks or any registration of the Marks or our right to use or to sublicense the use of the Marks. You must sign all documents that we require in order to protect the Marks and to maintain their validity and enforceability.

You may not use the Marks or any part of the Marks in your legal name, and you may not use them to incur any obligation or indebtedness on our behalf.

You may not use the Marks or any part or derivative of the Marks on the Internet, except as expressly permitted in writing. This prohibition includes use of the Marks or any derivative of the Marks as part of any URL or domain name, as well as their registration as part of any user name on any gaming website or social networking web site (including but not limited to FACEBOOK, INSTAGRAM, TIK TOK, or X), whether or not such social media platform is used for commercial gain, or as part of any unauthorized email address.

You must promptly notify us of any suspected unauthorized use of, or any challenge to the validity of the Marks or Copyrighted Works (defined below in Item 14), or any challenge to our ownership of, or license to use and to license others to use, or your right to use, the Marks or Copyrighted Works. We have the right to direct and control any administrative proceeding or litigation or other adjudicative proceeding involving the Marks or Copyrighted Works, including any settlement of the proceeding. We or our affiliate has the right, but is not obligated, to take action against uses by others that may constitute infringement of the Marks or Copyrighted Works. We will defend you against any third-party claim, suit, or demand arising out of your use of the Marks or Copyrighted Works. If we determine that you have used the Marks and Copyrighted Works properly, we will pay the cost of the defense, including the cost of any judgment or settlement. If we determine that you were using the Marks or Copyrighted Works improperly, you must pay the cost of the defense, including the cost of any judgment or settlement. In regard to any litigation under your use of the Marks or Copyrighted Works, you must sign all documents that we require and do all things that we consider necessary to carry out the defense or prosecution, which may include becoming a nominal party to any legal action. Unless the action is the result of your use of the Marks or Copyrighted Works in a manner inconsistent with the terms of the franchise agreement, we will reimburse you for your out-of-pocket litigation costs in doing these acts.

We have the right to designate new, modified and/or replacement Marks for your use and to require you to use the new, modified or replacement Marks in addition to or in lieu of any previously designated Marks. You must comply with the directive, at your expense, within 60 days following your receipt of written notice of the change.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any patents that are material to the franchise, and there are no pending patent applications. We do claim copyright protection and proprietary rights in the original materials used in the System, including our procedures, manuals, bulletins, correspondence and communications with our franchisees, training, advertising, and promotional materials, the content and design of our web site, and other written materials under the operation of HTEAO Stores and the System ("Copyrighted Works").

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our copyrights. There is no currently effective agreement that limits our right to use and/or license our copyrights. We are not obligated by the franchise agreement, or otherwise, to protect any rights you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use, or licensing of the copyrights. You may not use any of our copyrighted works on the Internet without our written permission. This includes display of the

copyrighted works on commercial websites, gaming websites, and social networking web sites (including but not limited to FACEBOOK, INSTAGRAM, TIK TOK, or X).

You and your employees must maintain the confidentiality of all information contained in the Manual and other information that we consider confidential, proprietary or trade secret information. "Confidential Information" means all trade secrets, the Standards, and other elements of the System; all customer information; all information contained in the Manuals; our proprietary standards and specifications for product preparation, packaging and service; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of their operation under the terms of the franchise agreement, and all other information that we designate.

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

The Franchised Business must be supervised on premises by your General Manager" (GM50), who must have at least a 20% equity interest in the franchisee and must successfully complete our initial training program. Your General Manager (GM50) also must dedicate a prescribed number of hours to the management of the Franchised Business.

If you operate additional stores either by signing our Development Agreement or otherwise with our approval, you must sign our Multi-Unit Development Addendum (see Exhibit G to the Development Agreement).

Under the Multi-Unit Development Addendum, in lieu of personally acting as GM50 or designating an individual with a 20% equity interest to serve as your GM50 at the Store level, you must designate a "Director of Operations," subject to our approval, to oversee the operations of your Stores. Your Director of Operations must have a minimum 5% equity interest in the franchisee. The Director of Operations must attend, and complete to our satisfaction, all required training programs and be certified as typically required of a GM50. The Director of Operations must also work full-time providing oversight at the HTEAO Stores and promoting the HTEAO brand for a minimum 40 hours a week. If Franchisee operates two HTeaO locations within a 30-mile radius, Franchisee may employ one Store Manager "GM50" to oversee and work a combined 40 hours a week between the two locations. If you have a Director of Operations, each Store must be supervised on premises by a GM50, but the GM50 need not have an equity interest in the franchisee. Each location shall have an assistant general manager who has successfully completed HTeaO satisfaction to the required training programs consistent with HTeaO standards when the Store Manager "GM50" is not present.

In addition, HTeaO may, in its sole discretion, require a District Manager to supervise a subset of HTeaO locations under our Multi-Unit Development Addendum. The District Manager is not required to hold any equity interest in the franchisee. The District Manager must successfully complete our training program. We have the right to require the District Manager to give his or her best efforts and dedicate a prescribed number of hours required for the successful management and operation of the Franchised Business In addition, HTeaO may, in its sole discretion, require a Regional Manager to supervise a subset of HTeaO locations. The Regional Manager is not required to hold any equity interest in the franchisee. The Regional Manager must successfully complete our training program. We have the right to require the Regional manager to give his or her best efforts and dedicate a prescribed number of hours required for the successful management and operation of the Franchised Business.

If the franchisee is a business entity, each Owner must sign a Guaranty and Personal Undertaking substantially in the form attached as Attachment D-1 to the franchise agreement and Attachment D to the development agreement. Any individual who attends our initial training program and any other personnel

we request must sign a confidentiality and noncompete agreement substantially in the form attached as Attachment D-2 to the franchise agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all items and branded merchandise that we require, and may offer and sell only those items and branded merchandise that we have approved. We may add, eliminate, or modify authorized goods and services, and we may modify standards and procedures, all in our sole discretion. There are no contractual limitations on our rights to make these changes.

Manufacturers of certain merchandise intended for retail sale may impose restrictions with respect to the locations where their merchandise may be sold. You must comply with those restrictions even if they would prevent you from offering certain products that we have approved you to offer.

You must participate in all market research programs that we require, which includes test-marketing new products, purchasing a reasonable quantity of new products for test-marketing, and promoting the sale of the new products. You must provide us with timely reports and test results for all programs.

You may not cobrand with another concept without our prior written consent. You may not ship HTEAO products, regardless of the destination without our prior written consent, nor distribute HTEAO products through wholesale channels, such as supermarkets, convenience stores, or other retailers. You may not sell, give away, or sample HTEAO products at any location other than the Store premises without Franchisor's prior written permission.

We have the right to establish maximum, minimum, or other retail pricing requirements to the extent permitted by law.

You may not permit in the Store any vending, gaming machines, payphones, automatic teller machines, Internet kiosks, or other mechanical or electrical devices, except for those we require or approve.

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.

Franchise Agreement

Provisions	Section in Franchise Agreement	Summary
a. Length of the franchise term	Sections 2.1	The earlier of 15 years after your Store opens for business, or 16 years after the effective date of your franchise agreement.
b. Renewal or extension of the term	Section 2.2	If you are in good standing, you can renew for two additional consecutive five-year terms.

Provisions	Section in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	Section 2.2	You must meet all required conditions to renew, including signing our then-current form of franchise agreement, which may be materially different than the form attached to this disclosure document. Other requirements include giving us notice of your intent to renew, compliance with your franchise obligations during the franchise term and at the time of renewal, satisfaction of monetary obligations, having the right to remain in possession of the Store premises, renovation of the Store to meet our then-current image requirements, compliance with our then-current training requirements, payment of the renewal fee, signing a general release.
d. Termination by franchisee	No provision	Not applicable
e. Termination by franchisor without cause	No provision	Not applicable
f. Termination by franchisor with cause	Sections 13.1, 13.2, 13.3, 13.4, 13.5, 13.6, and 13.7	We can terminate the franchise agreement for cause, or on account of the for-cause termination of any other franchise agreement between you and us.
g. "Cause" defined – curable defaults	Sections 12. 9, 13.3, 13.4, 13.5, and 13.6	You have 10 days to cure non-payment of fees, 30 days to cure non-compliance with laws and defaults not listed in subsection (h), below.
h. "Cause" defined – non-curable defaults	Sections 13.1 and 13.2	We can terminate without opportunity to cure upon the happening of certain bankruptcy or insolvency events, your conviction of a felony, knowingly maintaining false books or records, trademark misuse, failure to successfully complete training, failure to open the Store by the required opening date or within 12 months after signing the franchise by agreement, abandonment of the Store, failure to maintain the right to operate the Store, violation of confidentiality and non-competition covenants, failure to comply with regard to Crisis Management Events, offering unauthorized products or services, purchase from unapproved suppliers, and repeated curable defaults, whether or not cured.
i. Franchisee's obligations on termination/ nonrenewal	Article 14	You must cease use of our trademarks, de-identify the Store premises, pay all amounts due to us, and return the Manuals to us. We may, at our option, assume all telephone numbers for the

Provisions	Section in Franchise Agreement	Summary
		Store. We may, at our option, assume your lease and purchase certain Store assets. You must, at our option, cancel or assign to us your rights to any Internet websites or web pages or e-mail addresses which contain our Marks. See also "r" below.
j. Assignment of contract by franchisor	Section 12.1	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	Section 12.2, 12.3, and 12.4	Includes transfer of the agreement or change in ownership of the franchisee entity.
l. Franchisor approval of transfer by franchisee	Section 12.4	Transfers require our prior written consent, which will not be unreasonably withheld. However, transfers that do not result in a change of control of you may, subject to certain conditions described in the franchise agreement, be completed without our prior written consent.
m. Conditions for franchisor approval of transfer	Section 12.4	You must be in compliance with franchise agreement and all other agreements. New franchisee: must qualify, complete training, sign a new franchise agreement in our then-current form (if, unless the term of the new franchise agreement will be the remaining term of the existing franchise agreement), and refurbish the Store, as needed; sign a guaranty and a general release, pay the transfer fee, and if applicable our resale program fee, all monetary obligations to us must be satisfied; additional requirements apply to business entities. (see also "r" below).
n. Franchisor's right of first refusal to acquire franchisee's business	Section 12.8	We can match any offer for your business.
o. Franchisor's option to purchase your business	Section 14.4	We have the option to purchase some or all of your equipment, furnishings and fixtures on expiration or termination of your franchise agreement.
p. Death or disability or franchisee	Section 12.9	Same requirements as for transfer in "m" above, except there is no transfer fee and we do not have right of first refusal. If your interest is not transferred within six months following your (or a major member, partner or shareholder's) death or legal incapacity, your franchise agreement may be terminated.
q. Non-competition covenants during the term of the	Section 15.1	Neither you nor your Owners may own, maintain, advise, operate, engage in, be employed by, make

Provisions	Section in Franchise Agreement	Summary
franchise		loans to, or have any interest in or relationship or association with any similar business as the franchise, other than the one authorized in the Franchise Agreement, at any location within the U.S., its territories or commonwealths, or any other country, province, state or geographic area in which we or our affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks; no diversion of any present or prospective customer of ours to a competitor.
r. Non-competition covenants after the franchise is terminated or expires	Section 15.2	Neither you nor your owners may own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in any similar business as the franchise, other than the one authorized in the Franchise Agreement, at your former Store location or within a 25-mile radius of your former Store or within a 25-mile radius of any other HTEAO Store for two years following expiration, termination or transfer.
s. Modification of the agreement	Sections 18.1 and 18.2	Must be in writing and signed by all parties
t. Integration/merger clause	Sections 18.1 and 18.2	Only the terms of the development agreement and other related written agreements are binding (Subject to Applicable State Law). Any representations or promises outside of the disclosure document and development agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 19.2 and 19.3	Claims, controversies, or disputes from or relating to the franchise agreement must be mediated, except for actions seeking injunctive relief and actions we bring which are related to or based on our Marks or Confidential Information. If the claims, controversies, or disputes are not resolved in mediation, they must be submitted for arbitration. Most claims must be submitted to mediation before litigation may be brought. Except that we are not required to mediate claims for injunctive relief or that are necessary to protect our intellectual property.
v. Choice of forum	Sections 19.2 ,19.3, and 19.4	Mediation and arbitration at the AAA offices in the city in which we maintain our principal place

Provisions	Section in Franchise Agreement	Summary
		of business at the time of mediation and/or arbitration. Venue for any other proceeding is the court serving the judicial district in which we maintain our principal place of business at the time the action is initiated (subject to applicable state law).
w. Choice of law	Section 19.1	Texas law applies without giving effect to any conflict of laws principles (subject to state law).

Development Agreement

Provision	Section in Development Agreement	Summary
a. Length of the term	Section 2.1	The period beginning on the effective date and ending on the earlier of: (i) the date on which you have completed your development obligations, or (ii) 12:00 midnight CST on the last day specified in the development schedule.
b. Renewal or extension of the term	No provision	Not applicable.
c. Requirements for Developer to renew or extend	No provision	Not applicable
d. Termination by Developer	No provision	Not applicable
e. Termination by the franchisor without cause	No provision	Not applicable
f. Termination by the franchisor with "cause"	Sections 9.1, 9.2., 9.3, 9.4, 9.5, and 9.6	We can terminate if you materially default under your development agreement, an individual franchise agreement, or any other agreement between you or your affiliate and us. Upon the death or permanent incapacity of an owner, we may terminate if you fail to adhere to the applicable transfer requirements.
g. "Cause" defined - curable defaults	Sections 9.3, 9.4, 9.5, and 9.6	You have 10 days to cure a failure to pay fees and 30 days to cure any other default, and in the case of a breach or default in the performance of your obligations under any franchise agreement or other agreement between you and us.
h. "Cause" defined – non-curable defaults	Sections 9.1 and 9.2	Non-curable defaults: unapproved transfers; failure to meet development obligation; any breach of confidentiality or unfair competition described in Section 10; cross defaults, bankruptcy, foreclosure, insolvency, conviction of a felony, unapproved transfers, misrepresentations

Provision	Section in Development Agreement	Summary
		in your application, and/or repeated defaults, even if cured.
i. Developer's obligation on termination/non-renewal	Sections 2.2 and 10.2	You will have no right to develop or operate additional Stores which are not, at the time of termination, the subject of a then existing franchise agreement between you and us. You may continue to own and operate all Stores under then existing franchise agreements.
j. Assignment of contract by franchisor	Section 8.1	No restrictions on our right to assign.
k. "Transfer" by Developer – defined	Section 8.2	Includes transfer of the agreement, changes in ownership of the entity which is a party to the agreement and transfers of assets. No shares of a developer which is a business entity may be offered for sale through the public offering of securities. Shares may be offered by private offering with our prior written consent.
l. Franchisor approval of transfer by Developer	Section 8.4	Transfers require our prior written consent, which may be withheld for any reason, in our sole subjective judgment. However, transfers that do not result in a change of control may, subject to certain conditions described in the development agreement, be completed without our prior written consent.
m. Conditions for franchisor approval of transfer	Section 8.4	You may not transfer any franchise agreement signed under the development agreement except with our written consent and a simultaneous assignment of the development agreement and all of the franchise agreements signed under the development agreement to the same assignee. You must pay the applicable transfer fee and sign a general release.
n. Franchisor's right of first refusal to acquire Developer's business	Section 8.9	We may match any offer to purchase your business.
o. Franchisor's option to purchase Developer's business	Not applicable	Not applicable
p. Death or disability of Developer	Section 8.10	Same requirements as for a transfer in "m" above. If your interest is not transferred within six months following your (or an Owner's) death or legal incapacity, your development agreement may be terminated.

Provision	Section in Development Agreement	Summary
q. Non-competition covenants during the term of the Agreement	Section 10.1	Neither you nor your Owner may have any involvement in any store or business, that offers any similar business as the franchise, other than the one authorized in the Franchise Agreement, that is located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which we or our affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.
r. Non-competition covenants after the Agreement is terminated or expires	Section 10.2	Neither you nor your Owners may own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in a store or business, that offers any similar business as the franchise, other than the one authorized in the Franchise Agreement, within the former development area or within a 25-mile radius of any HTEAO Store for two years following expiration, termination or transfer.
s. Modification of the development agreement	Sections 13.1 and 13.2	Must be in writing and signed by all parties
t. Integration/merger clause	Section 13.1	Only the terms of the development agreement are binding.
u. Dispute resolution by arbitration or mediation	Section 14.2 and 14.3	Claims, controversies, or disputes from or relating to the franchise agreement must be mediated, except for actions seeking injunctive relief and actions we bring which are related to or based on our Marks or Confidential Information. If the claims, controversies, or disputes are not resolved in mediation, they must be submitted for arbitration. Claims, controversies or disputes from or under the development agreement must be mediated, except for actions seeking injunctive relief and actions we bring which are related to or based on our Marks or Confidential Information.
v. Choice of forum	Sections 14.2, 14.3 and 14.4	Mediation or Arbitration at the AAA offices in the city in which we maintain our principal place of business at the time the mediation is initiated. Venue for any other proceeding is the court serving the judicial district in which we maintain our principal place of business at the time the action is initiated (subject to state law).

Provision	Section in Development Agreement	Summary
w. Choice of law	Section 14.1	Texas law applies without giving effect to any conflict of laws principles (subject to state law).

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote the franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

As of December 31, 2024, there were 131 franchised HTEAO Stores operating in the United States. Of these Stores, 131 Stores (a) operated as free-standing locations (meaning they occupied their own building, maintained their own parking lot, and did not share a common area with other retailers such as in a strip mall or shopping center environment), and (b) operated in a shared-space location (meaning they occupied a shared building with a separate retailer) and (c) have been in continuous operation since July 1, 2024. Of the 104 disclosed Stores, 96 were operated by franchise owners ("Franchised Stores") and 8 were operated by our affiliates ("Company-owned Stores").

The tables below provide average, median, high and low gross sales information for 104 stores for the period of operation from January 1, 2024, through December 31, 2024. The term "gross sales" means revenue from the sale of products and services, including all off-premises catering and delivery. "Gross sales" does not include discounts, excise or sales taxes or sales that were later refunded to customers. For purposes of calculating annual gross sales for the Stores operating less than 12 full months, we multiplied the Store's average monthly sales during their period of operation by 12.

We included information about these 104 Stores because they offer substantially the same products and services to the public that you will sell. We did not include information about any Stores that opened after July 1, 2024. We also did not include information about the non-freestanding Stores (two Franchised Stores and one Company-owned Stores) that operated in strip malls or shopping centers. We excluded these Stores because they do not share material characteristics of the Store your will operate, including optimized signage and street visibility, optimal ingress and egress, drive-through service, and ample customer parking. We also excluded Non-Traditional stores that operate as a mobile tea truck and venue-based stores because the operations are impacted by seasonality and are not open consistently though out the year.

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

The table below reflects gross sales information broken into segments.

Average Store Sales – 96 Free-Standing Franchised Stores

Franchised Stores	Top 10%	Top 25%	Top 50%	Top 75%
Number of Stores in Category	10	24	48	72
Average Gross Sales	$1,744,077.43	$1,516,497.65	$1,319,283.93	$1,180,725.55
Number & Percent Met or Exceeded the Average Gross Sales in Category	4/40%	9/38%	22/46%	30/41%
Median Gross Sales	$1,684,674.32	$1,416,838.86	$1,264,988.09	$1,099,342.23
Range of Gross Sales (High)	$2,122,581.05	$2,122,581.05	$2,122,581.05	$2,122,581.05
Range of Gross Sales (Low)	$1,515.189.26	$1,270,828.67	$999,848.63	$848,524.24

Notes:

Note 1. Each of the columns identified as “Top 10%,” “Top 25%,” “Top 50%,” “Top 75%,” refer to the respective percentage of the number of total Stores ranked by the Gross Sales in descending order for Franchised Stores only.

Note 2. The “Number of Stores in Category” refers to the number of Stores within the respective category.

Note 3. The “Average Gross Sales of Category” refers to the average Gross Sales of all Stores within the category. The average is computed by the sum of all the Gross Sales divided by the number of Stores in the category.

Average Store Sales – 104 Free-Standing Franchised and Company-owned Stores

Blended Average	Top 10%	Top 25%	Top 50%	Top 75%
Number of Stores in Category	10	26	52	78
Average Gross Sales	$1,776,077.74	$1,528,963.42	$1,307,575.44	$1,186,012.15
Number & Percent Met or Exceeded the Average Gross Sales in Category	4/40%	10/38%	24/46%	32/43%
Median Gross Sales	$1,744,070.00	$1,440,783.08	$1,264,988.09	$1,099,342.23
Range of Gross Sales (High)	$2,122,581.05	$2,122,581.05	$2,122,581.05	$2,122,581.05
Range of Gross Sales (Low)	$1,545,789.65	$1,270,828.67	$987,391.36	$845,153.00

Notes:

Note 1. Each of the columns identified as "Top 10%," "Top 25%," "Top 50%," "Top 75%," refer to the respective percentage of the number of total Stores ranked by the Gross Sales in descending order.

Note 2. The "Number of Stores in Category" refers to the number of Stores within the respective category.

Note 3. The "Average Gross of Category" refers to the average Gross Sales of all Stores within the category. The average is computed by the sum of all the Gross Sales divided by the number of Stores in the category.

Note 4. Actual Gross Sales sales for the eight free-standing Company-owned Stores were $1,835,192, $1,521,913, $1,138,803, 956,837, $865,657, $845,153, $668,302, and $563,889.

Some outlets have achieved these results. Your individual results may differ. There is no assurance that you'll earn as much.

Except for the information contained in this Item 19, 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 Blake Reid, Senior Vice President of Finance, HTEAO FC, LLC, 1322 Ranchers Legacy Trail, Fort Worth, Texas 76126, 817-291-3547, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2022 TO 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at End of Year	Net Change
Franchised	2022	35	57	+22
	2023	57	94	+37
	2024	94	131	+37
Company-Owned	2022	4	5	+1
	2023	5	7	+2
	2024	7	13	+5
Total Outlets	2022	39	62	+23
	2023	62	101	+39
	2024	101	144	+43

TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2022 TO 2024

State	Year	Number of Transfers
Oklahoma	2022	0
	2023	0
	2024	14
Texas	2022	0
	2023	6
	2024	0
Total	2022	0
	2023	6
	2024	14

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2022 TO 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Arkansas	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Florida	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	3[1]	0	0	0	0	5[1]
Kansas	2022	1	1	0	0	0	0	2
	2023	2	2	0	0	0	0	4
	2024	4	1	0	0	0	0	5
Louisiana	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Missouri	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
New Mexico	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	2	0	0	0	0	4
Oklahoma	2022	4	5[1]	0	0	0	0	9
	2023	9	12[2]	0	0	0	0	21
	2024	21	5	0	0	1	0	25
Texas	2022	29	15[5]	0	0	1	0	43
	2023	43	22[7]	0	0	1	0	64[7]
	2024	64	29[8]	0	0	2	2[9]	89[6]
Totals	2022	35	23	0	0	1	0	57
	2023	57	38	0	0	1	0	94
	2024	94	42	0	0	3	2	131

Note 1. This figure includes one food truck.

Note 2. This figure includes one food truck and one non-traditional location.

Note 3. This figure includes one non-traditional location.

Note 4. This figure includes two non-traditional locations.

Note 5. This figure includes two food trucks and one non-traditional location.

Note 6. This figure includes two food trucks.

Note 7. This figure includes three food trucks.

Note 8. This figure includes two food trucks.

Note 9. This figure includes two food trucks.

TABLE NO. 4

STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2022 TO 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Arkansas	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
Oklahoma	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	1	0	0	1
Texas	2022	4	0	1	0	0	5
	2023	5	1	1	0	0	7
	2024	7	2	2	0	0	11
Totals	2022	4	0	1	0	0	5
	2023	5	1	1	0	0	7
	2024	7	3	3	0	0	13

TABLE NO. 5

PROJECTED OPENINGS AS OF DECEMBER 31, 2024

State	Franchise Agreements Signed But Outlets Not Open	Projected New Franchised Outlets in Next Fiscal Year	Projected New Company-owned Outlets in Next Fiscal Year
Alabama	5	0	0

State	Franchise Agreements Signed But Outlets Not Open	Projected New Franchised Outlets in Next Fiscal Year	Projected New Company-owned Outlets in Next Fiscal Year
Arizona	13	1	0
Arkansas	7	0	0
Colorado	2	1	0
Florida	6	2	0
Georgia	1	0	0
Kansas	3	0	0
Kentucky	0	0	0
Louisiana	1	0	0
Mississippi	0	0	0
Missouri	2	2	0
Nevada	1	0	0
New Mexico	9	3	0
North Carolina	0	0	0
Oklahoma	10	2	0
South Carolina	0	0	0
Tennessee	5	2	0
Texas	112	28	1
Virginia	0	0	0
Totals	177	41	1

Attached to this disclosure document as Exhibit D is a list of our current franchisees as of December 31, 2024, and a list of franchisees whose franchises terminated and franchisees who have voluntarily or involuntarily ceased to do business under a franchise agreement, during our fiscal year ending December 31, 2024, or who have not communicated with us within 10 weeks of the disclosure document issuance date.

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

No franchisees have signed confidentiality agreements during the last three years. Currently, there are no trademark specific franchisee associations.

ITEM 21
FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit A are the following financial statements:

1. Audited financial statements of HTeaO FC, LLC, which comprise the balance sheets as of December 31, 2024, and December 31, 2023, and the related statements of operations, changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

2. Audited financial statements of HTeaO FC, LLC, which comprise the balance sheet as of December 31, 2022, and the related statements of income, changes in member's deficit, and cash flows for the year then ended, and the related notes to the financial statements.

ITEM 22
CONTRACTS

Attached to this disclosure document are the following contracts:

Attached as Exhibit B is our current form of Development Agreement and Attachments

Attached as Exhibit C is our current form of Franchise Agreement and Attachments

ITEM 23
RECEIPTS

Attached as Exhibit H are detachable duplicate Receipts. Please sign and date both copies of the Receipt. Keep one signed copy of the Receipt for your file and return to us the other signed copy of the Receipt. The Receipt contains the names of our franchise sellers or brokers.

State Appendix

FOR THE COMMONWEALTH OF VIRGINIA

1. Item 5 is supplemented by the following:

   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.

2. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the disclosure document is supplemented by the following:

   "Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any 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."

3. The following paragraph is added to the disclosure document:

   Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

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

EXHIBIT A TO FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

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HTEAO FC, LLC

FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023
with Report of Independent Auditors

HTEAO FC, LLC

FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023

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REPORT OF INDEPENDENT AUDITORS

To the Member of
HTeaO FC, LLC

Opinion

We have audited the financial statements of HTeaO FC, LLC (the "Company"), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations, changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, 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 ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note B to the financial statements, the Company has elected to change its method of accounting for deferred franchise fee revenue recognition for the years ended December 31, 2024 and 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Plano, Texas
April 28, 2025

HTEAO FC, LLC

BALANCE SHEETS

	December 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 1,726,769	$ 2,338,351
Accounts receivable	82,838	227,033
Contract asset	110,033	-
Due from related parties, net	-	243,207
Prepaid expenses and other current assets	272,768	79,763
Current portion of deferred commission costs	206,485	172,274
Total current assets	2,398,893	3,060,628
Property and equipment, net	1,383,436	1,049,460
Right of use asset - operating lease, net	211,101	68,460
Definite lived intangible asset, net	20,460,000	23,017,500
Goodwill, net	22,800,238	25,650,268
Deferred commission costs, net of current portion	2,360,272	2,076,350
Other asset	46,928	25,597
Total assets	$ 49,660,868	$ 54,948,263
Liabilities and Member's Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,230,183	$ 608,547
Gift card liability, net	976,510	1,109,240
Due to related party, net	12,364	-
Related party payable	1,169,282	-
Operating lease liability	35,713	68,889
Current portion of deferred revenue	1,529,312	2,688,254
Total current liabilities	4,953,364	4,474,930
Operating lease liability, net of current portion	175,388	-
Deferred revenue, net of current portion	9,848,817	8,018,873
Total liabilities	14,977,569	12,493,803
Commitments and contingencies		
Member's equity	34,683,299	42,454,460
Total liabilities and member's equity	$ 49,660,868	$ 54,948,263

See accompanying notes to financial statements.

HTEAO FC, LLC

STATEMENTS OF OPERATIONS

	Year Ended December 31, 2024	2023
Revenues:		
Franchise fee revenue	$ 3,041,998	$ 2,553,523
Royalty revenue	6,656,475	4,494,379
Advertising fund revenue	2,217,412	1,558,843
Gift card revenue	418,505	475,388
Other revenue	1,195,157	922,583
Total revenues	13,529,547	10,004,716
Operating expenses:		
Personnel costs	6,709,517	4,072,673
Advertising fund expense	4,124,926	1,850,961
Rent	203,249	211,287
Depreciation and amortization	5,683,220	5,546,039
Other general and administrative expenses	4,594,157	3,336,239
Total operating expenses	21,315,069	15,017,199
Loss from operations	(7,785,522)	(5,012,483)
Other income (expense):		
Other income (expense)	(2,544)	94,391
Interest income (expense)	24,217	(387)
Loss on sale of property and equipment	-	(4,783)
Total other income	21,673	89,221
Loss before state income taxes	(7,763,849)	(4,923,262)
State income tax expense	7,312	33,862
Net loss	$ (7,771,161)	$ (4,957,124)

See accompanying notes to financial statements.

HTEAO FC, LLC

STATEMENTS OF CHANGES IN MEMBER'S EQUITY

Years Ended December 31, 2024 and 2023

Balance at January 1, 2023	$ 47,411,584
Net loss	(4,957,124)
Balance at December 31, 2023	42,454,460
Net loss	(7,771,161)
Balance at December 31, 2024	$ 34,683,299

See accompanying notes to financial statements.

HTEAO FC, LLC

STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2024	2023
Operating Activities:		
Net loss	$ (7,771,161)	$ (4,957,124)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	5,683,220	5,546,039
Loss on sale of property and equipment	-	4,783
Non cash lease costs	98,561	137,679
Non cash deferred commission cost amortization	195,021	145,170
Gift card breakage	(418,505)	(475,388)
Changes in operating assets and liabilities:		
Accounts receivable	144,195	(120,839)
Contract asset	(110,033)	-
Due from (due to) related party	255,571	(243,207)
Prepaid expenses and other current assets	(218,238)	(60,601)
Deferred commission costs	(513,154)	(892,864)
Accounts payable and accrued liabilities	621,636	(879,336)
Gift card liability	285,775	834,261
Deferred revenue	671,002	601,977
Related party payable	1,169,282	-
Operating lease liability	(98,990)	(138,537)
Net cash used in operating activities	(5,818)	(497,987)
Investing Activities:		
Purchases of property and equipment	(605,764)	(642,930)
Proceeds from sale of property and equipment	-	15,000
Net cash used in investing activities	(605,764)	(627,930)
Net decrease in cash and cash equivalents	(611,582)	(1,125,917)
Cash and cash equivalents, beginning of year	2,338,351	3,464,268
Cash and cash equivalents, end of year	$ 1,726,769	$ 2,338,351
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 261	$ 387
Cash paid during the year for state income taxes	$ 37,739	$ 23,445
Right of use asset assumed through lease liability	$ 234,009	$ -

See accompanying notes to financial statements.

A. Organization and Operations

Description of Business

HTeaO FC, LLC (the "Company") franchises the right to operate an HTeaO store using a proprietary business format and system and intellectual property. HTeaO stores feature the sale of purified water, purified ice, bottled water, water containers, a large selection of freshly brewed ice teas, fresh fruit, various retail products, and other related items under the name HTeaO. The Company maintains its principal business address in Ft Worth, Texas. The Company is a wholly owned subsidiary of HTO LLC (the "Parent"). Effective January 1, 2023, the membership interest of the Company's Parent was acquired by a third party as described in Note C.

B. Significant Accounting Policies

A summary of the Company's significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

Basis of Accounting

The accounts are maintained, and the financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and assumptions.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2024 and 2023, the Company had no such investments. The Company maintains deposits in two financial institutions, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation ("FDIC"). The Company has not experienced any losses related to amounts in excess of FDIC limits.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are stated at amounts management expects to collect from outstanding balances and do not bear interest. The Company regularly monitors and assesses its risk of not collecting amounts owed by customers. The Company operates in the franchising industry and its accounts receivables are primarily derived from its franchisees.

B. Significant Accounting Policies – continued

Accounts Receivable and Allowance for Credit Losses – continued

At each balance sheet date, the Company recognizes an expected allowance for credit losses. In addition, at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded.

This estimate is calculated on a pooled basis where similar risk characteristics exist. If applicable, accounts receivable are evaluated individually when they do not share similar risk characteristics which could exist in circumstances where amounts are considered at risk or uncollectible.

The allowance estimate is derived from a review of the Company's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Company. The Company believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Company's portfolio segment has remained consistent since the Company's inception. The allowance for credit losses was $0 as of December 31, 2024 and 2023.

The Company writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income (or an offset to credit loss expense) in the year of recovery, in accordance with the entity's accounting policy election. The total amount of write-offs was $0 for the years ended December 31, 2024 and 2023. The total amount of recoveries was $0 for the years ended December 31, 2024 and 2023.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives of the respective asset:

	Estimated Useful Life
Vehicles	5 years
Furniture and fixtures	9 years
Software	5 years

Leasehold improvements are amortized using the straight-line method over the shorter of the remaining lives of the respective leases or the service lives of the improvements. Maintenance and repair costs are expensed in the period incurred. Expenditures for purchases and improvements that extend the useful lives of property and equipment are capitalized. The cost of assets sold or abandoned and the related accumulated depreciation are eliminated from the accounts and any gains or losses are reflected in the accompanying statement of operations of the respective period.

B. Significant Accounting Policies – continued

Goodwill and Intangible Asset

The Company follows Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-02, *Accounting for Goodwill, a consensus of the Private Company Council*, which allows for an accounting alternative for the subsequent measure of goodwill. Under this guidance, goodwill is amortized over ten years or less than ten years if the entity demonstrates that another useful life is more appropriate. The Company performs a goodwill impairment triggering event evaluation as of the end of each reporting period. In management's opinion, no such triggering event occurred as of December 31, 2024 and 2023. Goodwill was assigned a ten-year life and has a weighted average remaining amortization period of 8 years.

Definite lived intangible assets at December 31, 2024 and 2023, consists of franchise agreements intangible which is amortized over ten years.

Leases

The Company has an operating lease for office space. A lease provides the lessee the right to control the use of an identified asset for a period of time in exchange for consideration. Operating lease right of use assets ("ROU assets") represent the Company's right to use an underlying asset for the lease term. Operating lease liabilities represent the Company's obligation to make lease payments arising from the lease. The Company determines if an arrangement is a lease at inception. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company excludes short-term leases having initial terms of 12 months or less from ROU assets and lease liabilities and recognizes rent expense on a straight-line basis over the lease term.

Most operating leases contain renewal options that provide for rent increases based on prevailing market conditions. The Company does not have lease extension terms for the office space that have either been extended or are likely to be extended.

The discount rate used to determine the commencement date present value of lease payments is the interest rate implicit in the lease, or when that is not readily determinable, the Company utilizes the risk-free rate in effect at the time of the lease inception. ROU assets include any lease payments required to be made prior to commencement and exclude lease incentives. Both ROU assets and lease liabilities exclude variable payments not based on an index or rate, which are treated as period costs. The Company's lease agreements do not contain residual value guarantees, restrictions or covenants.

The Company has lease agreements with lease and non-lease components, which are generally accounted for as a single component. For these leases, there may be variability in future lease payments as the amount of non-lease component is typically revised from one period to the next. These variable lease payments, which are primarily comprised of common area maintenance, utilities, taxes, and other related fees that are passed on from the lessor in proportion to the leased space, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

B. Significant Accounting Policies – continued

Gift Card Liability

The Company sells gift cards through affiliated and franchisee stores. Gift cards are redeemable at any affiliated or franchisee location and have no expiration date. The Company is the central processing agent for all gift cards and revenue is recognized by each store individually. The Company recognizes revenue on the breakage amount (amount not redeemed). The Company currently expects breakage of approximately 30%.

Impairment of Long-lived Assets

The Company assesses potential impairment of its long-lived assets, which includes definite lived intangibles, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that the Company considers important which could trigger an impairment review include, but are not limited to, significant under-performance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the strategy for the Company's overall business, and significant industry or economic trends.

When the Company determines that the carrying value of the long-lived assets may not be recoverable based upon the existence of one or more of the above indicators, the Company determines the recoverability by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate. If the carrying value is not recoverable, an impairment is recognized in the amount by which the carrying amount exceeds the fair value of the asset. During the years ended December 31, 2024 and 2023, no impairment charges were recognized related to long-lived assets.

Revenue Recognition

The Company charges an initial nonrefundable franchise fee upon signing the franchise agreement. Additional fees are imposed by the Company based on a fee schedule included in the franchise agreement. The fees are payable to the Company and are nonrefundable, unless otherwise noted. The Company charges a 6% royalty fee based on gross revenue earned weekly which is paid to the Company through the Company's electronic funds transfer program. Advertising fund revenue is contributed by franchisees based on a percentage of gross revenue and is recognized as earned.

Franchise fee revenue includes initial franchise fees. The initial term of franchise agreements is typically ten (10) or fifteen (15) years. The franchise fees are recognized ratably over the franchise agreement. Fees received or receivable that are expected to be recognized as revenue within one year are classified as current deferred revenue on the balance sheets.

B. Significant Accounting Policies – continued

Revenue Recognition – continued

Royalties, marketing, and other fees are recognized as income is generated from each location. Transfer fees are nonrefundable and are recognized as income when received. Terminations of franchise agreements accelerates the recognition of previously deferred revenue and are recorded upon termination.

The Company also provides services to franchisees related to store openings, technology services, and other ancillary services to the franchisees as defined in the franchise agreement. These fees are recognized as income when performed and are recorded in other revenues on the accompanying statement of operations.

Franchisees bear all direct costs involved in development, construction and operation of a franchised store. The Company provides franchisees support for site selection, architectural plans, interior and exterior design and layout, training, marketing and sales techniques, and opening assistance.

The following table disaggregates revenue by source for the year ended December 31, 2024:

	Point in Time	Over Time	Net Revenues
Franchise fee revenue	$ -	$ 3,041,998	$ 3,041,998
Royalty revenue	-	6,656,475	6,656,475
Advertising fund revenue	-	2,217,412	2,217,412
Gift card revenue	-	418,505	418,505
Other revenues	1,195,157	-	1,195,157
Total revenues	$ 1,195,157	$12,334,390	$13,529,547

The following table disaggregates revenue by source for the year ended December 31, 2023:

	Point in Time	Over Time	Net Revenues
Franchise fee revenue	$ -	$ 2,553,523	$ 2,553,523
Royalty revenue	-	4,494,379	4,494,379
Advertising fund revenue	-	1,558,843	1,558,843
Gift card revenue	-	475,388	475,388
Other revenues	922,583	-	922,583
Total revenues	$ 922,583	$ 9,082,133	$10,004,716

B. Significant Accounting Policies – continued

Revenue Recognition – continued

Contract costs

Contract assets consist of deferred costs resulting from commission amounts incurred when the franchise rights are sold to franchisees. The Company classifies the contract costs as deferred commission costs in the accompanying balance sheets and the costs are amortized over the term of the franchise agreement, typically 10 or 15 years. The balance of deferred commission costs at December 31, 2024, December 31, 2023 and January 1, 2023 was $2,566,757, $2,248,624, and $1,500,930, respectively.

Contract liabilities

Contract liabilities consist of deferred revenue resulting from initial franchise fees paid by franchisees and gift card liabilities, which are recognized on the completion of each performance obligation. The balance of deferred revenue at December 31, 2024, December 31, 2023 and January 1, 2023 was $11,378,129, $10,707,127, and $10,105,510, respectively. The balance of gift cards outstanding, net of breakage, at December 31, 2024, December 31, 2023 and January 1, 2023 was $976,510, $1,109,240, and $750,367, respectively.

Contract assets

Contract assets represent the Company's right to consideration based on satisfied performance obligations from contracts with customers and consist primarily of accounts receivable and accrued revenues as of December 31, 2024 and 2023. The opening balance of accounts receivable and accrued revenue was $106,193 and $0, at January 1, 2023, respectively.

Change in Accounting Methodology – Franchise Fee Revenue

During 2024, the Company changed accounting methodologies for revenue recognition of franchise fee revenue. The Company previously recognized franchise fee revenue when substantial performance of the franchisor obligations were completed. The franchise fees were divided into four different performance obligations: franchise development, real estate development, construction, and training and operations. Revenue was recognized on the completion of each performance obligation. During 2024, the Company changed allowable methodologies to recognize franchise fees over the term of the underlying franchise agreement. The change was made due to the Company no longer being able to maintain supporting schedules to recognize revenue under the pre-opening performance obligations, as was done under the practical expedient for ASC 606 during 2023 and prior due to change in franchise tracking software and personnel changes. The new methodology is preferable as it relies less on subjective status of individual franchises, time-consuming tracking, and is a better reflection of revenue recognition for a Company of this size. The primary impact of this change in accounting methodology is to deferred revenue and deferred commission costs, franchise fee revenue and personnel costs.

B. Significant Accounting Policies – continued

Revenue Recognition – continued

Change in Accounting Methodology – Franchise Fee Revenue – continued

The Balance Sheet has been adjusted to reflect the change in accounting methodology as of December 31, 2023, as follows:

Balance Sheet	As Reported	Adjustment	As Adjusted
Deferred commission costs	$ 976,794	$ 1,271,830	$ 2,248,624
Goodwill, net	22,479,934	3,170,334	25,650,268
Deferred revenue	6,135,124	4,572,003	10,707,127
Member's equity	42,584,299	(129,839)	42,454,460

The Statement of Operations has been adjusted to reflect the change in accounting methodology for the year ended December 31, 2023, as follows:

Statement of Operations	As Reported	Adjustment	As Adjusted
Franchise fee revenue	$ 2,217,345	$ 336,178	$ 2,553,523
Operating expenses	15,036,058	(18,859)	15,017,199
Loss from operations	(5,367,520)	355,037	(5,012,483)
Net loss	(5,278,299)	321,175	(4,957,124)

Advertising Costs

All costs associated with advertising and marketing are expensed in the period incurred. Company advertising costs are included in advertising and marketing within other general and administrative expenses on the accompanying statement of operations. Franchising advertising costs are included in advertising fund expense.

Income Taxes

The Company is a pass-through entity for U.S. tax purposes. Under the existing provisions of the Internal Revenue Code, a pass-through entity is exempt from U.S. federal income tax other than tax on certain capital gains and passive income. The income or loss of a pass-through entity is passed through to the owners who include their share of the Company's separately stated items of income, deduction, loss, and credit and their share of non-separately stated income or loss. Accordingly, no provision for U.S. federal income tax has been provided for the accompanying financial statements since the owners report their share of the Company's taxable income or loss in their income tax return. Provisions for state taxes are based on the gross profit margin of the Company.

B. Significant Accounting Policies – continued

Income Taxes – continued

Tax positions are evaluated in a two-step process. The Company first determines whether it is more likely than not that a tax position will be sustained upon examination. If a tax position meets the more likely than not threshold, it is then measured to determine the amount of expense to record in the financial statements. The tax position is measured as the largest amount of expense that is greater than 50 percent likely to be realized upon settlement. The Company classifies any potential accrued interest recognized on an underpayment of income taxes as interest expense and classifies any statutory penalties recognized on a tax position taken as operating expense. Management of the Company has not taken a tax position that, if challenged, would be expected to have a material effect on the financial statements at December 31, 2024 or 2023.

Under the centralized partnership audit rules, the Internal Revenue Service ("IRS") assesses and collects underpayments of tax from the Company instead of from each member. The Company may be able to pass the adjustments through to its member by making a push-out election or, if eligible, by electing out of the centralized partnership audit rules.

The collection of tax from the Company is only an administrative convenience for the IRS to collect any underpayment of income taxes including interest and penalties. Income taxes on Company income, regardless of who pays the tax or when the tax is paid, is attributed to the member. Any payment made by the Company as a result of an IRS examination will be treated as a distribution from the Company to the member in the financial statements.

C. Business Acquisition

Effective January 1, 2023, an unrelated entity acquired membership interests of the Parent which resulted in a change of control. Management of the Parent elected to push down the purchase price of the acquisition in accordance with ASC Topic 805 *Business Combinations*. The assets acquired and liabilities assumed were recorded at fair value and transaction expenses related to the acquisition were recognized by the Parent. Goodwill recorded as part of the acquisition is largely the result of the expected long-term revenue growth. All of the goodwill generated from the transaction is deductible for federal income tax purposes. In conjunction with the change in accounting methodology described in *Revenue Recognition* within Note B, the purchase price allocation was revised for the retrospective impact of the methodology change. The overall impact to the purchase price allocation was an increase to deferred commission costs of $934,573, an increase to deferred revenue of $4,908,181, an increase to goodwill of $3,522,594 and an allocated consideration decrease of $451,014.

C. Business Acquisition – continued

The following table summarizes the consideration paid and the amount of the assets acquired and liabilities assumed pushed down to the Company at the acquisition date:

Consideration	
Cash and rollover consideration allocated to Company	$47,411,584
Recognized amounts of identifiable net assets	
Cash and cash equivalents	$ 3,464,268
Accounts receivable	106,193
Deferred commission costs	1,500,930
Prepaid expenses and other current assets	44,759
Property and equipment	564,823
Right of use asset – operating lease	202,686
Accounts payable	(707,883)
Gift card liability	(750,367)
Operating lease liability	(203,973)
Deferred revenue	(10,105,150)
Related party payable	(780,000)
Total identifiable net assets	(6,663,714)
Definite lived intangible asset	25,575,000
Goodwill	28,500,298
	$47,411,584

D. Property and Equipment

The principal asset classifications, at cost, are as follows at December 31:

	2024	2023
Vehicles	$ 794,041	$ 585,198
Furniture and fixtures	402,362	212,356
Leasehold improvements	375,669	354,529
Software	332,591	150,414
Other	43,510	36,010
	1,948,173	1,338,507
Less accumulated depreciation	(564,737)	(289,047)
Property and equipment, net	$ 1,383,436	$ 1,049,460

Depreciation expense for the year ended December 31, 2024 and 2023, was $275,690 and $138,510, respectively, and is included in depreciation and amortization expense in the accompanying statement of operations.

E. Definite Lived Intangible

Definite lived intangible consists of the following at December 31:

	2024	2023
Franchise agreements intangible	$25,575,000	$25,575,000
Less accumulated amortization	(5,115,000)	(2,557,500)
	$20,460,000	$23,017,500

Amortization expense was $2,557,500 for the years ended December 31, 2024 and 2023 and is included in depreciation and amortization expense on the accompanying statements of operations.

Based on the current carrying amount of definite lived intangible, the estimated amortization expense for each of the succeeding five years and thereafter is as follows:

2025	$ 2,557,500
2026	2,557,500
2027	2,557,500
2028	2,557,500
2029	2,557,500
Thereafter	7,672,500
	$20,460,000

F. Goodwill

Goodwill consists of the following at December 31:

	2024	2023
Goodwill	$28,500,298	$28,500,298
Less accumulated amortization	(5,700,060)	(2,850,030)
	$22,800,238	$25,650,268

Amortization expense was $2,850,030 for the years ended December 31, 2024 and 2023 and is included in depreciation and amortization expense on the accompanying statements of operations.

F. Goodwill – continued

Based on the current carrying amount of goodwill, the estimated amortization expense for each of the succeeding five years and thereafter is as follows:

2025	$ 2,850,030
2026	2,850,030
2027	2,850,030
2028	2,850,030
2029	2,850,030
Thereafter	8,550,088
	$22,800,238

G. Leases

Total operating lease costs were $203,251 and $211,287 for the years ended December 31, 2024 and 2023, respectively, and are included in rent expense in the accompanying statements of operations.

The components of lease costs are as follows for the year ended December 31:

	2024	2023
Fixed lease costs	$ 98,561	$ 137,679
Short term lease costs	104,690	73,608
Total operating lease costs	$ 203,251	$ 211,287

Maturities of lease liabilities are as follows as of December 31, 2024:

	Operating Leases
2025	$ 44,585
2026	44,585
2027	44,585
2028	44,585
2029	44,585
Thereafter	14,862
Total lease payments	237,787
Less present value discount	(26,686)
Lease liabilities	$ 211,101

G. Leases – continued

Weighted average lease term and discount rate are as follows as of December 31:

	2024	2023
Weighted average remaining lease term (years):		
Operating leases	4.39	0.5
Weighted average discount rate:		
Operating leases	4.64%	2.64%

As of December 31, 2024, the Company has an additional operating lease that has not yet commenced of approximately $310,000. This operating lease will commence during calendar year 2025 with a lease term of 2 years.

H. Commitments and Contingencies

The Company is a guarantor for debt held by the Company's Parent.

Litigation

The Company may be subject to various claims and legal proceedings that arise in the ordinary course of its business from time to time. The Company will make provisions for a potential liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. No provision relating to claims or litigation was recorded at December 31, 2024 or 2023.

I. Related Party Transactions

During 2024 and 2023, the Company paid certain expenses to affiliates under common control. During 2024, these expenses included $29,723 in related party rent expense, which is included in rent expense in the accompanying statement of operations, and $24,597 in uniform expense and $486,562 in royalties, which are included in other general and administrative expenses in the accompanying statements of operations. During 2023, these expenses included $73,608 in short-term rent expense, which is included in rent expense in the accompanying statement of operations, and $13,064 in uniform expense and $436,406 in royalties, which are included in other general and administrative expenses in the accompanying statements of operations.

Additionally, during 2024, the Company received cash from certain affiliates under common control. The total amount outstanding at December 31, 2024, was $1,169,282, and is included in related party payable in the accompanying balance sheets.

Additionally, during 2023, the Company advanced cash to certain affiliates under common control. The total amount outstanding at December 31, 2023, was $178,000, and is included in due from related parties in the accompanying balance sheets. This amount was reimbursed during 2024.

I. Related Party Transactions – continued

At December 31, 2024, the Company had net amounts owed of $12,364 to franchises held by affiliates under common control and affiliated companies, and is included in due to related parties, net in the accompanying balance sheets. At December 31, 2023, the Company had net amounts due of $65,207 from franchises held by affiliates under common control and affiliated companies, and is included in due from related parties, net in the accompanying balance sheets.

During 2023, the Company made payments in the amount of $780,000, respectively to members of the Parent for liabilities acquired as noted at Note C.

J. Subsequent Events

In preparing the financial statements, the Company has evaluated all subsequent events and transactions for potential recognition or disclosure through April 28, 2025, the date the financial statements were available for issuance.

HTEAO FC, LLC

FINANCIAL STATEMENTS

Year Ended December 31, 2022
with Report of Independent Auditors

HTEAO FC, LLC

FINANCIAL STATEMENTS

Year Ended December 31, 2022

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REPORT OF INDEPENDENT AUDITORS

To the Member of
HTeaO FC, LLC

Opinion

We have audited the financial statements of HTeaO FC, LLC (the "Company"), which comprise the balance sheet as of December 31, 2022, and the related statements of income, changes in member's deficit, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note G to the financial statements, the member's deficit as of January 1, 2022, has been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Plano, Texas
April 13, 2023

HTEAO FC, LLC

BALANCE SHEET

December 31, 2022

Assets	
Current assets:	
Cash and cash equivalents	$ 3,464,268
Accounts receivable	106,193
Due from related party	239,376
Prepaid expenses and other current assets	19,162
Deferred commission costs	566,357
Total current assets	4,395,356
Property and equipment, net	544,426
Right of use asset - operating lease, net	202,686
Intangible assets, net	20,397
Other asset	25,597
Total assets	$ 5,188,462
Liabilities and Member's Deficit	
Current liabilities:	
Accounts payable	$ 516,752
Gift card liability	750,367
Operating lease liabilities, current portion	138,537
Deferred revenue	5,196,969
Total current liabilities	6,602,625
Operating lease liabilities, net of current portion	65,436
Commitments and contingencies	
Member's deficit	(1,479,599)
Total liabilities and member's deficit	$ 5,188,462

See accompanying notes to financial statements.

HTEAO FC, LLC

STATEMENT OF INCOME

For the Year Ended December 31, 2022

Revenues:	
Franchise fee revenue	$ 2,547,031
Royalty revenue	2,508,483
Advertising fund revenue	1,158,849
Gift card revenue	163,376
Other revenue	374,479
Total revenues	6,752,218
Operating expenses:	
Personnel costs	2,049,662
Advertising fund expense	1,200,505
Rent	170,225
Depreciation and amortization	111,645
Other general and administrative expenses	2,576,093
Total operating expenses	6,108,130
Income from operations	644,088
Other income (expense):	
Other income	151,417
Interest expense	(2,644)
Gain on sale of assets	143,849
Total other income	292,622
Net income	$ 936,710

See accompanying notes to financial statements.

HTEAO FC, LLC

STATEMENT OF CHANGES IN MEMBER'S DEFICIT

For the Year Ended December 31, 2022

Balance at January 1, 2022 (as restated) (Note G)	$ (253,309)
Net income	936,710
Distributions to member	(2,163,000)
Balance at December 31, 2022	$ (1,479,599)

See accompanying notes to financial statements.

HTEAO FC, LLC

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

Operating Activities:	
Net income	$ 936,710
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	111,645
Gain on sale of assets	(143,849)
Non cash lease costs	139,109
Changes in operating assets and liabilities:	
Accounts receivable	(29,338)
Due from related party	(239,376)
Prepaid expenses and other current assets	21,158
Deferred commission costs	(288,100)
Accounts payable and accrued expenses	284,424
Gift card liability	325,469
Deferred revenue	893,969
Operating lease liabilities	(137,822)
Net cash provided by operating activities	1,873,999
Investing Activities:	
Purchases of property and equipment	(155,538)
Proceeds from sale of assets	362,569
Issuance of loans to affiliates	(1,051,386)
Proceeds from loans to affiliates	541,260
Net cash used in investing activities	(303,095)
Financing Activities:	
Payments on notes payable	(294,163)
Distributions to member	(517,625)
Net cash used in financing activities	(811,788)
Net increase in cash and cash equivalents	759,116
Cash and cash equivalents, beginning of year	2,705,152
Cash and cash equivalents, end of year	$ 3,464,268
Supplemental Disclosure of Cash Flow Information	
Interest paid	$ 2,644
Supplemental Disclosure of Non-Cash Items:	
Deemed distributions to member	$ 1,645,375

See accompanying notes to financial statements.

HTEAO FC, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

A. Organization and Operations

Description of Business

HTeaO FC, LLC (the "Company") franchises the right to operate an HTeaO store using a proprietary business format and system and intellectual property. HTeaO stores feature the sale of purified water, purified ice, bottled water, water containers, a large selection of freshly brewed ice teas, fresh fruit, various retail products, and other related items under the name HTeaO. The Company maintains its principal business address in Ft Worth, Texas. The Company is a wholly owned subsidiary of HTO LLC.

B. Significant Accounting Policies

Basis of Accounting

The accounts are maintained, and the financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and assumptions.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2022, the Company had no such investments. The Company maintains deposits in one financial institution, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation ("FDIC"). The Company has not experienced any losses related to amounts in excess of FDIC limits.

Accounts Receivable

Accounts receivable are stated at amounts management expects to collect from outstanding balances. Credit is extended to franchisees based upon an evaluation of the franchisee's financial condition, and collateral is not required. The Company monitors the financial condition of its franchisees and records provisions for estimated losses on receivables when it is believes that the franchisees are unable to make their required payments. While management uses the best information available in making its determinations, the ultimate recovery of recorded receivables is also dependent upon future economic events and other conditions that may be beyond the Company's control. There was no allowance for doubtful accounts at December 31, 2022.

B. Significant Accounting Policies – continued

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives of the respective asset:

	Estimated Useful Life
Vehicles	5 years
Furniture and fixtures	9 years

Leasehold improvements are amortized using the straight-line method over the shorter of the remaining lives of the respective leases or the service lives of the improvements. Maintenance and repair costs are expensed in the period incurred. Expenditures for purchases and improvements that extend the useful lives of property and equipment are capitalized. The cost of assets sold or abandoned and the related accumulated depreciation are eliminated from the accounts and any gains or losses are reflected in the accompanying statement of income of the respective period.

Leases

A lease provides the lessee the right to control the use of an identified asset for a period of time in exchange for consideration. Operating lease right of use assets ("ROU assets") represent the Company's right to use an underlying asset for the lease term. Operating lease liabilities represent the Company's obligation to make lease payments arising from the lease. The Company determines if an arrangement is a lease at inception. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company excludes short-term leases having initial terms of 12 months or less from ROU assets and lease liabilities and recognizes rent expense on a straight-line basis over the lease term.

The discount rate used to determine the commencement date present value of lease payments is the interest rate implicit in the lease, or when that is not readily determinable, the Company utilizes the risk free rate. ROU assets include any lease payments required to be made prior to commencement and exclude lease incentives. Both ROU assets and lease liabilities exclude variable payments not based on an index or rate, which are treated as period costs.

Gift Card Liability

The Company sells gift cards through affiliated and franchisee stores. Gift cards are redeemable at any affiliated or franchisee location with no expiration date. The Company is the central processing agent for all gift cards and revenue is recognized by each store individually. The franchisees and affiliated stores sell gift cards that are redeemable at any location with no expiration date. The Company recognizes revenue on the breakage amount (amount not redeemed). The Company currently expects breakage of approximately 30%.

B. Significant Accounting Policies – continued

Impairment of Long-lived Assets

The Company assesses potential impairment of its long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that the Company considers important which could trigger an impairment review include, but are not limited to, significant under-performance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the strategy for the Company's overall business, and significant industry or economic trends.

When the Company determines that the carrying value of the long-lived assets may not be recoverable based upon the existence of one or more of the above indicators, the Company determines the recoverability by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate. If the carrying value is not recoverable, an impairment is recognized in the amount by which the carrying amount exceeds the fair value of the asset. During the year ended December 31, 2022, no impairment charges were recognized related to long-lived assets.

Revenue Recognition

The Company charges an initial nonrefundable franchise fee upon signing the franchise agreement. Additional fees are imposed by the Company based on a fee schedule included in the franchise agreement. The fees are payable to the Company and are nonrefundable, unless otherwise noted. The Company charges a 6% royalty fee based on gross revenue earned weekly which is paid to the Company through the Company's electronic funds transfer program. Advertising fund revenue is contributed by franchisees based on a percentage of gross revenue and is recognized as earned.

Franchise fee revenue includes initial franchise fees, which are recognized when substantial performance of the franchisor obligations are completed. The franchise fees are divided into four different performance obligations: franchise development, real estate development, construction, and training and operations. Revenue is recognized on the completion of each performance obligation. Revenue also consists of royalties, marketing, gift card breakage, transfer fees and other fees. Royalties, marketing, and other fees are recognized as income is generated from each location. Transfer fees are nonrefundable and are recognized as income when received.

Franchisees bear all direct costs involved in development, construction and operation of their store. The Company provides franchisees support for site selection, architectural plans, interior and exterior design and layout, training, marketing and sales techniques, and opening assistance.

B. Significant Accounting Policies – continued

Revenue Recognition – continued

The following table disaggregates revenue by source for the year ended December 31, 2022:

	Point in Time	Over Time	Net Revenues
Franchise fee revenue	$ -	$ 2,547,031	$ 2,547,031
Royalty revenue	-	2,508,483	2,508,483
Gift card revenue	-	163,376	163,376
Advertising fund revenue	-	1,158,849	1,158,849
Other revenues	374,479	-	374,479
Total revenues	$ 374,479	$ 6,377,739	$ 6,752,218

Contract Costs

Contract assets consist of deferred costs resulting from commission amounts incurred when the franchise rights are sold to franchisees. The Company classifies the contract costs as deferred commission costs in the accompanying balance sheet. Contract assets were $566,357 at December 31, 2022, and $278,257 at January 1, 2022.

Contract Liabilities

Contract liabilities consist of deferred revenue resulting from initial franchise fees paid by franchisees, which are recognized on the completion of each performance obligation. Contract liabilities were $5,196,969 at December 31, 2022, and $4,303,000 at January 1, 2022.

Advertising Costs

All costs associated with advertising and marketing are expensed in the period incurred. Company advertising costs are included in advertising and marketing. Franchising advertising costs are included in advertising fund expense.

Personnel Costs

Personnel costs include all salaries, wages, commissions, contract labor costs, and bonuses paid to employees and contract laborers. Personnel costs also include various payroll taxes.

B. Significant Accounting Policies – continued

Income Taxes

The Company is a pass-through entity for U.S. tax purposes. Under the existing provisions of the Internal Revenue Code, a pass-through entity is exempt from U.S. federal income tax other than tax on certain capital gains and passive income. The income or loss of a pass-through entity is passed through to the owners who include their share of the Company's separately stated items of income, deduction, loss, and credit and their share of non-separately stated income or loss. Accordingly, no provision for U.S. federal income tax has been provided for the accompanying financial statements since the owners report their share of the Company's taxable income or loss in their income tax return. Provisions for state taxes are based on the gross profit margin of the Company.

Tax positions are evaluated in a two-step process. The Company first determines whether it is more likely than not that a tax position will be sustained upon examination. If a tax position meets the more likely than not threshold, it is then measured to determine the amount of expense to record in the financial statements. The tax position is measured as the largest amount of expense that is greater than 50 percent likely to be realized upon settlement. The Company classifies any potential accrued interest recognized on an underpayment of income taxes as interest expense and classifies any statutory penalties recognized on a tax position taken as operating expense. Management of the Company has not taken a tax position that, if challenged, would be expected to have a material effect on the financial statements at December 31, 2022.

Under the centralized partnership audit rules, the Internal Revenue Service ("IRS") assesses and collects underpayments of tax from the Company instead of from each member. The Company may be able to pass the adjustments through to its member by making a push-out election or, if eligible, by electing out of the centralized partnership audit rules.

The collection of tax from the Company is only an administrative convenience for the IRS to collect any underpayment of income taxes including interest and penalties. Income taxes on Company income, regardless of who pays the tax or when the tax is paid, is attributed to the member. Any payment made by the Company as a result of an IRS examination will be treated as a distribution from the Company to the member in the financial statements.

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2016-13 *Financial Instruments – Credit Losses (Topic 326); Measurement of Credit Losses on Financial Instruments*, and subsequent amendments to the initial guidance, ASU 2019-10. This accounting standard changes the methodology for measuring credit losses on financial instruments, including trade accounts receivable, and the timing of when such losses are recorded. ASU No. 2016-13 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2022. The Company is currently evaluating the impact of adopting ASU No. 2016-13 on its financial statements.

C. Property and Equipment

The principal asset classifications, at cost, are as follows at December 31, 2022:

Vehicles	$ 296,237
Furniture and fixtures	176,827
Leasehold improvements	206,286
	679,350
Less Accumulated depreciation	(134,924)
Property and equipment, net	$ 544,426

Depreciation expense for the year ended December 31, 2022, was $108,392 and is included in depreciation and amortization expense in the accompanying statement of income.

D. Leases

The Company has an operating lease for office space. Most operating leases contain renewal options that provide for rent increases based on prevailing market conditions. The Company has lease extension terms for the office spaces that have either been extended or are likely to be extended. The terms used to calculate the ROU assets and lease liabilities for this property include the renewal options that the Company is reasonably certain to exercise.

Total operating lease costs were $170,225 for the year ended December 31, 2022, and is included in rent expense in the accompanying statement of income.

The components of lease costs for the year ended December 31, 2022, are as follows:

Fixed lease costs	$ 137,679
Short term lease costs	32,546
Total operating lease costs	$ 170,225

Maturities of lease liabilities as of December 31, 2022, are as follows:

	Operating Leases
2023	$ 138,537
2024	69,268
Total lease payments	207,805
Less present value discount	(3,832)
Lease liabilities	$ 203,973

D. Leases – continued

Weighted average lease term and discount rate as of December 31, 2022, are as follows:

Weighted average remaining lease term (years):	
Operating leases	1.5
Weighted average discount rate:	
Operating leases	2.64%

E. Commitments and Contingencies

Litigation

The Company may be subject to various claims and legal proceedings that arise in the ordinary course of its business from time to time. The Company will make provisions for a potential liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. No provision relating to claims or litigation was recorded at December 31, 2022.

F. Related Party Transactions

During the current and prior year, the Company remitted funds to affiliates which had no terms and bore no interest. During 2022, all affiliate loans were paid off or forgiven through a deemed distribution.

During 2022, the Company paid certain expenses to affiliates under common control. These expenses included $32,546 in short-term rent expense, which is included in rent expense in the accompanying statement of income, and $6,131 in uniform expense and $370,312 in royalties, which are included in other general and administrative expenses in the accompanying statement of income.

During 2022, the Company sold two vehicles to affiliates of the Company for $89,069. The Company also advanced funds to an affiliate of the Company in the amount of $239,376 during 2022. There are no terms to the loan, and it bears no interest. The balance is included in due from related party in the accompanying balance sheet.

G. Prior Period Adjustment

Member's deficit as of December 31, 2021, has been restated to correct errors in accounting primarily related to deferred contract costs and deferred revenue related to franchise fees. As a result of the prior period adjustments, member's capital as of December 31, 2021, decreased from $1,786,446 to $(253,309). The net income for the year ended December 31, 2021, decreased by $1,064,296 as previously reported, to $529,375. The remaining impact of the prior period adjustments were related to years prior to 2021.

H. Subsequent Events

Effective January 1, 2023, the Company's parent, HTO LLC was acquired.

The Company has evaluated subsequent events through April 13, 2023, the date the financial statements were available to be issued.

EXHIBIT B TO FRANCHISE DISCLOSURE DOCUMENT

DEVELOPMENT AGREEMENT

HTEAO FC, LLC
DEVELOPMENT AGREEMENT

DEVELOPMENT AGREEMENT

SUMMARY PAGES

EFFECTIVE DATE:	_____
DEVELOPER:	_____
ADDRESS FOR NOTICES:	_____
	_____
TELEPHONE NUMBER:	_____
FACSIMILE NUMBER:	_____
E-MAIL ADDRESS:	_____
DEVELOPMENT FEE:	$ _____
DEVELOPMENT AREA:	_____ **excluding any "Captive Markets" in this area.**
NUMBER OF STORES TO BE DEVELOPED:	_____
INITIAL FRANCHISE FEE FOR EACH STORE TO BE DEVELOPED:	$40,000 for the first Store $35,000 for each additional Store
TRANSFER FEE (CONVENIENCE OF OPERATION OR NON-CONTROLLING INTEREST):	$1,500 payable if you are an individual transferring to a Business Entity for convenience of operation, or if your Owners are transferring among themselves a minority ownership interest to one or more third parties (Section 8.3.).
TRANSFER FEE (TRANSFER OF BUSINESS OR CONTROLLING INTEREST):	$25,000 plus related expenses (Section 8.4.).
TRANSFER FEE (ASSIGNMENT OF FRANCHISE AGREEMENT):	$2,500 payable if you assign your right to enter into a franchise agreement (Section 8.5.).
HTEAO FC, LLC ADDRESS FOR NOTICE:	HTEAO FC, LLC 1322 Ranchers Legacy Trail Fort Worth, Texas 76126 Attention: CEO

_____ Franchisor Initial

_____ Developer Initial

DEVELOPMENT AGREEMENT
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ATTACHMENTS:

Attachment A	Glossary of Additional Terms
Attachment B	Development Schedule
Attachment C	Entity Information
Attachment D	Guaranty and Personal Undertaking
Attachment E	Form of Franchise Agreement
Attachment F	Request For Extension of Development Period
Attachment G	Multi-Unit Development Addendum
Attachment H	State Specific Addenda

HTEAO FC, LLC
DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT ("**Agreement**") is made and entered into as of the Effective Date reflected in the Summary Pages ("**Effective Date**"), by and between HTEAO FC, LLC, a Texas limited liability company ("**Franchisor**"), and the Developer identified in the Summary Pages ("**you**").

A. Franchisor has acquired the license to use and to sublicense the use of a distinctive business format and system relating to the establishment and operation of a store, offering purified water, purified ice, bottled water, water containers, coffee, hot teas, a large selection of freshly brewed iced teas, fresh fruit, snacks, cold food, various retail products, and other related items under the name HTEAO ("**System**").

B. The distinguishing characteristics of the System include, without limitation, distinctive interior and exterior design, decor, color scheme, graphics, fixtures and furnishings, our proprietary procedures for preparing, packaging, and serving items, operation and customer service standards and procedures, advertising and marketing specifications and requirements, and other standards, specifications, techniques, and procedures that Franchisor designates for developing, operating, managing, and promoting an HTEAO Store, all of which Franchisor may change, improve, and further develop (collectively, "**Standards**").

C. The System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the mark "**HTEAO"** and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System ("**Marks**").

D. You desire the right to develop multiple stores under the System and Marks ("**Stores**") and Franchisor desires to grant you such rights, all pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual premises contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT

1.1. Grant of Store Development Rights

1.1.1. Franchisor hereby grants to you, and you hereby accept, the right and obligation, to develop the number of Stores in the Development Area (identified in the Summary Pages) within the timeframe set forth in the Development Schedule (identified in Attachment B). Each Store to be developed shall be developed and operated pursuant to a separate franchise agreement in accordance with Section 4.1.

1.1.2. This Agreement grants you no right or license to use any of the Marks; your right to operate a Store and license to use the Marks derives solely from the Franchise Agreements that you will enter into under this Agreement.

1.1.3. The development rights granted under this Agreement belong solely to you: you may not share them, divide them, subfranchise or sublicense them, or transfer them, except in accordance with the transfer provisions of this Agreement.

1.2. Development Area Protection

1.2.1. During the term of this Agreement, Franchisor shall not own or operate, or grant anyone else the right to operate, an HTEAO Store within the Development Area, subject to any franchise or development rights granted prior to the Effective Date of this Agreement.

1.2.2. Franchisor reserves to itself all other rights in and to use the Marks including the right to: ***(a)*** own and operate and to grant others the right to own and operate HTEAO Stores outside the Development Area, regardless of their proximity to the Development Area; ***(b)*** operate HTEAO Stores and license the use of the Marks and System in "Captive Markets" within and outside the Development Area; and ***(c)*** distribute products and services identified by the Marks, such as pre-packaged product, through alternative channels of distribution including grocery stores, supermarkets, convenience stores, stores, and via mail order, catalog sales, and/or the Internet.

1.2.3. Nothing in this Agreement prohibits or restricts Franchisor from ***(a)*** owning, acquiring, establishing, operating, or granting franchise rights for one or more other businesses under a different trademark or service mark (*i.e*., a mark other than HTEAO), whether or not the business is the same as or competitive with HTEAO Stores; or ***(b)*** owning, operating, or franchising one or more similar business as the franchise, other than the one authorized in the Franchise Agreement, under the name HTEAO or some derivative of the Marks.

2. TERM OF DEVELOPMENT AGREEMENT

2.1. Term. Unless sooner terminated, the term ("**Term**") of this Agreement begins on the Effective Date and, unless otherwise negotiated, terminated or extended as provided in this Agreement, expires on the earlier of: ***(a)*** the date on which you have completed your development obligations under this Agreement, or ***(b)*** 12:00 midnight CST on the last day of the last Development Period identified in Attachment B.

2.2. Effect of Termination or Expiration. Upon termination or expiration of this Agreement, all territorial protection afforded under this Agreement ends, and you have no further right to develop any HTEAO Stores for which a Franchise Agreement has not been signed. Termination or expiration of this Agreement does not affect any rights or obligations under any then-existing Franchise Agreement.

3. FEES

3.1. Development Fee. Upon execution of this Agreement, you shall pay to Franchisor a Development Fee in the amount set forth in the Summary Pages ("**Development Fee**"). The Development Fee is fully earned by Franchisor when paid and is not refundable, in whole or in part, under any circumstances.

3.2. Initial Franchise Fee. For each Franchise Agreement signed under this Agreement, you shall pay to Franchisor an Initial Franchise Fee in the amount set forth in the Summary Pages. When you sign a Franchise Agreement for the first Store contemplated under this Agreement, Franchisor will credit $40,000 of your Development Fee payment to fully satisfy the initial franchise due thereunder. When you sign a Franchise Agreement for each additional Store contemplated under this Agreement, Franchisor will credit $17,500 of your Development Fee payment to partially satisfy the initial franchise fee due thereunder, and you shall pay the balance of the initial franchise fee.

4. DEVELOPMENT SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

4.1. Separate Franchise Agreements. The Franchise Agreement for the first Store to be developed under this Agreement is the form attached as Attachment E. The Franchise Agreement for the second and each additional Store to be developed is the form of Franchisor's then-current Franchise Agreement, the terms of which may be materially different from the terms of Attachment E; provided that the initial franchise fee for the second and additional Stores will be the amount stated on the Summary Pages.

4.2. Development Schedule. Recognizing that time is of the essence, you agree to satisfy the Development Schedule set forth in Attachment B.

4.3. Manner for Exercising Development Rights.

4.3.1. Before exercising any development right granted hereunder, you shall apply to Franchisor for a franchise to operate a Store. If Franchisor, in its sole discretion, determines that you have met each of the following operational, financial, and legal conditions, then Franchisor will grant you a franchise for each respective Store:

(a) Operational Conditions: You are in compliance with the Development Schedule and this Agreement, and you or your Affiliates are in compliance with any other agreement between them and Franchisor or its Affiliates. You are conducting the operation of your existing Stores, if any, and are capable of conducting the operation of the proposed Store in accordance with the terms and conditions of this Agreement, the respective Franchise Agreements, and the standards, specifications, and procedures set forth and described in the Manuals (defined in the Franchise Agreement).

(b) Financial Conditions: You and your Owners satisfy Franchisor's then-current financial criteria for developers and Owners of HTEAO Stores. You and your Owners have been and are faithfully performing all terms and conditions under each of the existing Franchise Agreements with Franchisor. You are not in default, and have not been in default during the 12-month period immediately preceding your request for financial approval, of any monetary obligations owed to Franchisor or its Affiliates under any Franchise Agreement or any other agreement between you or your Affiliates and Franchisor or its Affiliates. You acknowledge and agree that it is vital to Franchisor's interest that each of its franchisees must be financially sound to avoid failure of a Store and that such failure would adversely affect the reputation and good name of HTEAO and the System.

(c) Legal Conditions: You have submitted to Franchisor, in a timely manner, all information and documents requested by Franchisor as a basis for the issuance of individual franchises or pursuant to any right granted to you by this Agreement or by any Franchise Agreement.

4.4. Development Schedule. Acknowledging that time is of the essence, you agree to exercise your development rights according to Section 4.3 and the Development Schedule reflected in Attachment B. You may, subject to the terms and conditions of this Agreement and with Franchisor's prior written consent, which may be withheld in its sole discretion, develop more than the total minimum number of Stores which you are required to develop during any Development Period. Any Store developed in excess of the minimum number of Stores required to be developed shall be applied to satisfy your development obligation during the next succeeding Development Period, if any. Notwithstanding the above, you shall not open or operate more than the cumulative total number of Stores you are obligated to develop under the Development Schedule.

4.4.1. If during the term of this Agreement, you cease to operate any Store developed under this Agreement for any reason, you shall develop a replacement Store. The replacement Store shall be developed within a reasonable time (not to exceed 120 days) after you cease to operate the original Store. If, during the term of this Agreement, you transfer your interest in a Store in accordance with the terms of the applicable Franchise Agreement for the Store, the transferred Store will continue to be counted in determining whether you have complied with the Development Schedule so long as it continues to be operated as an HTEAO Store. If the transferred Store ceases to be operated as an HTEAO Store during the term of this Agreement, you shall develop a replacement Store within a reasonable time (not to exceed 120 days) thereafter.

4.4.2. Your failure to adhere to the Development Schedule (including any extensions thereof, approved by Franchisor in writing) or to any time period for the development of replacement Stores is a material breach of this Agreement.

4.4.3. You acknowledge and agree that you have conducted an independent investigation of the business contemplated under this Agreement, that you fully understand your obligations under this Agreement, and that you recognize and assume all associated risks. In addition, you acknowledge that

Franchisor makes no representation: ***(a)*** that your Development Area contains a sufficient number of acceptable locations to meet the number of Stores to be developed under the Development Schedule; or ***(b)*** that your Development Area is sufficient to economically support the number of Stores to be developed under the Development Schedule. You acknowledge that you have performed all related and necessary due diligence before your execution of this Agreement and that, accordingly, you assume the risk of identifying a sufficient number of acceptable locations within the Development Area and the economic risk of developing the number of Stores set forth in Exhibit B.

4.5. Projected Opening Dates. You acknowledge that the Projected Opening Date for each Store to be developed hereunder is reasonable. Subject to your compliance with Section 4.3, hereof, you shall execute a Franchise Agreement for each Store at or prior to the applicable execution date set forth in the Summary Pages, which shall be a date no later than 12 months prior to the Projected Opening Date for the applicable Store.

4.5.1. No later than 11 months prior to expiration of a Development Period expiration date, you shall request to sign a Franchise Agreement for each Store to be developed during the Development Period.

4.5.2. Upon receiving your request, Franchisor shall deliver to you its then-current form of Franchise Disclosure Document and execution copies of its then-current form of Franchise Agreement.

4.5.3. No later than the Franchise Agreement Execution Date identified in the Development Schedule (but no sooner than as permitted by law), you shall sign and return a signed copy of the Franchise Agreement and payment of the initial franchise fee (less any applicable development credit) due thereunder.

4.5.4. Franchisor shall approve and countersign the Franchise Agreement if:

(a) You are in compliance with this Agreement and all other agreements between you or your Affiliates and Franchisor including, without limitation, all Franchise Agreements signed under this Agreement. If this condition is not met, Franchisor may require you to cure any deficiencies before it approves and countersigns the Franchise Agreement.

(b) You have demonstrated to Franchisor, in Franchisor's sole discretion, your financial and other capacity to perform the obligations set forth in the proposed new Franchise Agreement.

(c) You, your Owners, each of your Affiliates, and their Owners who have a then-currently effective Franchise Agreement or Development Agreement with Franchisor has signed a general release, in a form prescribed by Franchisor, of any and all claims that the party has, had, or claims to have against Franchisor and/or its Affiliates and their respective officers, directors, agents and employees, whether the claims are known or unknown, arising out of or relating to this Agreement, any Franchise Agreement, the relationship created by this Agreement or any Franchise Agreement, and the offer and sale of the HTEAO franchise opportunity.

4.6. Extension of Development Period. You, at your option, may request, on Franchisor's prescribed form, attached hereto as **Attachment F**, a 120-day extension to any Development Period, ("Request for Extension of Development Period"), by delivery of the Request for Extension of Development Period to Franchisor. Written Notice is accepted by Franchisor when Franchisee completes the Request for Extension of Development Period, payment of a $3,000 extension fee is received and Franchisor approves the extension in writing. Upon delivery of a.) a counter-executed Request for Extension of Development Period ("Franchisor Approval of Request for Extension of Development Period"), and b.) full payment of the extension fee from Franchisee, the current Development Period will be extended for 120 days, and the Development Schedule shall be adjusted appropriately. No more than two extensions may be obtained during the term of this Agreement. Notwithstanding anything to the contrary contained herein, the

approval of an extension of a Development Period is at the sole discretion of Franchisor. Franchisor may approve or deny a request for any reason or no reason at all.

5. DEVELOPER'S OBLIGATIONS

5.1. Satisfaction of Development Schedule. You shall execute a Franchise Agreement for each Store contemplated under this Agreement in accordance with Section 4.1 and the Development Schedule and shall establish and operate each Store in accordance with the terms and conditions of the respective Franchise Agreement.

5.2. Compliance with Laws. You shall fully comply with all federal, state, and local laws, rules, and regulations when exercising your rights and fulfilling your obligations under this Agreement.

6. CONFIDENTIALITY

6.1. Nondisclosure of Confidential Information. You shall maintain the confidentiality of all Confidential Information. You shall use Confidential Information only in connection with the development and operation of the Stores, and you shall divulge Confidential Information only to your employees, and only on a need-to-know basis. This obligation shall survive expiration or termination of this Agreement.

7. INDEPENDENT CONTRACTOR, INSURANCE AND INDEMNIFICATION

7.1. Independent Contractor. The parties acknowledge and agree that you are operating the business contemplated under this Agreement as an independent contractor. Nothing contained in this Agreement shall create or be construed to create a partnership, joint venture, or agency relationship between the parties. Neither party has any fiduciary obligations to the other or will be liable for the debts or obligations of the other. Neither party has the right to bind the other, transact business in the other party's name or in any manner make any promises or representations on behalf of the other party, unless otherwise agreed in writing by the parties. You shall conspicuously identify yourself and the business contemplated under this Agreement in all dealings with your customers, contractors, suppliers, public officials, and others, as an independent franchisee of Franchisor, and shall place a conspicuous notice, in the form and at such place as Franchisor prescribes, notifying the public of such independent ownership.

7.2. Insurance Obligations.

7.2.1. You shall maintain in full force and effect at all times during the term of this Agreement, at your expense, an insurance policy or policies meeting Franchisor's minimum insurance requirements. Each such policy shall be written by an insurance company with an A.M. Best rating of not less than A-VII, shall be primary and non-contributory to any insurance carried by Franchisor or its Affiliates, shall contain a waiver of subrogation in favor of Franchisor and its Affiliates, and shall name Franchisor and its Affiliates as additional insureds. Franchisor has the right to increase or modify required minimum coverages at any time. Your obligation to obtain and maintain insurance is not limited in any way by reason of any insurance maintained by Franchisor, and your compliance with minimum insurance requirements will not relieve you of your indemnification obligations under Section 7.3 of this Agreement. At least 10 days prior to the time you are first required to carry insurance, and thereafter at least 30 days prior to the expiration of any policy, you shall deliver to Franchisor certificate of insurance evidencing your compliance with this Article 7. Each certificate of insurance shall expressly provide that no less than 30 days prior written notice shall be given to Franchisor in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by such certificates.

7.2.2. If you fail to procure or maintain these minimum insurance requirements, Franchisor or its designee has the right (but is not required) to procure such insurance on your behalf. Such right shall be in addition to and not in lieu of any other rights or remedies available to Franchisor. If this occurs, you shall reimburse Franchisor the cost of the premium and pay a reasonable administrative fee not to exceed $500, upon demand.

7.3. Indemnification. You shall indemnify and hold harmless to the fullest extent by law, Franchisor, its Affiliates and their respective directors, officers, managers, employees, shareholders, and agents, (collectively, "**Indemnitees**") from all "**losses and expenses**" (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof arising out of or related to the business contemplated under this Agreement ("**event**"), and regardless of whether same resulted from any strict or vicarious liability imposed by law on the Indemnitees; provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of Indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided in this Agreement shall extend to any finding of comparative negligence or contributory negligence attributable to you). For the purpose of this Section 7.3, the term "**losses and expenses**" include compensatory, exemplary, or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to Franchisor's reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. You shall give Franchisor prompt notice of any event of which you are aware, for which indemnification is required, and, at your expense and risk, Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided that Franchisor will seek your advice and counsel. Any assumption by Franchisor shall not modify your indemnification obligation. Franchisor may, in its sole and absolute discretion, take such actions as it seems necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect thereof as may be, in Franchisor's sole and absolute discretion, necessary for the protection of the indemnities or the System.

8. TRANSFER OF INTEREST

8.1. Transfer by Franchisor. Franchisor may transfer or assign any of its rights or obligations and may delegate any or all of its duties under this Agreement.

8.2. Transfer by Individual Developer to Business Entity for Convenience. If you are an individual, you may transfer your interest in this Agreement to a Business Entity for convenience of operation within the first 12 months of this Agreement by signing Franchisor's standard form of assignment and assumption agreement if: ***(a)*** the Business Entity is formed solely for purposes of continuing your development rights and obligations; ***(b)*** you provide to Franchisor a copy of the Business Entity's formation and governing documents and a certificate of good standing from the jurisdiction under which the Business Entity was formed; ***(c)*** you execute a general release and covenant not to sue, in a form prescribed by Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, shareholders, agents, and employees in their corporate and individual capacities; provided, however, that any release will not be inconsistent with any state law regulating franchising; and ***(d)*** payment of the Transfer Fee in the amount set forth in the Summary Page.

8.3. Transfer Among Owners; Transfer of Non-Controlling Interest. If you are a Business Entity, your Owners may transfer their ownership interests in the Business Entity among each other, and may transfer up to a Non-Controlling Interest in the Business Entity to one or more third parties, if: ***(a)*** you have provided to Franchisor advance notice of the transfer; ***(b)*** Attachment C to this Agreement has been amended to reflect the new ownership; ***(c)*** each new Owner has signed a Guaranty and Personal Undertaking in the form of Attachment D; ***(d)*** each previous and/or new Owner has executed a general release and covenant not to sue, in a form prescribed by Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, shareholders, agents, and employees in their corporate and individual capacities; provided, however, that any release will not be inconsistent with any state law regulating franchising; and ***(d)*** payment of the Transfer Fee in the amount set forth in the Summary Page.

8.4. Transfer of Agreement; Transfer of Controlling Interest. All other transfers (including any sale or transfer of your interest in this Agreement and the sale of a Controlling Interest in you if you are a Business Entity) require Franchisor's prior written consent. Franchisor will not unreasonably withhold its consent to a transfer, but may condition its consent on satisfaction of any or all of the following:

8.4.1. Your written request for consent and delivery of a copy of the proposed transfer agreements, including sale terms, at least 30 days prior to the proposed transfer, and Franchisor has approved the sale price in its sole and absolute discretion (provided that said approval is only necessary if the proposed sale price exceeds the amount of available Development Fee Credit).

8.4.2. The transferee has demonstrated to Franchisor's satisfaction that the transferee meets Franchisor's then-current educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate each Franchised Business; and has sufficient equity capital to operate each Franchised Business (which condition shall be presumed if the transferee's net worth is equal to or exceeds your net worth at the time of transfer, excluding the value of each Franchised Business);

8.4.3. All of your accrued monetary obligations and all other outstanding obligations to Franchisor, its Affiliates, and third-party suppliers shall be up to date, fully paid and satisfied, and you must be in full compliance with this Agreement and any other agreements between you and Franchisor, its Affiliates and your suppliers;

8.4.4. You and each Owner has executed a general release and covenant not to sue, in a form prescribed by Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, shareholders, agents, and employees in their corporate and individual capacities; provided, however, that any release will not be inconsistent with any state law regulating franchising;

8.4.5. Payment of the Transfer Fee in the amount set forth in the Summary Pages;

8.4.6. You and the transferee have executed an assignment and assumption of this Agreement in the form prescribed by Franchisor;

8.4.7. If the transferee is a Business Entity, then the transferee's Owners each shall sign Franchisor's standard form of Guaranty and Personal Undertaking;

8.4.8. The transferee has complied with Franchisor's then-current initial training requirements for the operation of each then-existing Store;

8.4.9. You have complied with the requirements set forth in Section 8.9; and

8.4.10. If Franchisor introduced the buyer to you, you have paid all fees due Franchisor under its then-current franchise resale policy or program.

8.5. Transfer of Franchise Agreements. Notwithstanding Section 8.4 of this Agreement, you may, with Franchisor's prior written consent, execute and contemporaneously assign your right to enter into a Franchise Agreement pursuant to this Agreement to your Affiliate if: ***(a)*** such business entity executes and complies with the terms and conditions of the Franchise Agreement; and ***(b)*** payment of the Transfer Fee in the amount set forth in the Summary Page.

8.6. Transfers Void. Any purported transfer, by operation of law or otherwise, made without Franchisor's prior written consent will be considered null and void and will be considered a material breach of this Agreement.

8.7. Security Interest. You may grant a security interest in this Agreement or the franchise represented by this Agreement only to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of the operation of the Franchised Business and may not entitle or permit the secured party to take possession of or operate the

Franchised Business or to transfer your interest in this Agreement or the franchise without Franchisor's consent.

8.8. Private or Public Offerings. If you are a Business Entity and you intend to issue equity interests pursuant to a private or public offering, you shall first obtain Franchisor's written consent, which consent shall not be unreasonably withheld. You must provide to Franchisor for its review a copy of all offering materials (whether or not such materials are required by applicable securities laws) at least 60 days prior to such documents being filed with any government agency or distributed to investors. No offering shall imply (by use of the Marks or otherwise) that Franchisor is participating in an underwriting, issuance or offering of your securities, and Franchisor's review of any offering shall be limited to ensuring compliance with the terms of this Agreement. Franchisor may condition its approval on satisfaction of any or all of the conditions set forth in Section 8.4 and on execution of an indemnity agreement, in a form prescribed by Franchisor, by you and any other participants in the offering. For each proposed offering, you shall pay to Franchisor a retainer in an amount determined by Franchisor, which Franchisor shall use to reimburse itself for the reasonable costs and expenses it incurs (including, without limitation, attorneys' fees and accountants' fees) in connection with reviewing the proposed offering.

8.9. Right of First Refusal.

8.9.1. If you receive a bona fide offer to purchase your interest in this Agreement or all or substantially all of the assets of the Franchised Business in connection with the transferee's execution of an HTEAO Development Agreement, or if any Owner receives a bona fide offer to purchase his or her equity interests in you, and if you or such Owner wishes to accept such offer, you or the Owner must deliver to Franchisor written notification of the offer and, except as otherwise provided herein, Franchisor shall have the option, exercisable within 30 days after receipt of such written notification, to purchase the seller's interest on the same terms and conditions offered by the third party. If the bona fide offer provides for the exchange of assets other than cash or cash equivalents, the bona fide offer shall include the fair market value of the assets and you shall submit with the notice an appraisal prepared by a qualified independent third party evidencing the fair market value of such assets as of the date of the offer.

8.9.2. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by Franchisor as in the case of an initial offer. If Franchisor elects to purchase the seller's interest, closing on such purchase must occur by the later of: ***(a)*** the closing date specified in the third-party offer; or ***(b)*** within 60 days from the date of notice to the seller of Franchisor's election to purchase. Franchisor's failure to exercise the option described in this Section 8.9 shall not constitute a waiver of any of the transfer conditions set forth in this Section 8.

8.10. Transfer Upon Death or Incapacitation. Upon the death or permanent incapacity (mental or physical) of the Developer or any Owner, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by Franchisor within six months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as an inter vivos transfer, except that the transfer fee shall be waived. In the case of transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 8, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Franchisor within six months, which disposition shall be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within such period, Franchisor may, at its option, terminate this Agreement, pursuant to Section 9.5.

8.11. Non-Waiver of Claims. Franchisor's consent to a transfer shall not constitute a waiver of any claims it may have against the transferring party, and it will not be deemed a waiver of Franchisor's right to demand strict compliance with any of the terms of this Agreement, or any other agreement to which Franchisor's and the transferee are parties, by the transferee.

9. DEFAULT AND TERMINATION

9.1. Termination In the Event of Bankruptcy or Insolvency. You shall be deemed to be in default under this Agreement, and all rights granted to you in this Agreement shall automatically terminate without notice, if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against you and you do not oppose it; if you are adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver for you or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law is instituted by or against you; if a final judgment remains unsatisfied or of record for 30 days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business or property; if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against any Franchised Location premises or assets or equipment is instituted against you and not dismissed within 30 days; or if the real or personal property of the Franchised Business is sold after levy thereupon by any sheriff, marshal, or constable.

9.2. Termination with Notice and Without Opportunity to Cure. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of notice without opportunity to cure if: ***(a)*** you fail to meet the Development Schedule; ***(b)*** you or any Owner is convicted of, or pleads no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System; ***(c)*** there is any transfer or attempted transfer in violation of Article 8 of this Agreement; ***(d)*** you or any Owner fails to comply with the confidentiality or non-compete covenants in Article 6 and Article 10 of this Agreement; ***(e)*** you or any Owner has made any material misrepresentations in connection with your developer application; or ***(f)*** Franchisor delivers to you three or more written notices of default pursuant to this Article 9 within any rolling 12-month period, whether or not the defaults described in such notices ultimately are cured.

9.3. Termination with 10-Day Cure Period. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure the following defaults within 10 days after delivery of written notice: ***(a)*** you fail to obtain or maintain required insurance coverage; ***(b)*** you fail to pay any amounts due to Franchisor; ***(c)*** you fail to pay any amounts due to your trade creditors (unless such amount is subject to a bona fide dispute); or ***(d)*** you fail to pay any amounts for which Franchisor has advanced funds for or on your behalf, or upon which Franchisor is acting as guarantor of your obligations.

9.4. Termination with 30-Day Cure Period. Except as otherwise provided in this Article 9, Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure any curable default within 30 days after delivery of written notice.

9.5. Termination Related to Death or Permanent Incapacity. Franchisor has the right to terminate this Agreement if an approved transfer as required by Section 8.10 is not effected within the designated time frame following a death or permanent incapacity (mental or physical).

9.6. Cross-Default. Any default under any agreement between you and Franchisor or its Affiliates, which you fail to cure within any applicable cure period, shall be considered a default under this Agreement and shall provide an independent basis for termination of this Agreement.

9.7. Additional Remedies. If you are in default of this Agreement, Franchisor may, in its sole discretion, elect to ***(a)*** terminate or modify any territorial protections granted to you, ***(b)*** reduce the size of the Development Area, or ***(c)*** reduce the number of Stores which you may establish under the Development Schedule. If Franchisor elects to exercise this remedy as set forth above, you agree to continue to develop Stores in accordance with your rights and obligations under this Agreement, as

modified. Franchisor's exercise of its remedy under this Section 9.7 shall not constitute a waiver by Franchisor to exercise Franchisor's option to terminate this Agreement at any time with respect to a subsequent event of default of a similar or different nature.

9.8. Liquidated Damages. The parties agree that failure to fulfill your development obligations under this Agreement will cause Franchisor to incur economic damages in the nature of lost royalty income from Store operations ("Lost Profit Damages") in an amount difficult to estimate. Accordingly, if this Agreement terminates prior to fulfillment of your development obligations, you agree to pay Franchisor, as liquidated damages, an amount calculated as 6% of the average weekly Gross Sales of all HTeaO Stores in operation at the time of termination, multiplied by 156, multiplied by the number of Stores contemplated under this Agreement for which a franchise agreement has not yet been executed. The parties further agree that this formula yields a reasonable forecast of the Lost Profit Damages Franchisor will incur as a result of failure to fulfill your development obligations. This provision applies only to Lost Profit Damages. Nothing in this paragraph prevents Franchisor from seeking to recover compensation for other types of damages caused by a breach of your obligations under this Agreement.

10. COVENANTS

10.1. Non-Competition During Term of Agreement. You and each Owner acknowledge that you and each Owner will receive valuable specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques and trade secrets of Franchisor and the System. You and each Owner covenant and agree that during the term of this Agreement, except as otherwise approved in writing by Franchisor, you and, if applicable, such Owner, shall not, either directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, or legal entity:

10.1.1. Divert or attempt to divert any present or prospective customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

10.1.2. Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business, other than an HTEAO Store operated pursuant to a then-currently effective franchise agreement with Franchisor, at any location within the United States, its territories or commonwealths, or any other country, province, state, or geographic area in which Franchisor or its Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.

10.2. Non-Competition After Expiration or Termination of Agreement. For a continuous two-year period commencing upon a transfer permitted under Article 8 of this Agreement, expiration of this Agreement (without renewal), or termination of this Agreement (regardless of the cause for termination), you shall not either directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, persons, or legal entity, own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with any Competitive Business, other than an HTEAO Store operated pursuant to a then-currently effective franchise agreement with Franchisor, and is, or is intended to be, located ***(a)*** within the Development Area; or ***(b)*** within a 25-mile radius of any HTEAO Store in existence or under development at the time of such expiration, termination or transfer. If any Owner ceases to be an Owner of the franchisee for any reason during the franchise time, the foregoing covenant shall apply to the departing Owner for a two-year period beginning on the date such person ceases to meet the definition of an Owner. The time period described in this Section 10.2 shall be tolled during any period of noncompliance.

10.3. Additional Provisions. The parties acknowledge and agree that Franchisor has the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 10.1 and 10.2, or any portion thereof,

without your consent or the consent of any Owner, effective immediately upon delivery of written notice to the affected party; and you and each Owner agree that such person shall comply forthwith with any covenant as so modified, which shall be fully enforceable. You and each Owner expressly agree that the existence of any claims you may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Article 10. You agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Article 10.

10.4. Breach of Covenants Causes Irreparable Injury. You acknowledge that your violation of any covenant of this Article 10 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and you consent to the issuance of, and agree to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an *ex parte* or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

10.5. Exception for Publicly Held Companies. The foregoing restrictions shall not apply to your ownership or any Owner's ownership of less than a 5% beneficial interest in the outstanding equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

11. REPRESENTATIONS

11.1. Representations of Franchisor. Franchisor represents and warrants that ***(a)*** Franchisor is duly organized and validly existing under the law of the state of its formation; ***(b)*** Franchisor is duly qualified and authorized to do business in each jurisdiction in which its business activities or the nature of the properties it owns requires such qualification; and ***(c)*** the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within Franchisor's corporate power and have been duly authorized.

11.2. Representations of Developer.

11.2.1. You represent and warrant that the information set forth in Attachment C, incorporated by reference hereto, is accurate and complete in all material respects. You shall notify Franchisor in writing within 10 days of any change in the information set forth in Attachment C. You further represent to Franchisor that ***(a)*** you are duly organized and validly existing under the law of the state of your formation; ***(b)*** you are duly qualified and authorized to do business in each jurisdiction in which your business activities or the nature of the properties you own require such qualification; ***(c)*** your corporate charter or written partnership or limited liability company agreement, as applicable, will at all times provide that your activities are confined exclusively to the development and operation of the Franchised Business; ***(d)*** neither you nor any of your Affiliates or Owners own, operate, or have any financial or beneficial interest in any business that is the same as or similar to an HTEAO Store; and ***(e)*** the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power, or if you are a partnership or a limited liability company, are permitted under its written partnership or limited liability company agreement and have been duly authorized.

11.2.2. You acknowledge that you have conducted an independent investigation of the proposed franchise, and recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent on your ability as an independent business person.

11.2.3. You represent and warrant to Franchisor that neither Franchisor nor its agents or representations have made any representations, and you have not relied on representations made by Franchisor or its agents or representatives, concerning actual or potential sales, expenses, or profit of an HTEAO Store, except for information that may have been contained in Item 19 of the franchise disclosure document delivered to you in connection with your purchase of an HTEAO franchise.

11.2.4. You acknowledge that you have received a complete copy of Franchisor's Franchise Disclosure Document at least 14 calendar days before you signed this Agreement or paid any consideration to Franchisor for your franchise rights.

11.2.5. You acknowledge that you have read and that you understand the terms of this Agreement and its attachments, and that you have had ample time and opportunity to consult with an attorney or business advisor of your choice about the potential risks and benefits of entering into this Agreement.

11.2.6. You represent that neither your property nor any interest in your property, nor the property of any of your Owners, officers, directors, managers, partners, agents or employees, or their respective interests therein, have been blocked pursuant to Executive Order 13224 of September 23, 2001, pertaining to persons who commit, threaten to commit, or support terrorism ("**Blocked Persons**"). You represent and warrant to Franchisor that you will not accept money from or employ any Blocked Person.

12. NOTICES

12.1. Notices. All notices or demands shall be in writing and shall be served in person, by certified mail; by private overnight delivery; or by or by facsimile or electronic mail. Service shall be deemed conclusively made: ***(a)*** at the time of service, if personally served; ***(b)*** upon the earlier of actual receipt or three calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; ***(c)*** 24 hours after delivery by the party giving the notice, statement or demand if by private overnight delivery; and ***(d)*** at the time of transmission by facsimile or electronic mail, if such transmission occurs prior to 5:00 p.m. on a Business Day and a copy of such notice is mailed within 24 hours after the transmission. Notices and demands shall be given to the respective parties at the addresses set forth on the Summary Pages, unless and until a different address has been designated by written notice to the other party. Either party may change its address for the purpose of receiving notices, demands and other communications as in this Agreement by providing a written notice given in the manner aforesaid to the other party.

13. CONSTRUCTION

13.1. Entire Agreement. This Agreement represents the entire, fully integrated agreement between the parties and supersedes all other negotiations, agreements, representations, and covenants, oral or written, concerning the subject matter hereof. Except for Franchisor's unilateral rights under this Agreement, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this Agreement is intended to disclaim any representation made in the franchise disclosure document delivered to you in connection with your purchase of an HTEAO franchise.

13.2. No Waiver. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless the same is made in writing and duly executed by the party to be charged therewith. No evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the parties arising out of or affecting this Agreement, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing, duly executed as aforesaid.

13.3. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

13.4. Survival of Terms. Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination.

13.5. Definitions and Captions. Unless otherwise defined in this body of this Agreement, capitalized terms have the meaning ascribed to them in Attachment A ("**Glossary of Additional Terms**"). All

captions and section headings in this Agreement are intended for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

13.6. Persons Bound. This Agreement shall be binding on the parties and their respective successors and assigns. Each Owner shall execute the Guaranty and Personal Undertaking attached as Attachment D. Failure or refusal to do so shall constitute a breach of this Agreement. You and each Owner shall be joint and severally liable for each person's obligations hereunder and under the applicable Guaranty and Personal Undertaking.

13.7. Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement shall be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable.

13.8. Timing. Time is of the essence with respect to all provisions in this Agreement. Notwithstanding the foregoing, if performance of either party is delayed on account of a Force Majeure, the applicable deadline for performance shall be extended for a period commensurate with the Force Majeure, but not to exceed 12 months.

13.9. No Strict Construction. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the parties, and no presumption or burden of proof will arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

13.10. Business Judgment. Notwithstanding any contrary provisions contained in this Agreement, the parties acknowledge and agree that: ***(a)*** this Agreement (and the relationship of the parties which arises from this Agreement) grants Franchisor the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with your explicit rights and obligations hereunder that may affect favorably or adversely your interests; ***(b)*** Franchisor will use its business judgment in exercising such discretion based on Franchisor's assessment of Franchisor's own interests and balancing those interests against the interests, promotion and benefit of the System and Stores generally (including Franchisor, and its Affiliates and other franchisees), and specifically without considering your individual interests or the individual interests of any other particular franchisee (examples of items that will promote or benefit the System and Stores generally include, without limitation, enhancing the value of the Marks and/or the HTEAO brand, improving customer service and satisfaction, improving project quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System); ***(c)*** Franchisor will have no liability to you for the exercise of its discretion in this manner; and ***(d)*** even if Franchisor has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification no trier of fact in any legal action shall substitute its judgment for Franchisor's judgment so exercised and such action or decision will not be subject to challenge for abuse of discretion. IF FRANCHISOR TAKES ANY ACTION OR CHOOSES NOT TO TAKE ANY ACTION IN ITS DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT FRANCHISOR'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF ITS DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR OUR DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

14. APPLICABLE LAW; DISPUTE RESOLUTION

14.1. Choice of Law. This Agreement and all claims arising out of or related to this Agreement or the parties' relationship created hereby shall be construed under and governed by the laws of the State of Texas (without giving effect to any conflict of laws).

14.2. Mediation.

14.2.1. The parties acknowledge that during the term and any extensions of this Agreement certain disputes may arise that the parties are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, Franchisor, you, and each Owner agree to submit any claim, controversy, or dispute between Franchisor or its Affiliates (and Franchisor's and its Affiliate's respective owners, officers, directors, managers, agents, representatives, and/or employees) and you or your Affiliates (and your Owners, agents, representatives, and/or employees) arising out of or relating to: ***(a)*** this Agreement or any other agreement between Franchisor and you, ***(b)*** Franchisor's relationship with you, or ***(c)*** the validity of this Agreement or any other agreement between Franchisor and you, to mediation before bringing such claim, controversy, or dispute in a court or before any other tribunal.

14.2.2. The mediation shall be conducted by a mediator agreed upon by Franchisor and you and, failing such agreement within not more than 15 days after either party has notified the other of its desire to seek mediation, by the American Arbitration Association or any successor organization ("AAA") in accordance with its rules governing mediation. Mediation shall be held at the offices of the AAA in the city in which Franchisor maintains its principal place of business at the time mediation is initiated. The costs and expenses of mediation, including the compensation and expenses of the mediator (but excluding attorneys' fees incurred by either party), shall be borne by the parties equally.

14.2.3. If the parties are unable to resolve the claim, controversy, or dispute within 90 days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may bring a legal proceeding pursuant to Section 14.3. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

14.2.4. Notwithstanding the foregoing provisions of this Section 14.2, the parties' agreement to mediate shall not apply to controversies, disputes, or claims related to or based on amounts owed to Franchisor pursuant to this Agreement, the Marks, Copyrighted Works, or Franchisor's Confidential Information. Moreover, regardless of this mediation agreement, each party has the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction.

14.3. Arbitration.

14.3.1. Any dispute, controversy, or claim between the parties or their respective Affiliates or Owners, including without limitation, claims arising out of or relating to this Agreement and the relationships created hereby that are not resolved during the mediation process described in Section 14.2. must be resolved by arbitration. The arbitration must be administered in accordance with the Commercial Rules of the AAA. The Arbitrator must be a person experienced in food service franchising or franchise law who has no prior business or professional relationship with either party. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) ("**FAA**"). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction, and the arbitrator must state in writing the reasoning upon which the award is based. The costs and expenses of arbitration paid to the AAA or to the arbitrator will be paid equally by the parties. All other arbitration-related expenses, including but not limited to, attorneys' fees and travel expenses, will be paid by the party that incurred such expense.

14.3.2. Arbitration will be conducted in the city in which Franchisor maintains its principal

business offices at the time of the arbitration. Arbitration will be conducted on an individual, not a class wide, basis and an arbitration proceeding between the parties and their respective Owners, officers, directors, agents, and/or employees may not be consolidated with any other arbitration proceeding between Franchisor and any other person. The arbitrator has no power or authority to award punitive damages.

14.3.3. Any disputes concerning the enforceability or scope of this arbitration provision must be resolved pursuant to the FAA, and the parties agree that the FAA preempts any state law restrictions (including the site of the arbitration) on the enforcement of this arbitration provision.

14.3.4. If you institute any claim subject to this arbitration proceeding in any court, and Franchisor succeeds in a motion to compel arbitration of the claim, you must reimburse Franchisor its reasonable attorneys' fees and costs in defending the action and in its motion to compel arbitration.

14.3.5. Notwithstanding the foregoing provisions of this Section 14.3., the parties' agreement to arbitrate will not apply to controversies, disputes, or claims related to or based on amounts owed to Franchisor pursuant to this Agreement, your misuse or infringement of the Marks, or your misuse of Franchisor's Confidential Information. Moreover, regardless of this arbitration agreement, Franchisor and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction. You and your Owners irrevocably consent to personal jurisdiction in the state and federal courts located in the county in which Franchisor maintains its principal place of business for this purpose.

14.4. Venue. Without limiting the generality of the arbitration provision, the parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought and maintained exclusively in the state or federal court serving the judicial district in which Franchisor maintains its principal place of business at the time the action is initiated, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Notwithstanding the foregoing, Franchisor shall have the right to seek injunctive relief from any court of competent jurisdiction.

14.5. Nonexclusivity of Remedy. No right or remedy conferred upon or reserved to Franchisor or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

14.6. WAIVER OF JURY TRIAL. EACH PARTY IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

14.7. WAIVER OF PUNITIVE DAMAGES. THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

14.8. Contractual Limitations Period. No legal action or proceeding may be brought against Franchisor or its officers, directors, agents, or employees, for any claim or cause of action (whether sounding in contract, tort, or otherwise) unless such action or proceeding is instituted within two years and one day from the date the claim or cause of action accrued. This provision is intended to shorten any applicable statute of limitations to the extent permitted by law.

14.9. Attorneys' Fees. If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

14.10. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement.

14.11 No Representations; No Reliance. You acknowledge, expressly represent, and warrant that, except for representations made in Franchisor's franchise disclosure document, Franchisor has made no representations, warranties, or guarantees, express or implied, as to the potential revenues, profits or services of the business venture contemplated under this Agreement, and that you have not relied on any such representations in making your decision to purchase a HTEAO franchise or area. You further acknowledge, expressly represent, and warrant that neither Franchisor nor its representatives have made any statements inconsistent with the terms of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective on the Effective Date set forth above.

FRANCHISOR	**DEVELOPER**
HTeaO FC, LLC	_____
a Texas limited liability company	
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

HTEAO FC, LLC
DEVELOPMENT AGREEMENT
ATTACHMENT A

GLOSSARY OF ADDITIONAL TERMS

"**Affiliate**" means an affiliate of a named person identified as any person or entity that is controlled by, controlling or under common control with such named person.

"**Business Entity**" means any person with the power to enter into contracts, other than a natural person. The term includes a corporation, limited liability company, limited partnership, and trust.

"**Captive Market**" means any facility serving a captive market, including department stores, supermarkets, shopping malls, amusement parks, airports, train stations, travel plazas, casinos, nightclubs, stores, public facilities, college and school campuses, arenas, stadiums, ballparks, hospitals, office buildings, convention centers, airlines (in-flight service), military bases, and **any other mass gathering events or locations, and facilities of any kind for which service rights are contracted to a third party or parties (including, but not limited to, designated road ways and facilities adjacent thereto)**. As used herein, the term "shopping malls" includes any retail center (enclosed or open), including "outlet malls," with an aggregate gross leasable area in excess of 350,000 square feet.

"**Competitive Business**" means any business or store that offers or provides (or grants franchises or licenses to others to operate a business or store that offers or provides) purified water, purified ice, water containers and coolers, coffee, hot teas, iced teas or related items.

"**Confidential Information**" means all trade secrets, and other elements of the System; all customer information; all information contained in the Manuals; Franchisor's proprietary standards and specifications for product preparation, packaging and service; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of your operation under the terms of the Development Agreement or Franchise Agreement, and all other information that Franchisor designates.

"**Controlling Interest**" means an interest in a Business Entity that includes the possession, directly or indirectly, of the power to direct or cause the direction of the management of the Business Entity, whether through ownership, voting rights, by contract, or otherwise. Any interest that is not a Controlling Interest is a "**Non-Controlling Interest**."

"**Copyrighted Works**" means works of authorship which are owned by Franchisor and fixed in a tangible medium of expression including, without limitation, the content of the Manual, the design elements of the Marks, Franchisor's product packaging and advertising and promotional materials, and the content and design of Franchisor's Web site and advertising and promotional materials.

"**Development Fee Credit**" means the amount of the Development Fee you actually paid less amounts credited toward satisfaction of initial franchise fees.

"**Development Period**" means each of the time periods indicated on Attachment B during which you shall have the right and obligation to construct, equip, open and thereafter continue to operate HTEAO Stores.

"**Force Majeure**" means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which you could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with you by any lender, landlord, or other person shall be an event of Force Majeure under this Agreement, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an

act which is otherwise an event of Force Majeure. Your financial inability to perform or your insolvency shall not be an event of Force Majeure under this Agreement.

"**Franchise Agreement**" means the form of agreement prescribed by Franchisor and used to grant to you the right to own and operate a single Store, including all attachments, exhibits, riders, guarantees or other related instruments, all as amended from time to time.

"**Owner**" means each individual or entity holding a beneficial ownership in the developer entity. It includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a partnership, and the grantor and the trustee of the trust. If any "Owner" is, itself, a partnership or other entity, then the term "Owner" includes each individual or entity holding a beneficial ownership in the partnership or entity; the intent being that the term "Owner" is intended to include all individuals holding a beneficial interest in the franchisee, either directly or indirectly.

HTEAO FC, LLC
DEVELOPMENT AGREEMENT
ATTACHMENT B

DEVELOPMENT SCHEDULE

The "Development Schedule" is as follows:

Development Period	Expiration Date of Development Period	Cumulative Total Number of Stores which Developer Shall Have Open and in Operation in the Development Area
1		
2		

The "Projected Opening Dates" are as follows:

Store	Projected Opening Date	Franchise Agreement Execution Date
1		
2		

INTENDING TO BE LEGALLY BOUND, the parties hereof have executed this Attachment B effective for all purposes as of the Effective Date.

FRANCHISOR
HTEAO FC, LLC
a Texas limited liability company

By: _____

Name: _____

Title: _____

DEVELOPER

By: _____

Name: _____

Title: _____

HTEAO FC, LLC
DEVELOPMENT AGREEMENT
ATTACHMENT C

ENTITY INFORMATION

If Developer is an entity, you represent and warrant that the following information is accurate and complete in all material respects as of _____.

(1) Developer is a _____, formed under the laws of the state of _____.

(2) You shall provide to Franchisor concurrently with the execution hereof true and accurate copies of the Developer's charter documents and governing documents including Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing.

(3) You promptly shall provide such additional information as Franchisor may from time-to-time request concerning all persons who may have any direct or indirect financial interest in the franchisee entity.

(4) The name and address of each of Owner:

Name	Address	Number of Shares or Percentage Interest

Date: _____

FRANCHISOR
HTEAO FC, LLC
a Texas limited liability company

By: _____

Name: _____

Title: _____

DEVELOPER
_____

By: _____

Name: _____

Title: _____

HTEAO FC, LLC
DEVELOPMENT AGREEMENT

ATTACHMENT D
GUARANTY AND PERSONAL UNDERTAKING

1. I have read the Development Agreement between HTEAO FC, LLC ("**Franchisor**") and _____ _____ ("**Developer**").

2. I own a beneficial interest in the Developer, and would be considered an "**Owner**" within the definition contained in Development Agreement.

3. I understand that, were it not for this Guaranty and Personal Undertaking ("**Guaranty**"), Franchisor would not have agreed to enter into the Development Agreement with the Developer.

4. I will comply with all of the provisions contained in Article 6 of the Development Agreement concerning the use of the Confidential Information. I will maintain the confidentiality of all Confidential Information disclosed to me. I agree to use the Confidential Information only for the purposes authorized under the Development Agreement. I further agree not to disclose any of the Confidential Information, except ***(a)*** to the Developer's employees on a need-to-know basis, ***(b)*** to the Developer's and my legal and tax professionals to the extent necessary for me to meet my legal obligations, and ***(c)*** as otherwise may be required by law.

5. I will comply with all of the provisions contained in Article 8 of the Development Agreement concerning the assignment of my Development Agreement.

6. While I am an "Owner" of the Developer and, for a two-year period after I cease to be an Owner (or two years after termination or expiration of the Development Agreement, whichever occurs first), I will not:

(a) Divert or attempt to divert any present or prospective customer of the HTEAO Store to any competitor or do anything to harm the goodwill associated with the Marks and the System;

(b) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business, other than an HTEAO Store operated pursuant to a then-currently effective franchise agreement. This restriction shall apply, while I am an Owner, to any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor or its Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks. It will apply for two years after I cease to be an Owner (or two years after termination or expiration of the Development Agreement, whichever occurs first) to any location that is, or is intended to be, located in the Development Territory or within a 25-mile radius of any HTEAO Store in existence or under development at the time I cease being an Owner (or termination or expiration of the Development Agreement, whichever occurs first). This two-year period will be tolled during any period of my noncompliance.

7. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Guaranty. If all or any portion of a covenant in this Guaranty is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Guaranty.

8. I understand and acknowledge that Franchisor has the right, in its sole discretion, to reduce the scope of any covenant set forth in this Guaranty, or any portion thereof, without my consent, effective

immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified.

9. I agree that the provisions contained in Article 14 of the Development Agreement will apply to any dispute arising out of or relating to this Guaranty. If Franchisor brings any legal action to enforce its rights under this Guaranty, I will reimburse Franchisor its reasonable attorneys' fees and costs.

10. I hereby guarantee the prompt and full payment of all amounts owed by the Developer under the Development Agreement.

11. I will pay all amounts due under this Guaranty within 14 days after receiving notice from Franchisor that the Developer has failed to make the required payment. I understand and agree that Franchisor need not exhaust its remedies against the Developer before seeking recovery from me under this Guaranty.

12. No modification, change, impairment, or suspension of any of Franchisor's rights or remedies shall in any way affect any of my obligations under this Guaranty. If the Developer has pledged other security or if one or more other persons have personally guaranteed performance of the Developer's obligations, I agree that Franchisor's release of such security will not affect my liability under this Guaranty.

13. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE DEVELOPMENT AGREEMENT AND/OR THE PERFORMANCE OF ANY PARTY UNDER THE DEVELOPMENT AGREEMENT**.

14. I understand that Franchisor's rights under this Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under applicable law.

15. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered by hand; one Business Day after electronically confirmed transmission by facsimile or other electronic system; one Business Day after delivery by Express Mail or other recognized, reputable overnight courier; or three Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the address identified on the signature line below. I may change this address only by delivering to Franchisor written notice of the change.

16. Unless otherwise defined in the body of this Guaranty, capitalized terms have the meaning ascribed to them in the Development Agreement.

Executed on the date set forth below:

GUARANTOR

Dated: _____

_____

Name: _____

Address for notices: _____

_____

HTEAO FC, LLC
DEVELOPMENT AGREEMENT

ATTACHMENT E
FORM OF FRANCHISE AGREEMENT

[REFER TO EXHIBIT C OF THIS DISCLOSURE DOCUMENT]

HTEAO FC, LLC
DEVELOPMENT AGREEMENT

ATTACHMENT F
REQUEST FOR EXTENSION OF DEVELOPMENT PERIOD

To be filled out by Franchisee:

# of Stores to Develop:	Store #'s:
Date Development Agreement signed:	Request Date:
Franchisee (Individual):	
Franchisee (Entity):	
Current Development Schedule: **See Attached "Attachment B"**	
Extension Request # (Please check one below)	
☐ 1st Extension Request	☐ 3rd Extension Request
☐ 2nd Extension Request	☐ _____ Extension Request
Extension Fee[1] is due, Payment Preference is:	☐ Check ☐ Wire

* Payment Preference Options: If you chose "Check," please mail to HTeaO FC, LLC, Attn: Accounting Department, 1322 Ranchers Legacy Trail, Fort Worth, TX 76126. If you chose "Wire," please contact Edmond Bachman at Edmond@hteao.com. For questions, please contact the Integrity Department at hteao-legal@hteao.com.

**Once the Extension Fee is received, an Amendment to the Development Agreement to extend one hundred and twenty (120) days will be prepared and sent for signatures along with a new Development Schedule to be provided by Franchisor.

Franchisee Initials **Franchisor Initials**

_____ _____

HTEAO FC, LLC
DEVELOPMENT AGREEMENT

ATTACHMENT G
MULTI-UNIT DEVELOPMENT ADDENDUM

On this __ day of _____ 20__, (the "Effective Date") HTEAO FC, LLC ("HTeaO") and _____ ("Franchisee" or "you') agree to this Addendum (the "Addendum") to that certain Franchise Agreement dated _____ __, 20__, ("Franchise Agreement") as set forth herein. All capitalized terms not defined in this Addendum shall have the meanings assigned to them in the Franchise Agreement.

RECITALS

WHEREAS, Franchisee and HTeaO previously entered into a Franchise Agreement, wherein Franchisee agreed to operate its HTeaO in strict compliance with the operational standards, policies, and procedures as directed by HTeaO;

WHEREAS, it is HTeaO standard that any individual designated as the "General Manager" (GM50) of an HTeaO location be a managing principal with a minimum of 20% equity in Franchisee;

WHEREAS, it is HTeaO standard that the "General Manager" (GM50) (i) actively participate in the daily operation of the HTeaO location or locations; (ii) participate in the on premise supervision of the store or stores; (iii) be considered a full-time operating Manager; and (iv) be on the schedule and work in the store or stores a minimum of 40 hours per week; and

WHEREAS, it is HTeaO standard that the "General Manager" (GM50) for a HTeaO location complete a training program to HTeaO, and be certified pursuant to Article 6 of the Franchise Agreement.

WHEREAS, Franchisee owns more than two (2) HTeaO locations (or one (1) or more HTeaO locations and two (2) or more other businesses with HTeaO approval), and HTeaO hereby agrees to allow Franchisee to deviate from the above mentioned operational standards, subject to Franchisee's compliance with the terms and conditions set forth herein.

AGREEMENTS

A. Franchisee acknowledges that this Addendum allows Franchisee to operate outside HTeaO normal operational policies and procedures, as set forth herein.

B. Franchisee acknowledges that this Addendum imposes additional obligations on Franchisee, as set forth herein. Franchisee also acknowledges that such additional obligations may deviate from the requirements set forth in HTeaO normal operational policies and procedures.

C. In lieu of personally acting as "General Manager" (GM50), or designating a managing principal with a minimum of 20% equity in Franchisee as "General Manager" (GM50), Franchisee must designate a "Director of Operations" subject to HTeaO approval, to oversee the operations of Franchisee's HTeaO location(s) and other approved businesses, if applicable. Any individual that Franchisee wishes to designate as Director of Operations must be submitted to HTeaO for approval and must agree to a background check by HTEAO. The Director of Operations must have a minimum of 5% equity in Franchisee. The Director of Operations must attend, and complete to H Tea O satisfaction, all required training programs and be certified as typically required of an "General Manager" (GM50) and as set forth in Article 6 of the Franchise Agreement. The Director of Operations must also work full-time providing oversight at the HTeaO location(s) and promoting the HTeaO brand for a minimum 40 hours a week.

D. In addition, HTeaO may, in its sole discretion, require Franchisee to hire a "District Manager" or multiple "District Managers" to oversee the operations of a subset of its HTeaO locations. Every District Manager must attend, and complete to HTeaO satisfaction, all required training programs and

be certified pursuant to Article 6 of the Franchise Agreement. Every District Manager must also work full-time providing oversight at the designated HTeaO location(s) and promoting the HTeaO brand for a minimum 40 hours a week.

E. In addition, HTeaO may, in its sole discretion, require Franchisee to hire a "Regional Manager" or multiple "Regional Managers" to oversee the operations of a subset of its HTeaO locations. Every Regional Manager must attend, and complete to HTeaO satisfaction, all required training programs and be certified pursuant to Article 6 of the Franchise Agreement. Every District Manager must also work full-time providing oversight at the designated HTeaO location(s) and promoting the HTeaO brand for a minimum 40 hours a week.

F. Franchisee must employ a Store Manager "GM50" at each of Franchisee's HTeaO locations. The Store Manager "GM50" is required to be on the schedule and work in a single HTeaO and act as a full-time operating manager. If Franchisee operates two HTeaO locations within a 30-mile radius, Franchisee may employ one Store Manager "GM50" to oversee and work a combined 40 hours a week between the two locations. Every Store Manager "GM50" must complete to HTeaO satisfaction all required training programs consistent with HTeaO standards for General / Store Managers "GM50". Each location shall have an assistant general manager who has successfully completed HTeaO satisfaction to the required training programs consistent with HTeaO standards when the Store Manager "GM50" is not present.

G. In addition to designating a Director of Operations, Regional Manager (if applicable), and District Manager (if applicable), Franchisee must still comply with the requirement set forth in Article 5.1 of the Franchise Agreement regarding the training (inclusive of the Store Manager "GM50" discussed above) for each HTeaO location.

H. If Franchisee's designated Director of Operations shall, for any reason, cease to serve in such capacity, Franchisee must comply with the terms of Article 6.2 when replacing such person within 7 business days.

I. If at any time and for any reason Franchisee ceases to operate (i) more than two (2) HTeaO locations, or (ii) two (2) or more other businesses as approved by HTeaO, all rights granted herein shall automatically terminate and Franchisee, subject to any other addendums or amendments to the Franchise Agreement still in effect, will be required to comply with HTeaO typical operational standards, policies, and procedures.

J. Franchisee shall comply with all state and federal wage and labor laws, regulations, or guidelines related to hiring or designating an individual to act as Director of Operations or District Manager for Franchisee's HTeaO location(s) and/or other approved businesses owned by Franchisee and agrees that any failure to do so will constitute an act default under the Franchise Agreement.

K. The terms and conditions of this Addendum shall be confidential. Except as provided above or required by law or court order or the enforcement of the provisions hereof, the parties shall maintain in strict confidence and shall not disclose the existence of or any substance or contents of this Addendum to any third party without prior written consent of the other party or parties herein. This confidentiality provision shall survive the termination of the Franchise Agreement and/or this Addendum and is in addition to any other confidentiality obligations or similar restrictions on Franchisee in the Franchise Agreement or other agreement between HTeaO and Franchisee.

L. <u>Release</u>. Franchisee hereby releases and forever discharges HTeaO, any parent, subsidiary, shareholder or affiliate of HTeaO, its respective officers, directors, members, employees, agents, contractors and its respective successors, assigns, heirs and personal representatives (the "Released Parties") from any and all claims, demands, rights and causes of action of any kind that Franchisee now has on account of or in any way arising out of or related to the offer, sale, administration, performance, default, and termination of the Franchise Agreement.

HTeaO and Franchisee mutually intend that this release shall include, without limitation, claims, demands and causes of action arising out of alleged misrepresentations, fraud, breaches of contract (based upon implied, express, estoppel, waiver, or alternative theories of contractual obligation), negligence, or breach of any alleged special, trust, agency or fiduciary relationship (if any), whether asserted or proposed to be asserted by way of claim, setoff, affirmative defense, counterclaim, cross-claim or third party claim. Franchisee further agrees to indemnify, defend, and hold harmless for any and all purposes the Released Parties from any and all claims, demands, rights and causes of action of any kind that arise out of hiring or designating an individual to act as Director of Operations or District Manager Franchisee's HTeaO location(s) and/or other approved businesses (if applicable) owned by Franchisee or HTeaO agreement to this exception. THIS RELEASE EXPRESSLY INCUDES, BUT IS NOT LIMITED TO, ANY ACT OR OMISSION OF NEGLIGENCE, FRAUD, MISREPRESENTATIONS, BREACH OF FIDUCIARY DUTIES, BREACH OF WARRANTIES, BREACH OF CONTRACT, AND ANY EXTRA-CONTRACTUAL CLAIMS COMMITTED OR ALLEGEDLY COMMITTED BY THE RELEASED PARTIES, PROVIDED, HOWEVER, THAT NOTHING CONTAINED IN THIS RELEASE IS INTENDED TO DISCLAIM OR REQUIRE FRANCHISEE TO WAIVE RELIANCE ON ANY REPRESENTATION THAT HTEAO MADE IN THE FRANCHISE DISCLOSURE DOCUMENT THAT HTEAO PROVIDED TO FRANCHISEE. Further, this release includes any past and future claims, whether foreseen or unforeseen, known or unknown, disclosed or undisclosed, matured or unmatured, in law, equity or otherwise. This Paragraph shall survive the termination of the Franchise Agreement, as modified by this Addendum, and is in addition to any other release or similar agreement in the Franchise Agreement or other agreement between HTeaO and Franchisee.

M. This Addendum does not modify the terms of the Franchise Agreement except as specifically stated herein. The parties acknowledge and agree that the Franchise Agreement, as modified by this Addendum, are ratified and shall continue in full force and effect.

The next page is the signature page.

INTENDING TO BE LEGALLY BOUND, the Parties have executed this Amendment to be effective on the Effective Date written above.

FRANCHISOR
HTEAO FC, LLC
a Texas limited liability company

By:_____

Name: _____

Title: _____

FRANCHISEE

_____

By: _____

Name: _____

Title: _____

OWNER

_____

Name: _____

_____

Name: _____

_____

Name: _____

DIRECTOR OF OPERATIONS

By: _____

Name: _____

HTEAO FC, LLC
DEVELOPMENT AGREEMENT

ATTACHMENT H
STATE SPECIFIC ADDENDA

AMENDMENT TO THE DEVELOPMENT AGREEMENT
REQUIRED BY THE COMMONWEALTH OF VIRGINIA

This Amendment to the HTEAO FC, LLC Development Agreement dated _____ between HTEAO FC, LLC, a Delaware limited liability company, ("Franchisor") and _____ ("Developer") is entered into simultaneously with the execution of the Development Agreement.

Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Development Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Development Agreement shall have the identical meanings in this Amendment.

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

2. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, Developer and Franchisor have executed this Amendment to the Development Agreement simultaneously with the execution of the Franchise Agreement.

FRANCHISOR:	**DEVELOPER:**
HTEAO FC, LLC a Delaware limited liability company	_____ _____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

EXHIBIT C TO FRANCHISE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT

HTEAO FC, LLC
FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

SUMMARY PAGES

EFFECTIVE DATE:	_____
FRANCHISEE(S):	_____
ADDRESS FOR NOTICES:	_____
"GENERAL MANAGER" (GM50):	_____
Telephone Number:	_____
Email Address:	_____
SITE SELECTION AREA:	_____
INITIAL FRANCHISE FEE:	☐ $40,000 (Standard)
	☐ $35,000 (2nd or additional Store under Development Agreement)
	☐ $25,000 (Non-Traditional License)
ROYALTY FEE:	6% of Gross Revenue
BRAND DEVELOPMENT FUND CONTRIBUTION:	An amount we designate, not to exceed 4% of Gross Revenue
STORE LOCAL MARKETING EXPENDITURE:	At least 2% of Gross Revenue
OPENING DAY PROMOTION AND INITIAL MARKETING CAMPAIGN:	$15,000 (Section 9.2)
RENEWAL FEE:	An amount equal to 50% of the then-current initial franchise fee generally charged to new HTEAO franchisees
TRANSFER FEE:	$1,500 (Convenience of Ownership, Section 12.2)
	$1,500, plus reimbursement of Franchisor's cost in facilitating the transfer (including reasonable attorneys' fees) (Non-Controlling Interest, Section 12.3)
	25% of our then-current Initial Franchise Fee for transfers of the franchised business or controlling interest in the franchisee entity to existing HTEAO franchisees (Section 12.4), or
	50% of our then-current Initial Franchise Fee for transfers of the franchised business or controlling interest in the franchisee entity to new franchisee (Section 12.4)
HTEAO FC, LLC	1322 Ranchers Legacy Trail Fort Worth, Texas 76126 Attention: CEO

_____ _____

Franchisor Initial Franchisee Initial

FRANCHISE AGREEMENT
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Attachment B	Key Terms
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HTEAO FC, LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (**"Agreement**") is made and entered into as of the Effective Date reflected in the Summary Pages ("**Effective Date**") by and between HTEAO FC, LLC, a Texas limited liability company (**"Franchisor"**), and the franchisee identified in the Summary Pages ("**you**").

A. Franchisor has acquired the license to use and to sublicense the use of a distinctive business format and system relating to the establishment and operation of a retail store, offering purified water, purified ice, bottled water, water containers, coffee, hot teas, a large selection of freshly brewed iced teas, fresh fruit, snacks, cold food, various retail products, and other related items under the name HTEAO ("**System**").

B. The distinguishing characteristics of the System include, without limitation, distinctive interior and exterior design, decor, color scheme, graphics, fixtures and furnishings, our proprietary procedures for preparing, packaging, and serving items, operation and customer service standards and procedures, advertising and marketing specifications and requirements, and other standards, specifications, techniques, and procedures that Franchisor designates for developing, operating, managing, and promoting an HTEAO Store, all of which Franchisor may change, improve, and further develop (collectively, "**Standards**").

C. The System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the mark HTEAO and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System ("**Marks**").

D. You desire to enter into the business of operating a store under the System and Marks ("**Store**" or, sometimes, "**HTEAO Store**") and Franchisor desires to grant you such rights, all pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration for the mutual premises contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT

1.1. Grant.

1.1.1. Subject to the provisions of this Agreement, Franchisor hereby grants you the nonexclusive right to continuously operate an HTEAO Store at the franchised location identified (or to be identified) in Attachment B ("**Franchised Location**") and to use the Marks in the operation and promotion of the Store in accordance with Franchisor's policies and brand standards (the "**Franchised Business**"). You hereby undertake the obligation and agree to continually operate the Franchised Business during the term hereof and strictly according to the terms and conditions of this Agreement.

1.1.2. This Agreement grants you no right, among others, to: ***(a)*** sublicense the use of the System or Marks, ***(b)*** cobrand with another concept, ***(c)*** distribute HTEAO products through wholesale channels, such as supermarkets, convenience stores or other retailers, or ***(d)*** sell, give away, or sample HTEAO products at any location other than the Store premises without Franchisor's prior written permission.

1.2. Protected Area. During the term of this Agreement, Franchisor shall not own or operate, or grant anyone else the right to operate, an HTEAO Store within the Protected Area, with the exception that Franchisor may engage or grant anyone the right to engage in any type of business, without restriction, in Captive Marks (as defined in Attachment A), even if located in the Protected Area. The boundaries of the Protected Area will be designated by Franchisor once the Store location has been identified. When designated the Protected Area will be identified in Attachment B.

1.3. Reservation of Rights. Franchisor reserves to itself all other rights in and to use the Marks, including the right: ***(a)*** to own and operate and to grant others the right to own and operate HTEAO Stores outside the Protected Area; ***(b)*** to operate HTEAO Stores and license the use of the Marks and System in Captive Markets within and outside the Protected Area; and ***(c)*** to distribute products and services identified by the Marks, such as pre-packaged products, through alternative channels of distribution including grocery stores, supermarkets, convenience stores, and via mail order, catalog sales, and/or the Internet.

1.4. Right to Operate Businesses Under Different Marks, and Operation of Other Businesses under HTEAO Brand. Nothing in this Agreement prohibits or restricts Franchisor from: ***(a)*** owning, acquiring, establishing, operating, or granting franchise rights for one or more other businesses under a different trademark or service mark (*i.e.*, a mark other than HTEAO), whether or not the business is the same as or competitive with HTEAO Stores, within or outside the Protected Area; or ***(b)*** owning, operating, or franchising one or more similar businesses as the franchise, other than the one authorized in the Franchise Agreement, under the name HTEAO or some derivative of the Marks.

2. TERM

2.1. Term. The "**Term**" of this Agreement begins on the Effective Date and expires, unless earlier terminated, on the 15th anniversary of the Store opening, but no later than 16 years from the Effective Date, regardless of the date on which the Store opens to the public for business.

2.2. Renewal. You may renew the franchise granted by this Agreement for two consecutive five-year terms if, at the end of each term, each of the following conditions has been satisfied: ***(a)*** you have notified Franchisor of your intent to renew the franchise no less than 12 months and no more than 24 months before the then-current term expiration date; ***(b)*** you are not in default of any material provision of this Agreement and you have complied with the materials terms and conditions of this Agreement throughout the term; ***(c)*** you have satisfied all monetary obligations owed to Franchisor, its Affiliates and third party suppliers; ***(d)*** you have renovated and refurbished the Store premises so that they reflect Franchisor's then-current image, trade dress, equipment, and furnishings requirements; ***(e)*** you have the right to remain in possession of the Store premises, or have secured an alternate site with Franchisor's prior approval; ***(f)*** you comply with the then-current qualifications and training requirements; ***(g)*** you sign Franchisor's then-current form of franchise agreement, the terms of which may be materially different than the terms of this Agreement, and each Owner executes a guaranty and personal undertaking in the form Franchisor prescribes; ***(h)*** you and each Owner sign a general and full release in favor of Franchisor and its Affiliates, and their respective, officers, directors, shareholders, members, managers, employees, and agents, of any claims arising out of or related to the franchise relationship including the offer and sale of the HTEAO franchise opportunity; and ***(i)*** the Renewal Fee, in the amount specified in the Summary Pages, has been paid.

2.3. Operation after Expiration of Term. If this Agreement expires and you continue to operate the HTEAO Store after expiration, Franchisor may, at its option, declare you to be holding over. In such event, the terms of this Agreement will govern the parties' relationship, provided that: ***(a)*** either party may terminate the relationship at any time during the holdover period, for any reason or for no reason, by delivering to the other party written notice of termination; and ***(b)*** the Royalty Fees due and payable during such holdover period shall be 150% of the Royalty Fees due and payable under this Agreement.

3. SITE SELECTION; CONSTRUCTION; STORE LOCATION

3.1. Site Selection. You must identify and acquire a site for the Store within 180 days after the Effective Date of this Agreement. The site must be located within the Site Selection Area identified in the Summary Pages, must meet Franchisor's then-current site selection criteria, and must otherwise be mutually acceptable to you and to Franchisor. Franchisor may assist you in site selection, in its sole discretion, which assistance may include making available to you the services of an internal development

management team or a designated third party tenant representative consulting firm. Although Franchisor or its tenant representative may propose sites for your consideration, you understand that ultimate site selection is solely your choice and your responsibility.

3.2. Franchise Site Application. For each proposed site that you identify, you must deliver to Franchisor a completed franchise site application in a form Franchisor prescribes, including such information about the site as Franchisor may reasonably request to perform its evaluation. This information may include, among other things, a description of the proposed site, demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses, the nature of other businesses in proximity to the site, and other commercial characteristics (including the purchase price, rental obligations, and other lease terms for the proposed site) and the size, appearance and elevations, other physical characteristics, floor plan, and a site plan of the premises. Franchisor will permit or refuse to permit development of the Store at the proposed site within 30 days after the receipt of these documents and any additional information as Franchisor may reasonably require. Franchisor may require you to execute Attachment B ("Key Terms") prior to permitting or refusing to permit development of the Store. Franchisor's failure to provide notification within this time period shall not be considered permission. **The parties acknowledge and agree that Franchisor's permission to develop the Store at a particular site is not an assurance that the Store will achieve a certain sales volume or level of profitability; it means only that the proposed site meets Franchisor's minimum criteria for HTEAO Stores.**

3.3. Lease. If you will occupy the Franchised Location under a lease with a third-party landlord, Franchisor has the right to approve the lease terms, and the lease shall not be signed until it has been reviewed and approved by Franchisor. **The parties acknowledge and agree that Franchisor's approval of a lease does not mean that the economic terms of the lease are favorable; it means only that the lease contains the lease terms that Franchisor requires.** The lease also must contain the terms reflected in Attachment F, including Franchisor's option to assume the lease in the event of expiration or termination of this Agreement. You shall provide to Franchisor a fully executed copy of the lease within 10 days after its execution.

3.4. Store Design and Build-out. You shall follow Franchisor's procedures for Store construction and build-out, shall construct and build out the Store according to Franchisor's standards and specifications for design, decor, and layout, and shall equip the Store according to Franchisor's requirements for fixtures, furnishings, equipment, interior and exterior signage, artwork and graphics, and awnings. You are solely responsible for obtaining all government approvals, zoning classifications, permits, and clearances related to the Store and for complying with applicable requirements of the Americans with Disabilities Amendments Act. During construction, you must maintain general liability and property damage insurance of the type and with the limits Franchisor requires, protecting you, Franchisor, and its Affiliates, and their respective partners, shareholders, directors, agents, and employees. Such policy or policies shall be written by a responsible insurer or insurers acceptable to Franchisor and shall contain a waiver of subrogation in favor of Franchisor and its Affiliates, and their respective partners, shareholders, directors, agents, and employees. You shall notify Franchisor in writing when construction begins, and thereafter shall provide a weekly progress report. Franchisor and its designees have the right to inspect the site at all reasonable times.

3.5. Opening. When a site is identified, the Franchisor will designate an opening date ("**Opening Date**"), which will be no later than six months from the date you take possession of the site, and will be reflected on Attachment B or in any other form of written communication from Franchisor that defines the Opening Date, and such Opening Date will dictate for purposes of this Agreement. The Store must be open by the Opening Date, or 12 months after the Effective Date, whichever occurs first. You may open the Store for business only with prior written permission of Franchisor, which will be granted only if: ***(a)*** all amounts due Franchisor under this Agreement have been paid; ***(b)*** the Store has been constructed and equipped according to Franchisor's standards and specifications; ***(c)*** all of your pre-opening and training

obligations have been satisfied; ***(d)*** Franchisor has received from you a signed ACH Authorization (Attachment E); ***(e)*** Franchisor has received from you a fully executed copy of your Store lease containing the mandatory lease terms described in Attachment F; ***(f)*** Franchisor has received from you certificates of insurance as required by Article 11; and ***(g)*** you are otherwise in good standing under this Agreement.

3.6. Relocation. You may relocate the Store only with Franchisor's prior written consent. Franchisor will grant its consent if your lease expires or terminates through no fault of yours, or if the Store premises is destroyed or materially damaged by fire, flood, or other natural catastrophe ("**Innocent Loss or Casualty**") and you are not in default of this Agreement or any other agreement between you and Franchisor. Selection of the relocation site and Store construction, renovation, and opening shall be governed by this Article 3; provided that if the relocation occurred as a result of an Innocent Loss or Casualty, the Store must be open for business at the new location within six months of closing at the previous location and if the relocation occurred for any other reason, the Store must be open for business at the new location within five days of closing at the previous location. Franchisor may, in its sole discretion, assist you in the site transfer and may offer assistance in, but is not limited to, coordinating suppliers for the new location, training of new staff, and marketing planning assistance. You are solely responsible for all relocation costs and expenses. If Franchisor provides any assistance, you must reimburse Franchisor, upon demand, for all out-of-pocket costs that it incurs in connection with providing such assistance.

3.7 Extension of Site Selection Period. You, at your option, may obtain request, on Franchisor's prescribed form, attached hereto as **Attachment H**, a 120-day extension to any Site Selection Period ("Request for Extension of Site Selection Period"), by delivery of the Request for Extension of Site Selection Period to Franchisor the written notice of the extension. Written Notice is accepted by Franchisor when Franchisee completes the Request for Extension of Development Period, payment of a $3,000 extension fee is received and Franchisor approves the extension in writing. Upon delivery of a) a counter-executed Request for Extension of Site Selection Period, and b) full payment of the extension fee from Franchisee, the current Site Selection Period will be extended for 120 days, notwithstanding anything to the contrary contained herein, the approval of an extension of a Site Selection Period is at the sole discretion of Franchisor. Franchisor may approve or deny a request for any reason or no reason at all.

3.8 Extension of Opening Date. You, at your option, may obtain a 120-day extension to any Opening Date, by delivery to Franchisor written notice of the desired extension with payment of a $3,000 extension fee. Written Notice is accepted by Franchisor when Franchisee completes and submits the form "Request For Extension of Opening Date," attached hereto as Attachment I. Notwithstanding anything to the contrary contained herein, the approval of an extension of an Opening Date Deadline is at the sole discretion of Franchisor. Franchisor may approve or deny a request for any reason or no reason at all.

4. FEES

4.1. Initial Franchise Fee. Upon execution of this Agreement, you shall pay Franchisor an Initial Franchise Fee in the amount specified in the Summary Pages, which is fully earned and nonrefundable upon payment.

4.2. Royalty Fee. During the Term of this Agreement, you shall pay to Franchisor a nonrefundable and continuing Royalty Fee in the amount specified in the Summary Pages. Generally, the Royalty Fee will be calculated at the stated percentage of Gross Revenue and collected in the manner described in Sections 4.6. and 4.7., below.

4.3. Technology Fee. The parties acknowledge and agree that the technological environment is rapidly changing and that it is difficult to anticipate the cost of developing, acquiring, implementing, and licensing Internet and communications technologies that may benefit franchisees of the System.

Accordingly, in addition to the Royalty Fee, Franchisor reserves the right to impose a Technology Fee in an amount determined by Franchisor but which shall not exceed a defined amount in any calendar year ("**Technology Fee Cap**"). For the calendar year in which this Agreement became effective, the Technology Fee Cap is the greater of $450 per month or $5,400 per calendar year. The Technology Fee Cap shall increase automatically each calendar year by an amount not to exceed 10% of the prior year's Technology Fee Cap. You agree to pay the Technology Fee according to the terms prescribed by Franchisor.

4.4. Advances, Purchases, and Reimbursements. In addition to all other payments provided in this Agreement, you shall pay Franchisor and its Affiliates promptly when due all amounts advanced by Franchisor or which Franchisor has paid, or for which it has become obligated to pay on your behalf for any reason whatsoever; and shall pay all amounts due to Franchisor, its Affiliates, or third party suppliers, for the purchase of products, supplies or services relating to the Franchised Business. If Franchisor or an Affiliate of Franchisor elects to compensate a customer for a negative experience according to Section 6.1(f), you must reimburse the amount of the payment.

4.5. No Set-off Rights. You may not set-off, deduct, or otherwise withhold any fees or other amounts due Franchisor under this Agreement on grounds of alleged nonperformance by Franchisor of any of its obligations or for any other reason. Withholding payment of Royalty Fees, or any other amounts due Franchisor is a material breach of this Agreement.

4.6. Accounting Period. Franchisor has the right to define applicable accounting periods, for purposes of calculating and paying amounts due under this Agreement. Each period, which may be defined in terms of days, weeks, or months, in Franchisor's sole discretion, will be considered an "**Accounting Period**" for all purposes under this Agreement. Franchisor has the right to change or modify the definition of an Accounting Period, in its discretion, for the entire HTEAO franchise system, generally, or for you, individually, if you fail to comply with this Agreement. Franchisor shall provide you at least 30 days advance written notice of any change in Accounting Period affecting the HTEAO franchise system, or at least 30 days advance written notice of any change in Accounting Period affecting you, individually, based on your noncompliance under this Agreement. You shall make all changes necessary to conform to such change or modification.

4.7. Payment Terms and Procedures. All payments required by this Agreement shall be paid within the time Franchisor specifies ("**Due Date**"). If the Due Date is not a Business Day, then payment shall be due on the next Business Day. Franchisor shall determine the amount of the Royalty Fee, Brand Development Fund Contributions, and other amounts due under this Agreement by accessing and retrieving Gross Revenue data from your computer system, as permitted by Article 10. On each Due Date, Franchisor will transfer from your commercial bank operating account ("**Account**") the fees and Brand Development Fund contributions due and owing. If you have not reported Gross Revenue for any reporting period, or if Franchisor determines that you have underreported Gross Revenue, Franchisor also has the right to transfer from the Account, at its option, an estimated Royalty Fee, and Fund contributions, which estimate shall be based on prior amounts until sufficient documentation exists to prepare an accurate reconciliation. Any underpayments will bear interest according to Section 4.9, below. Any overpayment will be credited against future payments due under this Agreement.

4.8. Electronic Fund Transfer. You shall participate in Franchisor's then-current electronic funds transfer program. To this end, you shall: ***(a)*** comply with Franchisor's procedures, as specified in the Manual, or otherwise in writing; ***(b)*** perform those acts and sign and deliver those documents as may be necessary to accomplish payment by electronic funds transfer as described in this Section 4.8; ***(c)*** execute and deliver to Franchisor a form authorizing Franchisor and/or its Affiliate(s) to collect the Royalty Fee, and all other amounts due under this Agreement; and ***(d)*** make sufficient funds available in the Account for withdrawal by electronic funds transfer no later than the Due Date for payment thereof. Notwithstanding the provisions of this Article 4, Franchisor reserves the right to modify, at its option, the

method by which you pay the Royalty Fee, and other amounts owed under this Agreement upon receipt of written notice by Franchisor. Your failure to have sufficient funds in the Account is a material breach of this Agreement.

4.9. Interest; Nonsufficient Funds Charge. Any payments not received by Franchisor by the Due Date will accrue interest at the rate of 18% per annum or the highest lawful interest rate permitted by the jurisdiction in which the Store operates, whichever is less. If any check, draft, electronic or otherwise, is returned for insufficient funds, you shall pay to Franchisor a nonsufficient funds charge in the amount of $100 (which may be increased each year by an amount not to exceed 10% of the then-current amount) and reimburse Franchisor for all expenses that it incurs on account of such nonsufficient funds.

4.10. Partial Payments; Application of Payments. If you pay less than the amount due, your payment will be considered a partial payment on account. Franchisor may accept such payment as a partial payment, irrespective of any endorsement or other statement that the payment constitutes full payment. Franchisor's acceptance of such partial payment will not be considered a waiver of any of its right to demand or receive full payment, and you hereby waive any estoppel defense in this regard. Franchisor may apply your payments to any indebtedness, in its sole and reasonable discretion, regardless of any designation that accompanies the payment.

4.11. Payment of Taxes. If any tax is imposed on payment owed to Franchisor (other than a tax imposed on Franchisor's net income), then you shall be responsible and shall pay the tax in addition to your payment obligation, the intent being that Franchisor shall receive all payments in full, as if no such tax had been imposed.

4.12. Administrative Fee. If at any time your Store fails to conform to System requirements, Franchisor shall have the right to impose and collect from you an administrative fee as described in this paragraph ("**Administrative Fee**"). Specifically, ***(a)*** Franchisor may impose and collect from you a $250 Administrative Fee for each "enforcement effort" that Franchisor undertakes on account of your noncompliance with System (e.g., a letter, email, or telephone communication notifying you of noncompliance or continued noncompliance), and ***(b)*** if Franchisor has notified you of noncompliance and you have failed to correct the issue within seven days, Franchisor may impose and collect from you a $250 Administrative Fee per week until the issue has been corrected to Franchisor's satisfaction. Franchisor also may impose and collect a $250 Administrative Fee if you fail to acknowledge receipt of Franchisor's communications to you, or to respond to Franchisor's communications within 24 hours of delivery. This fee is not a penalty but is intended to compensate Franchisor for the additional costs that Franchisor incurs in enforcing your compliance with the System and is in addition to and not in lieu of any other rights or remedies that Franchisor may have based on your noncompliance with the System. Franchisor may impose and collect the Administrative Fee whether or not the noncompliance at issue is of the type or degree that constitutes a material default of your obligations under this Agreement and, if it is, whether or not a cure period applies. At Franchisor's option, Franchisor may require you to demonstrate full compliance with your obligations by submitting to Franchisor a comprehensive walk-through video of your Store premises in accordance with the Standards.

5. TRAINING AND ASSISTANCE

5.1. Initial Training. Before you may open the Store for business, Franchisor will provide, and your "General Manager" (GM50) must attend and complete to Franchisor's satisfaction Franchisor's initial training program. The initial training program will take place at a location and time that Franchisor designates. Two individuals, including your "General Manager" (GM50), may attend Franchisor's initial training program without charge. At your request, Franchisor may permit additional individuals to attend the same training program, subject to space availability and payment of a reasonable tuition, not to exceed $3,000 per additional trainee. You are responsible for all costs and expenses of complying with Franchisor's training requirements including, without limitation, tuition and registration costs and salary, travel, lodging, and dining costs for all of your employees who participate in the training.

5.2. Store Opening Assistance.

5.2.1. If this Agreement is being signed in conjunction with your first HTEAO Store, Franchisor will make available at least one individual to provide you four days of on-site Store opening assistance. If this Agreement is being signed in conjunction with other than your first HTEA Store, Franchisor has no contractual obligation to provide on-site Store opening assistance. At your request, or if Franchisor deems necessary, Franchisor shall provide additional on-site opening assistance, subject to availability of personnel. In such event, Franchisor has the right to charge (and you agree to pay) a per diem fee of $500 per individual providing such assistance per day, and you must reimburse Franchisor for all out-of-pocket costs that it incurs in connection with providing such additional assistance, including travel, lodging, and dining costs for the individual(s) providing such assistance.

5.2.2. If this Agreement is being signed in conjunction with your second or additional HTEAO Store, there is no mandatory pre-opening assistance requirement or commitment. However, Franchisor may elect to provide such on-site opening assistance as it deems necessary and appropriate, in its sole discretion. In such event, Franchisor has the right to charge (and you agree to pay) a per diem fee not to exceed $500 per individual providing such assistance per day, and you must reimburse Franchisor for all out-of-pocket costs that it incurs in connection with providing such on-site opening assistance, including travel, lodging and dining costs for the individual(s) providing such assistance.

5.3. Pre-Opening Consultation. Franchisor shall provide such pre-opening consultation and advice as it deems appropriate, which may include advice with regard to the development and operation of the Store, building layout, furnishings, fixtures and equipment, plans and specifications, purchasing and inventory control, and such other matters as Franchisor deems appropriate.

5.4. Ongoing Consultation. Franchisor shall provide such ongoing consultation and advice as it deems appropriate, which may include information about new product development, instruction concerning the operation and management of an HTEAO Store, advertising and marketing advice, and financial and accounting advice. Such consultation and advice may be provided, in Franchisor's discretion, through Store visits by Franchisor personnel, via meetings, seminars or conferences, and/or through dissemination of electronic or printed materials.

5.5. Additional Training. You shall cause your "General Manager" (GM50), Store managers, and/or other employees that Franchisor designates to attend such additional courses, seminars, and other training programs as Franchisor may reasonably require. You may also request additional training. Franchisor may charge a reasonable tuition for these additional courses, seminars, or other training programs, and you are responsible for all training-related costs and expenses including, without limitation, salary, travel, lodging, and dining costs for all employees who participate in the training.

5.6. Mandatory Ongoing Training. Franchisor from time to time may provide and, if it does, may require that previously trained and experienced Franchisees or their "General Manager" (GM50), managers, or employees attend and successfully complete refresher training programs or seminars at such location as may be designated by Franchisor, and at Franchisee's expense; provided, however, that attendance will not be required at more than three such programs for a minimum of two days each in any calendar year.

5.7. Franchisee Conventions. Franchisor from time to time may hold and, if it does, may require Franchisees or their "General Manager" (GM50), managers, or employees attend a convention, or may require the same to attend a third-party convention, at such location and time as may be designated by Franchisor, at Franchisee's expense; provided, however, that attendance will not be required at more than three such programs for a minimum of two days each in any calendar year.

5.8. Performance by Delegate. You acknowledge and agree that any rights or duties of Franchisor may be exercised and/or performed by any of Franchisor's designees, agents, or employees. Franchisor reserves the right to retain the services of a master development agent in the geographic area in which the Store will

be located. In such event, the master development agent may provide certain consultation, advice, services, and assistance, as Franchisor may direct. You acknowledge and agree that you are not an intended third-party beneficiary under any agreement between Franchisor and any master development agent.

6. OPERATION OF THE FRANCHISED BUSINESS

6.1. General Operating Requirements. You understand and acknowledge that every detail of the System is essential to maintain and enhance the goodwill associated with the Marks and the integrity of the brand. Accordingly, you agree as follows:

(a) To operate the Franchised Business according to the highest applicable health standards and ratings, to timely obtain any and all permits, certificates, or licenses necessary for the lawful operation of the Franchised Business, to operate the Franchised Business according to Franchisor's operating methods, standards, and specifications, and to maintain, at all times, high moral and ethical standards in the operation of the Franchised Business.

(b) To accept debit cards, credit cards, stored value cards, or other non-cash systems that Franchisor specifies periodically to enable customers to purchase authorized goods and services, and to install all hardware and/or software necessary to accept such payments.

(c) To take reasonable precautions to prevent data security breaches, and to comply with breach notification statutes and other legal requirements in the event of a security breach.

(d) To notify Franchisor by telephone and confirm in writing within 72 hours of any investigation or violation, actual or alleged, concerning any health, liquor, or narcotics laws or regulations and notify Franchisor in writing within five days of the commencement of any investigation, action, suit or proceeding, and the issuance of any order, writ, injunction, award, or decree of any court, agency or other government instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

(e) Upon the occurrence of a Crisis Management Event, to immediately inform Franchisor's President and CEO (or as otherwise instructed in the Manuals) by telephone, and to cooperate fully with Franchisor with respect to Franchisor's response to the Crisis Management Event.

(f) To process and handle all consumer complaints connected with or relating to the Store, and to promptly notify Franchisor of all: ***(i)*** safety or health violations; ***(ii)*** claims exceeding $1,000; and ***(iii)*** any other material claims against or losses suffered by the Franchised Business. You shall maintain any communications with governmental authorities affecting the Store during the term of this Agreement and for one year after the expiration or earlier termination hereof. If any customer of the Franchised Business contacts Franchisor to report a complaint about Franchisee's Store, the parties agree that Franchisor may, in its discretion, compensate the customer in such manner as Franchisor determines appropriate, and you agree to reimburse Franchisor the amount of such compensation upon demand by Franchisor.

6.2. "General Manager" (GM50). The Store must at all times be supervised by your General Manager (GM50). If this Agreement governs your first store, the General Manager (GM50) must have at least a 20% equity interest in the franchisee; for each additional store, or approved by Franchisor, the General Manager (GM50) need not have an equity interest in the franchisee if approved in writing by Franchisor and by signing the Multi-Unit Development Addendum. The General Manager (GM50) shall have full control over day-to-day Store management and operations. The General Manager (GM50) must attend and successfully complete Franchisor's initial training program and all additional training that Franchisor requires, to Franchisor's satisfaction. The General Manager (GM50) shall devote his or her full-time efforts to Store operations, and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitment. Franchisor shall have approved the General Manager (GM50) as meeting its then-current qualifications for such position. If the General

Manager (GM50) ceases to serve in, or no longer qualifies for, such position, you shall designate another qualified person to serve as your General Manager (GM50) within 30 days after the date the prior General Manager (GM50) ceases to serve or no longer qualifies to serve. Any proposed replacement General Manager (GM50) must successfully complete the initial training program and such other training required by Franchisor, and be approved by Franchisor, before assuming his or her position as General Manager (GM50) and, in no event, later than 90 days after the previous General Manager (GM50) ceased to serve in such position.

6.3. Employees. You shall maintain a competent, conscientious, and trained staff, and shall take such steps as are necessary to ensure that your employees render competent, prompt, courteous, and knowledgeable service in accordance with the Standards. You shall cause all employees, while working at the Store, to present a neat and clean appearance and to wear branding-related apparel and shall use reasonable efforts to prohibit your employees from wearing branding-related apparel during off-work hours. The parties acknowledge and agree that these requirements are necessary to preserve the goodwill identified by the Marks. The parties further acknowledge and agree that Franchisor (1) has no power or authority to hire or fire your employees, (2) has no power or authority to supervise or control your employees' work schedules or conditions of employment, (3) does not determine the rate or method of payment for your employees, and (4) has no right to maintain and does not maintain employment records for your employees. You are exclusively responsible for hiring personnel, for determining the number of jobs offered or job vacancies to be filled, for determining and changing employee wages and benefits and work hours in accordance with the laws of your jurisdiction, and for disciplining and discharging your employees. You are exclusively responsible for labor relations with your employees.

6.4. Authorized Offerings. You must offer and sell all items that Franchisor requires, and only those items that Franchisor has approved. You shall prepare, package, and serve all items in accordance with Franchisor's standards and its procedures for preparation, presentation, and service as communicated to you from time to time via the Manual or other written directives. Such standards and procedures may include, without limitation, use of containers and paper goods bearing the Marks, packaging procedures, product holding times, and other standards for displaying for sale items and merchandise. You shall participate in all market research programs that Franchisor requires, which includes test-marketing new products, purchasing a reasonable quantity of new products for test-marketing, promoting the sale of the new products, and providing Franchisor with timely reports and test results for all such programs.

6.5. Purchase Requirements. You shall purchase and install, at your expense, all fixtures, furnishings, equipment, decor, signs, and other items as Franchisor may reasonably direct; and shall refrain from installing or permitting to be installed on or about the Store premises any fixtures, furnishings, equipment, decor, signs, vending, or game machines or other items not approved for use by Franchisor. In addition, you shall purchase and use only items, containers, packaging materials, and supplies that conform to Franchisor's standards and specifications; and shall purchase, use, offer and/or promote the products and other items which are produced or manufactured in accordance with Franchisor's proprietary specifications and/or formulas or which Franchisor designates as "**Proprietary Products**." You must maintain minimum levels of inventory, Saleable Merchandise, or related goods and products as Franchisor requires. **Franchisor makes no warranty and expressly disclaims all warranties, including warranties of merchantability and fitness for any particular purpose, with respect to services, products, equipment (including, without limitation, any required computer systems), supplies, fixtures, furnishings or other items approved or required for use in connection with your operation of the Franchised Business**.

6.6. Purchases from Designated Sources.

6.6.1. You agree to purchase your requirements of products and services from Franchisor, its Affiliate(s), or other identified suppliers, distributors, or service providers (collectively "**Approved**

Suppliers") as Franchisor prescribes periodically. Franchisor shall provide you with a list of Approved Suppliers and a list of the products and services for which they are approved. The "Approved Suppliers List" may include manufactures, suppliers, service-providers and distributors for: (1) fixtures, furniture, equipment, signs, items of decor, audio/visual system, (2) Saleable Merchandise; (3) food products and ingredients, (4) uniforms and clothing, (5) advertising, point-of-purchase materials, and other printed promotional materials, (6) gift certificates and stored value cards, (7) stationery, business cards, contracts, and forms, (8) bags, packaging, and supplies bearing our Marks, (9) insurance coverage, (10) real estate brokerage services, (11) real estate development services, and (12) architectural and/or construction management services, (13) financial lending services, (14) specialized equipment-lending services, (15) point-of-sale services, or (16) credit card processing services. Franchisor may receive money or other benefits from Approved Suppliers based on your purchases, such as realizing a profit from the sale of goods or products to franchisees; you agree that Franchisor has the right to retain and use all such benefits as it deems appropriate, in its sole discretion.

6.6.2. You may purchase items and services for which Franchisor has not identified Approved Suppliers from any source, so long as the items and services meet Franchisor's specifications. These specifications may include brand requirements ("**Approved Brands**"), and to the extent that Approved Brands have been identified, you may purchase and use only the Approved Brands.

6.6.3. Franchisor may from time to time modify the list of Approved Suppliers and/or Approved Brands. You shall promptly comply with all such modifications.

6.6.4. Franchisor may approve one or more suppliers for any goods or materials and may approve a supplier only as to certain goods or materials. Franchisor may concentrate purchases with one or more suppliers or distributors to obtain lower prices and/or the best advertising support and/or services for any group of HTEAO Stores or any other group of Stores franchised or operated by Franchisor or its Affiliates. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, or other criteria, and concentration of purchases, as set forth above, and may be temporary pending a further evaluation of such supplier by Franchisor. Franchisor may establish commissaries and distribution facilities owned and operated by Franchisor or an Affiliate that Franchisor may designate as an approved supplier. **Franchisor makes no representation concerning, and expressly disclaims any liability arising out of or in connection with, the services rendered or products furnished by any supplier approved or designated by Franchisor. Franchisor's approval or consent to any services, goods, suppliers, or any other individual, entity or any item shall not create any liability to Franchisor.**

6.6.5. If you propose to purchase from a previously unapproved source, you shall submit to Franchisor a written request for such approval, or shall request the supplier to submit a written request on its own behalf. Franchisor has the right to require, as a condition of its approval, that its representatives be permitted to inspect the supplier's facilities, and that such information, specifications, and samples as Franchisor reasonably requires be delivered to Franchisor and/or to an independent, certified laboratory designated by Franchisor for testing prior to granting approval. A charge equal to the lesser of $1,000 or the actual cost of the inspection and the actual cost of the test shall be paid by you. Franchisor will notify you within 30 days of your request as to whether you are authorized to purchase such products from that supplier. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any such approved supplier and to revoke its approval of any supplier upon the suppliers' failure to meet Franchisor's criteria for quality and reliability.

6.7. Franchised Location; Vehicles.

6.7.1. You shall maintain the Store (including adjacent public areas) in a clean, orderly condition and in excellent repair and in accordance with Franchisor's standards. You shall, at your expense, make such additions, alterations, repairs, and replacements under this Agreement as may be required for that purpose, including, without limitation, such periodic repainting, repairing, and replacing

of obsolete or deteriorated signs, furnishings, fixtures, equipment, and decor as Franchisor may reasonably direct. Upon Franchisor's request, you shall install and maintain at the Store interactive multi-media equipment, devices, and facilities Franchisor requires, including, without limitation, approved surveillance systems, music systems, Wi-Fi, and other wireless Internet and communications systems, and interactive displays, including plasma or LCD screens. You must cause the Store to play only the music or types of music that Franchisor designates. If a designated music provider has been identified, you must acquire music from such provider.

6.7.2. You shall not cause or permit vending, gaming machines, pay telephones, automatic teller machines, Internet kiosks, or any other mechanical or electrical device to be installed or maintained at the Franchised Location.

6.7.3. You shall purchase and install, at your expense, all fixtures, furnishings, equipment, decor, signs, and other items as Franchisor may reasonably direct from time to time in the Manual or otherwise in writing in accordance with Franchisor's standards and specifications; and shall refrain from installing or permitting to be installed on or about the Franchised Location, any fixtures, furnishings, equipment, decor, signs, vending, or game machines or other items not previously approved in writing as meeting Franchisor's standards and specifications.

6.7.4. At Franchisor's request, but not more often than once every 60 months (and in addition to any work which you may undertake pursuant to other sections of this Agreement), you shall refurbish the Franchised Location, at your own expense, to conform to the building design, trade dress, color schemes, and presentation of the Marks in a manner consistent with the then-current public image for new or remodeled HTEAO Stores in the System, including, without limitation, replacement or renovation of equipment, remodeling, redecoration, and modifications to existing improvements and reasonable structural changes that Franchisor may reasonably require or that may be required by law.

6.7.5. If applicable, any vehicle used in connection with the operation of the Store shall be maintained in excellent condition and repair, and shall meet Franchisor's standards and specifications.

6.8. Days and Hours of Operation. You shall cause the Store to be open and in normal operation for such hours and days as Franchisor may specify in the Manual or in other written directives, and only during the hours and on the days that Franchisor permits.

6.9. Quality Assurance Inspections; Mystery Shops. Franchisor has the right to enter upon the Store premises during regular business hours for purposes of conducting quality assurance audits and mystery shops and to assess customer satisfaction. During these inspections, Franchisor may obtain for testing purposes and without charge, reasonable quantities of inventory, products and supplies. Such quality assurance audits and mystery shops may be conducted by Franchisor personnel at Franchisor's expense, or by independent, third party providers at your expense. At Franchisor's request, you shall engage one or more third party service providers, which may be designated by Franchisor, to provide periodic quality assurance audits and/or mystery shops at your sole cost and expense.

6.10. Modification to the System. You shall at your own expense, make such alterations, additions, or modifications to the Franchised Location as Franchisor may reasonably require to accommodate changes made by Franchisor to the System, including, without limitation, changes to authorized goods or services or market positioning. You have 90 days from receipt of notice regarding re-imaging requirements in which to make the required alterations, additions, or modifications to the Franchised Location. You shall not implement any modification to the System without Franchisor's express prior written consent.

6.11. Pricing. To the fullest extent permitted by applicable law, Franchisor reserves the right to establish maximum, minimum, or other pricing requirements with respect to the prices you charge for products or services.

6.12. Intranet/Extranet System. Franchisor may, at its option, establish and maintain an intranet or extranet system through which members of the HTEAO franchise network may communicate and through which Franchisor may disseminate updates to the Manual and other Confidential Information. Franchisor will have no obligation to establish or to maintain the intranet indefinitely, and may dismantle it at any time without liability to you. Franchisor may establish policies and procedures for the intranet's use. Franchisor expects to adopt and adhere to a reasonable privacy policy. However, you acknowledge that, as administrator of the intranet, Franchisor can access and view any communication that anyone posts on the intranet. You further acknowledge that the intranet facility and all communications that are posted to it will become Franchisor's property, free of any claims of privacy or privilege that you or any other individual may assert. If you fail to pay when due any amount payable to Franchisor under this Agreement, or if you fail to comply with any policy or procedure governing the intranet, Franchisor may temporarily suspend your access to any chat room, bulletin board, listserv, or similar feature the intranet includes until such time as you fully cure the breach. Franchisor has the right to impose, and you shall pay at Franchisor's request, a reasonable user fee not to exceed $1,000 per year.

6.13. Website. Franchisor may, but shall not be obligated to, establish and maintain from time to time Franchisor's website to provide information about the System and the goods and services that HTEAO Stores provide. Franchisor has sole discretion and control over the design and content of Franchisor's website.

6.14. Social Media and Internet Listings. You shall follow Franchisor's mandatory specifications, standards, operating procedures, and rules for using Social Media in connection with your operation of the Franchised Business and you agree to comply with any Social Media policy Franchisor implements. Franchisor shall create and own all Social Media accounts used in operation of the Franchised Business Access to Social media accounts is only granted through the award and execution of a marketing master service agreement (Marketing MSA) and shall be granted at the sole discretion of HTeaO. The term "**Social Media**" includes, without limitation, personal blogs; common social networks such as FACEBOOK, SNAPCHAT, INSTAGRAM, LINKEDIN, X, TIKTOK or YOUTUBE; internet listing sites such as WIKIPEDIA, GOOGLE, FOURSQUARE, and YELP; applications supported by mobile platforms such as iOS and Android; virtual worlds; file, audio, and video-sharing sites; and other similar internet, social networking, or media sites, mobile platforms, or tools.

6.15. Public Relations. You shall not make any public statements (including giving interviews or issuing press releases) regarding the Franchised Business or any particular incident or occurrence related to the Franchised Business, without the Franchisor's prior written approval.

6.16. Association with Causes. You shall not in the name of the Franchised Business: ***(i)*** donate money, products, or services to any charitable, political, religious or other organization, or ***(ii)*** act in support of any such organization, without the Franchisor's prior written approval.

6.17. Technology Risk. You acknowledge and agree that technology is constantly changing. Technologic devices and computer systems are always being updated, improved, replaced, and discontinued. Consequently, computer systems are sometimes incompatible and are susceptible to Internet, computer system, and communication failures. By entering into this Agreement, you assume all of the risk of all such issues and technology failures, which you acknowledge may affect your ability to order or receive products or to conduct business, and you acknowledge that Franchisor is not responsible for any damages caused by such issues or technology failures, including lost sales or profits.

6.18. Customer Privacy. The parties acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Marks and System. Accordingly, you agree that you shall cause the Store to meet or exceed, at all times, all applicable security standards developed by the Payment Card Industry Data Security Standards ("**PCI DSS**") council or its successor and other regulations and industry standards applicable to the protection of customer privacy and credit card information, including but not limited to the Fair and Accurate Credit

Transaction Act ("**FACTA**"), and all other data security requirements Franchisor may prescribe. You are solely responsible for educating yourself as to these regulations and standards and for achieving and maintaining applicable compliance certifications. You shall defend, indemnify and hold harmless Franchisor, Franchisor's affiliates, and their respective shareholders, directors, officers, employees, agents, successors and assignees ("**Franchisor Indemnitee**") from and against all losses, damages, liabilities, deficiencies, actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including but not limited to notification and investigation expenses, reasonable attorneys' fees, the cost of enforcing any right to indemnification hereunder, and the cost of pursuing any insurance providers, arising out of or resulting from any third-party claim or investigation against any Franchisor Indemnitee arising out of or resulting from your failure to comply with any of yours obligations under this Section 6.18.

6.19. Best Efforts. You shall use your best efforts to promote and increase the sales and recognition of goods and services offered through the Franchised Business. You shall require all of your employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all goods and services provided as part of the System.

7. MARKS AND COPYRIGHTS

7.1. Franchisor's Representations. Franchisor represents to you that it has the right to use and to sublicense to you the right to use the Marks in accordance with the terms and conditions of this Agreement.

7.2. Acknowledgments. You acknowledge that Franchisor or its Affiliate owns all right, title, and interest in and to the Marks and the goodwill associated with the Marks, and that you have no ownership interest in the Marks. You further acknowledge and agree that any and all goodwill associated with the Store and identified by the Marks is Franchisor's property and shall inure directly and exclusively to the benefit of Franchisor and that, upon the expiration or termination of this Agreement for any reason, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the Marks. You understand and agree that any use of the Marks other than as expressly authorized by this Agreement, without Franchisor's prior written consent, may constitute an infringement of Franchisor's rights herein and that the right to use the Marks granted herein does not extend beyond the termination or expiration of this Agreement.

7.3. Use of the Marks. You shall use only the Marks designated by Franchisor, shall use them only in the manner that Franchisor authorizes and permits, and shall use them with the symbols "®", "®", or "SM", as appropriate. You shall use the Marks only in connection with the operation and promotion of the Franchised Business, and only in the manner prescribed by Franchisor. You may not contest ownership or validity of the Marks or any registration thereof, or engage in any conduct that adversely affects the ownership or registration of the Marks, or Franchisor's right to use or to sublicense the use of the Marks. You shall execute all documents that Franchisor requests in order to protect the Marks or to maintain their validity and enforceability.

7.4. Restriction Against Use in Your Legal Name. You may not use the Marks or any part thereof in your legal name, and may not use them to incur any obligation or indebtedness on Franchisor's behalf. You shall comply with our instructions in filing and maintaining the requisite trade name or fictitious name registrations, and shall execute any documents necessary to obtain protection of the Marks or to maintain their continued validity and enforceability.

7.5. Restriction Against Use of the Marks and Copyrighted Works on the Internet. You may not use the Marks or any part or derivative thereof or any of Franchisor's Copyrighted Works on the Internet, except as expressly permitted in writing. Without limiting the generality of the foregoing, you may not use the Marks or any part or derivative of the Marks as part of any URL or domain name, and may not register the Marks or any part or derivative of the Marks as part of any user name on any gaming website

or social networking website (including, but not limited to FACEBOOK, INSTAGRAM, TIK TOK, or X), whether or not such social media platform is used for commercial gain, or as part of any unauthorized email address. You also may not display on any website (including commercial websites, gaming websites, and social networking websites) Franchisor's Copyrighted Works, which include the design portion of its Marks, or any items or collateral merchandise identified by the Marks, unless approved in writing by HTeaO.

7.6. Notice. You shall identify yourself as an independent franchise owner of the Franchised Business in conjunction with any use of the Marks or operation of the Franchised Business, including, but not limited to, such use on invoices, order forms, receipts, business stationery, business cards, and contracts, as well as at such conspicuous locations at the Store as Franchisor may designate in writing. The form and content of such notice shall comply with the standards set forth in the Manuals.

7.7. Infringement. You shall promptly notify Franchisor of any suspected unauthorized use of, or any challenge to the validity of the Marks, Copyrighted Works, or any challenge to Franchisor's or its Affiliate's ownership of, Franchisor's license to use and to license others to use, or your right to use, the Marks or Copyrighted Works licensed under this Agreement. You acknowledge that Franchisor or its Affiliate has the right to direct and control any administrative proceeding or litigation, or other adjudicative proceeding involving the Marks or Copyrighted Works, including any settlement thereof. Franchisor or its Affiliate has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks or Copyrighted Works. Franchisor shall defend you against any third-party claim, suit, or demand arising out of your use of the Marks or Copyrighted Works. If Franchisor, in its sole discretion, determines that you have used the Marks and Copyrighted Works in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisor. If Franchisor, in its sole discretion, determines that you have not used the Marks and Copyrighted Works in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by you. In the event of any litigation relating to your use of the Marks or Copyrighted Works, you shall execute any and all documents and do such acts as may, in the opinion of Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Marks or Copyrighted Works in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse you for your associated costs.

7.8. Changes to the Marks. Franchisor reserves the right, in its sole discretion, to designate one or more new, modified, or replacement Marks for your use and to require your use of any such new, modified, or replacement Marks in addition to or in lieu of any previously designated Marks. You must comply with any such directive within 60 days following your receipt of Franchisor's written notice to you.

8. SYSTEM, MANUALS AND INFORMATION

8.1. Manuals. Franchisor will provide you access to the Manuals, which may be in electronic format. You shall operate the Franchised Business in accordance with the standards, methods, policies, and procedures specified in the Manuals. The Manuals shall at all times remain the sole property of Franchisor. You shall ensure that your copy of the Manuals is kept current at all times, and in the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Franchisor shall be controlling. If your copy of the Manual is lost or destroyed, or if you fail to return the Manual upon expiration or termination of this Agreement, you must pay Franchisor a $250 Manual replacement fee.

8.2. System Modification. You acknowledge that the System, the Manuals, and the products and services offered by the Franchised Business may be modified, (such as, but not limited to, the addition, deletion, and modification of operating procedures, products and services) from time to time by Franchisor. You agree to comply, at your expense, with all such modifications, including, without

limitation, all requirements to implement the modifications, such as replacement or renovation of equipment, remodeling, redecoration, and modifications to existing improvements, including structural changes. Franchisor shall notify you of any such System changes and you shall implement any System changes upon receipt of notice thereof from Franchisor, and shall complete their implementation within such time as Franchisor may reasonably specify. For purposes of this Agreement, System changes shall include, without limitation, changes in any of the categories referred to in this Section 8.2.

8.3. Confidentiality. You shall maintain the confidentiality of all Confidential Information. You shall use Confidential Information only in connection with the operation of the Franchised Business, only for the purposes authorized by this Agreement, and shall divulge Confidential Information only to your employees and only on a need-to-know basis.

9. ADVERTISING AND MARKETING

9.1. General. All of your promotional and marketing materials shall be presented in a dignified manner and shall conform to Franchisor's standards and specifications related to advertising, marketing, and trademark use. You shall submit to Franchisor samples of proposed promotional and marketing materials, and notify Franchisor of the intended media, before first publication or use. Franchisor shall use good faith efforts to approve or disapprove proposed promotional and marketing materials within 10 days of their receipt. You may not use the promotional or marketing materials until Franchisor expressly approves the materials and the proposed media. Once approved, you may use the materials only in connection with the media for which they were approved. Franchisor may disapprove your promotional or marketing materials, or the media for which they were approved, at any time, and you must discontinue using any disapproved materials or media upon your receipt of written notice of disapproval.

9.2. Opening Day Promotion and Initial Marketing Campaign. On or before the date at when the Store opens for business, you must, at Franchisor's option, pay to Franchisor, an amount Franchisor designates, which will vary from location to location but will be at least the amount set forth in the Summary Page for them to conduct an opening day promotion and initial marketing campaign for your Store.

9.3. Brand Development Fund.

9.3.1. Each week during the Term, you shall contribute to the Brand Development Fund ("**Fund**") an amount designated by Franchisor from time to time, which will be collected in the manner described in Sections 4.6. and 4.7. Generally, the amount of your Brand Development Fund contribution may not exceed the percentage of Gross Revenue stated on the Summary Page. However, Franchisor may assess your local marketing expenditures on a six-month basis. If an audit of your local marketing expenditures reveals that you have failed to meet your local marketing obligations during the previous six-month assessment period, Franchisor has the right to increase your Brand Development Fund contribution to 4% of Gross Revenue. If that occurs, you will contribute to the Brand Development Fund 4% of Gross Revenue until you demonstrate compliance with your local marketing obligations during a full six-month assessment period, at which time your contribution to the Brand Development Fund will be reduced to the percentage stated on the Summary Page.

9.3.2. Franchisor has the right to use Fund monies, in its sole discretion, to pay for creative development services (including creation and modification of Store design and trade dress, logos, graphics and vehicle wraps, and advertising and promotional items, including the cost of photography services and design software), preparing and procuring market studies, providing or obtaining marketing services (including, without limitation, new product development; conducting customer surveys, focus groups, and marketing-related mystery shops and customer interviews); employing advertising and/or public relations agencies; developing, producing, distributing and placing advertising (including, without limitation, preparing and conducting media advertising campaigns in various media, local Store advertising and promotion in a particular area or market, or for the benefit of a particular Store or Stores in connection with Store opening promotions or otherwise), conducting and administering in-Store

promotions; preparing and executing direct mail advertising, and developing, producing and purchasing point-of-sale advertising, and other sales aids and promotional items and materials); new product development and development of product packaging; developing, updating and hosting Franchisor's web site (including development of locator programs) and/or an intranet or extranet system; obtaining sponsorships and endorsements; preparing and conducting sweepstakes and other promotions; developing, administering, and distributing coupons, certificates and stored value card programs, and the cost of products associated with the redemption of free coupons, gift certificates and stored value cards; developing and administering other customer loyalty programs; developing and administering online ordering platforms; providing and procuring public relations services; conducting public relations activities; charitable donations; and membership fees in international, national, regional, and/or local trade or other associations or organizations. Franchisor also will use Fund monies to reimburse itself for its costs of personnel and other administrative and overhead costs associated with providing the services described in this Section 9.3.2.

9.3.3. The parties acknowledge that Franchisor owns all rights to and retains all copyrights in all design and content developed using Fund monies and that Franchisor will have sole control over the creative concepts, content, form, and media placement of all advertising and promotional materials developed with Fund monies and the allocations of Fund monies to production, placement, and other costs. Franchisor will own all copyright in any works created using Fund monies. You acknowledge and agree that Franchisor is not obligated to expend Fund monies for placement of advertising in your trading area or to ensure that the Franchised Business benefits directly or *pro rata* from the expenditure of Fund monies. Franchisor will not use Fund monies for creating or placing any advertisement that is principally a solicitation for new franchisees, but may include in all advertising prepared using Fund monies (including Internet advertising) information concerning franchise opportunities, and a portion of Fund monies may be used to create and maintain one or more pages on Franchisor's web site devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by franchise candidates. Franchisor has no fiduciary duty to you or to any other person with respect to the collection or expenditure of Fund monies. Upon your reasonable request, Franchisor will provide you an annual, unaudited statement of Fund contributions and expenditures.

9.3.4. Although the Brand Development Fund is intended to be perpetual, Franchisor may terminate the Fund at any time. The Fund will not be terminated, however, until all Fund monies have been spent as provided in this Section 9.3.4 or returned to the Fund contributors on the basis of their respective contributions. Any amounts contributed to the Fund that are not spent in the year they are collected will remain in the Fund for future expenditures.

9.4. Local Marketing Expenditure. Each month, you shall spend the Local Marketing Expenditure amount set forth in the Summary Pages for Store marketing purposes that conform to Franchisor's standards. Only advertising and promotions of the type determined by Franchisor in its sole discretion will count towards satisfaction of the Local Marketing Expenditure requirement. At Franchisor's request, you must submit to Franchisor invoices and other documentation that reflects your compliance with this Section 9.4. Any amounts contributed to an Advertising Cooperative pursuant to Section 9.5, below, will be credited toward satisfaction of your Local Marketing Expenditure. Franchisor may conduct a six-month assessment of your local marketing expenditures to determine whether you are in compliance with this Section 9.4. If you fail to spend the Local Marketing Expenditure amount set forth in the Summary Pages, Franchisor may increase the amount of your Brand Development Fund as provided in Section 9.3.1., above.

9.5. Advertising Cooperatives.

9.5.1. Franchisor may, from time to time, form local or regional advertising cooperatives ("**Advertising Cooperative**") to pay for the development, placement, and distribution of advertising for the benefit of Stores located in the geographic region served by the Advertising Cooperative. Any

Advertising Cooperative established by Franchisor will be operated solely as a conduit for the collection and expenditure of Advertising Cooperative fees for the foregoing purposes.

9.5.2. If Franchisor forms an Advertising Cooperative for the region in which the Store is located, you agree to participate in the Advertising Cooperative pursuant to the terms of this Section 9.5.

9.5.3. Franchisor has the exclusive right to create, dissolve, and merge each Advertising Cooperative created, in its discretion, and to create and amend the organizational and governing documents related thereto, provided that such documents shall: ***(a)*** operate by majority vote, with each HTEAO Store (including Stores owned by Franchisor or its Affiliates) entitled to one vote; ***(b)*** entitle Franchisor to cast one vote (in addition to any votes it may be entitled to on account of its operation of Stores in the area served by the Advertising Cooperative); ***(c)*** permit the members of the Advertising Cooperative, by majority vote, to determine the amount of required contributions; and ***(d)*** provide that any funds left in the Cooperative at the time of dissolution shall be returned to the members in proportion to their contributions during the 12-month period immediately preceding termination.

9.5.4. You agree to be bound by all organizational and governing documents created by Franchisor and, at Franchisor's request, shall execute all documents necessary to evidence or affirm your agreement. The Advertising Cooperative shall begin operating on a date determined in advance by Franchisor.

9.5.5. No advertising or promotional plans or materials may be used by the Advertising Cooperative or furnished to its members without Franchisor's prior approval. All advertising plans and materials must conform to the Standards and must be submitted to Franchisor for approval according to the procedures set forth in Section 9.1 of this Agreement.

9.6. Loyalty Programs, Prize Promotions, and Promotional Literature.

9.6.1. You shall participate in and offer to your customers: ***(a)*** all customer loyalty and reward programs; ***(b)*** all contests, sweepstakes, and other prize promotions, which Franchisor may develop from time to time; and ***(c)*** all happy hour, promotional pricing, or similar promotions, which Franchisor may implement from time to time. Franchisor will provide you the details of each such program and promotion, and you shall promptly display all point-of-sale advertising and promotion-related information at such places within the Store as Franchisor may designate. You shall purchase and distribute all coupons, clothing, toys, and other collateral merchandise (and only the coupons, clothing, toys, and collateral merchandise) designated by Franchisor for use in connection with each such program or promotion.

9.6.2. If Franchisor develops or authorizes the sale of gift certificates and/or stored value cards, loyalty cards, and/or customized promotional receipts, you shall acquire and use all computer software and hardware necessary to process their sale and to process purchases made using them and be solely responsible for the service charges related to such processing. All proceeds from the sale of all gift certificates and stored value cards belong exclusively to Franchisor, and you shall remit the proceeds of such sales to Franchisor according to the procedures that Franchisor prescribes periodically. Franchisor shall reimburse or credit to you (at Franchisor's option) the redeemed value of gift cards and stored value cards accepted as payment for products and services sold by the Store. You shall be responsible for all processing fees associated with gift cards and stored value cards.

9.6.3. You also shall display at the Store all promotional literature and information as Franchisor may reasonably require from time to time. This may include, among other things, displaying signage or other literature containing information about the HTEAO franchise offering.

9.7. Web Site. Franchisor may maintain a web site on the Internet to, among other things, advertise and promote the HTEAO System. Franchisor may also maintain a presence of your Store on the web site,

subject to your continued compliance with the System and the provisions of this Agreement. You may not establish any independent web site on your behalf.

10. POS SYSTEM; ACCOUNTING AND RECORDS; TAXES

10.1. POS System. You shall acquire and use only the point of sale cash registers and computer systems and equipment that Franchisor prescribes for use by HTEAO Stores ("**POS System**"), and adhere to Franchisor's requirements for use. Requirements may include, among other things, connection to remote servers, off-site electronic repositories, and high speed Internet connections. Franchisor may, in its sole discretion, require you to add to your POS System memory, ports, and other accessories or peripheral equipment or additional, new, or substitute software, and replace or upgrade your POS System and software as Franchisor prescribes. Franchisor shall provide you 90 days advance written notice of any change to its POS System requirements. You shall acquire, install, and maintain such anti-virus and anti-spyware software as Franchisor requires and shall adopt and implement such Internet user policies as Franchisor may prescribe for purposes of avoiding, blocking, and eliminating viruses and other conditions that interfere with operation of the POS System.

10.2. Software. You shall: ***(a)*** use any proprietary software programs, system documentation manuals, and other proprietary materials that Franchisor requires in connection with the operation of the Store; ***(b)*** input and maintain in your computer such data and information as Franchisor prescribes in the Manual, software programs, documentation, or otherwise; and ***(c)*** purchase new or upgraded software programs, system documentation manuals, and other proprietary materials at then-current prices whenever Franchisor adopts such new or upgraded programs, manuals, and materials system-wide. You shall enter into all software license agreements, "terms of use" agreements, and software maintenance agreements, in the form and manner Franchisor prescribes, and pay all fees imposed thereunder.

10.3. Independent Access. Franchisor may independently poll Gross Revenue and other information input and compiled by your POS and accounting System from a remote location. There is no limitation on Franchisor's right to access this information.

10.4. Maintenance of Records. You shall prepare and preserve for at least five years from the date of preparation complete and accurate books, records, and accounts according to generally accepted accounting principles and in the form Franchisor prescribes.

10.5. Submission of Financial Statements and Tax Returns. No later than the tenth business day following the end of each Accounting Period, you shall provide to Franchisor a copy of the Accounting Period's profit and loss statement. In addition, no later than March 30 of each calendar year, you shall provide to Franchisor: ***(a)*** a copy of the previous year's annual profit and loss statements; ***(b)*** a copy of the previous year's sales tax returns; and ***(c)*** a copy of your federal and state income tax returns for the previous year; provided, however, that if you are an individual franchisee, you may submit only those schedules to your personal tax returns which reflect the revenues and expenses of the Franchised Business.

10.6. Submission of Performance Reports. You shall accurately report to Franchisor the Store's Gross Revenue and such other financial information, as Franchisor may reasonably require, using the procedures as Franchisor prescribes periodically. Reports shall be due on the date prescribed by Franchisor, and shall be signed by an authorized representative, attesting to their accuracy. Within 30 days following the end of each fiscal quarter, you shall provide to Franchisor a copy of your profit and loss statements prepared according to generally accepted accounting principles and which accurately reflect your financial information for the applicable Accounting Periods. You also shall provide to Franchisor such other reports, computer back-up and other information that Franchisor may reasonably request.

10.7. Audit of Franchisee Records. Franchisor or its designated agent has the right to audit, examine, and copy your books, records, accounts, and business tax returns at any time. If an inspection or audit

reveals underpayment of amounts owed to Franchisor, you shall immediately pay the understated amount with interest as provided in Section 4.9. If an audit or inspection reveals your understatement of Gross Revenue by 2% or more for any Accounting Period then, in addition to amounts due on the understatement and interest, you shall promptly reimburse Franchisor all costs and expenses that it incurred in connection with performing the audit or inspection (including travel, lodging and wage expenses, and attorneys' and accountants' fees) and we may require you to use a designated accounting service of our choosing and pay all applicable fees incurred with such service.

10.8. Use of Financial Information in Franchise Disclosure Document. You acknowledge and agree that it may be in the best interest of the franchise system to share historical revenue and expense information with prospective franchisees. To that end, you hereby authorize Franchisor to publish information concerning the Store's Gross Revenue and other information reported to Franchisor in its franchise disclosure document.

10.9. Taxes. You shall promptly pay all taxes due and owing based on your operation of the Store and the Franchised Business including, without limitation, sales taxes, income taxes, and property taxes.

11. INDEPENDENT CONTRACTOR, INSURANCE AND INDEMNIFICATION

11.1. Independent Contractor. The parties acknowledge and agree that you are operating the Franchised Business as an independent contractor. Nothing contained in this Agreement shall create or be construed to create a partnership, joint venture, or agency relationship between the parties. Neither party has any fiduciary obligations to the other, or will be liable for the debts or obligations of the other. Neither party may bind the other, transact business in the other party's name or in any manner make any promises or representations on behalf of the other party, unless otherwise agreed between them. You shall conspicuously identify yourself and the Franchised Business in all dealings with your customers, contractors, suppliers, public officials, and others, as an independent franchisee of Franchisor, and shall place a conspicuous notice, in the form and at such place as Franchisor prescribes, notifying the public of such independent ownership.

11.2. Insurance Obligations.

11.2.1. You shall maintain in full force and effect at all times during the term of this Agreement, at your expense, an insurance policy or policies meeting Franchisor's minimum insurance requirements. Each such policy shall be written by an insurance with an A.M. Best rating of not less than A-VII, shall be primary and non-contributory to any insurance carried by Franchisor or its Affiliates, and shall contain a waiver of subrogation in favor of Franchisor and its Affiliates.

11.2.2. Such policies shall include, at the minimum, the following: ***(a)*** property insurance with special form coverage (including equipment breakdown coverage) including business income and extra expense for actual loss sustained for 12 months or 30% of gross sales, and also including off premises utility services including overhead lines with limits of $20,000 and food spoilage with limits of $10,000, and with a maximum deductible of $5,000; ***(b)*** flood and earthquake insurance if the Store is located in a geographically prone area; ***(c)*** crime policy for employee dishonesty with minimum limits of $25,000 and monies and securities of $10,000 in and $10,000 out; ***(d)*** food borne illness/trade name restoration with minimum limits of $500,000 to cover lost income from an actual or alleged contamination event; ***(e)*** general liability coverage with minimum limits of $1,000,000 per occurrence and $2,000,000 in the aggregate including additional insured endorsement naming Franchisor (this policy will include fire legal with minimum limits of $300,000, medical payments with minimum limits of $5,000, and personal injury and advertising liability with minimum limits of $1,000,000); ***(f)*** employment practices liability including third party claims with minimum limits of $1,000,000 with required franchisee program endorsement providing for reimbursement of Franchisor's defense costs related to employment practices-related claims (limit applies per policy); ***(g)*** auto liability for all owned, non-owned and hired vehicles used in the Franchised Business with minimum $1,000,000 combined single limit liability and naming Franchisor as

an additional insured; ***(h)*** umbrella liability with minimum limits of $1,000,000 in excess of the general liability, auto liability, and employer's liability policies, naming Franchisor as additional insured; and ***(i)*** worker's compensation with statutory limits for the state in which workers are employed (or $1,000,000 in the absence of statutory limits), including employer's liability with minimum limits of $1,000,000/$1,000,000/$1,000,000 and the Alternate Employer's endorsement in Franchisor's favor. You also must maintain Builder's Risk insurance during the construction phase, naming Franchisor as an additional insured on all liability policies from contractors and sub-contractors and general liability policy during the construction phase.

11.2.3. Franchisor has the right to increase or modify required minimum coverages at any time.

11.2.4. Your obligation to obtain and maintain insurance is not limited in any way by reason of any insurance maintained by Franchisor, and your compliance with minimum insurance requirements will not relieve you of your indemnification obligations under Section 11.3 of this Agreement.

11.2.5. If you fail to procure or maintain these minimum insurance requirements, Franchisor or its designee has the right (but is not required) to procure such insurance on your behalf. Such right shall be in addition to and not in lieu of any other rights or remedies available to Franchisor. If this occurs, you shall reimburse Franchisor the cost of the premium and pay a reasonable administrative fee not to exceed $500, upon demand.

11.2.6. At least 10 days prior to the time you are first required to carry insurance, and thereafter at least 30 days prior to the expiration of any policy, you shall deliver to Franchisor a certificate of insurance evidencing your compliance with this Article 11. Each certificate of insurance shall expressly provide that no less than 30 days' prior written notice shall be given to Franchisor in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by such certificates.

11.3. Indemnification. You shall indemnify and hold harmless to the fullest extent by law, Franchisor, its Affiliates, and their respective directors, officers, employees, shareholders, and agents, (collectively, "**Indemnitees**") from any and all "**losses and expenses**" (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof arising out of or related to your operation of the Franchised Business including, but not limited to, claims arising as a result of the maintenance and operation of vehicles or the Franchised Location ("**event**"), and regardless of whether same resulted from any strict or vicarious liability imposed by law on the Indemnitees; provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of Indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided in this Agreement shall extend to any finding of comparative negligence or contributory negligence attributable to you). For the purpose of this Section 11.3, the term "**losses and expenses**" includes compensatory, exemplary, or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to Franchisor's reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. You shall give Franchisor prompt notice of any event of which you are aware, for which indemnification is required, and, at your expense and risk, Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided that Franchisor will seek your advice and counsel. Any assumption by Franchisor shall not modify your indemnification obligation. Franchisor may, in its sole and absolute discretion, take such actions as it seems necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect thereof as may be, in Franchisor's sole and absolute discretion, necessary for the protection of the indemnities or the System.

12. TRANSFER OF INTEREST

12.1. Transfer by Franchisor. Franchisor may assign or delegate any or all of its rights or obligations under this Agreement to any person or legal entity. Without limitation to the foregoing, you expressly affirm and agree that Franchisor and/or its Affiliates may sell their assets, the Marks, the Copyrighted Works, or the System; may sell securities in a public offering or in a private placement; may merge, acquire other Business Entities, or be acquired by another Business Entity; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of Franchisor's name, the Marks (or any variation thereof), the Copyrighted Works and System and/or the loss of association with or identification of HTEAO FC, LLC as the franchisor under this Agreement. You specifically waive any and all other claims, demands or damages arising from or related to the foregoing dispositions including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. You agree that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with other competitive or non-competitive businesses, and to operate, franchise or license those other businesses as HTEAO Stores operating under the Marks, the Copyrighted Works or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be proximate to the Franchised Business).

12.2. Transfer by Individual Franchisee to Business Entity for Convenience. If you are an individual, you may transfer your interest in this Agreement to a Business Entity for convenience of operation within the first 12 months of this Agreement by signing Franchisor's standard form of assignment and assumption agreement if: ***(a)*** the Business Entity is formed solely for purposes of operating the Franchised Business; ***(b)*** you provide to Franchisor a copy of the Business Entity's formation and governing documents and a certificate of good standing from the jurisdiction under which the Business Entity was formed; ***(c)*** you execute a general release and covenant not to sue, in a form prescribed by Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, shareholders, agents, and employees in their corporate and individual capacities; provided, however, that any release will not be inconsistent with any state law regulating franchising; ***(d)*** all holders of a legal or beneficial interest in the Business Entity has signed a Guaranty and Personal Undertaking in the form of Attachment D-1; and ***(e)*** you pay to Franchisor a Transfer Fee in the amount set forth in the Summary Pages.

12.3. Transfer Among Owners; Transfer of Non-Controlling Interest. If you are a Business Entity, your Owners may transfer their ownership interests in the Business Entity among each other, and may transfer up to a Non-Controlling Interest in the Business Entity to one or more third parties, if: ***(a)*** you have provided to Franchisor advance notice of the transfer, ***(b)*** Attachment C has been amended to reflect the new ownership; ***(c)*** each new Owner has signed a Guaranty and Personal Undertaking in the form of Attachment D-1; ***(d)*** each previous and/or new Owner has executed a general release and covenant not to sue, in a form prescribed by Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, shareholders, agents, and employees in their corporate and individual capacities; provided, however, that any release will not be inconsistent with any state law regulating franchising; and ***(e)*** you pay to Franchisor a Transfer Fee in the amount set forth in the Summary Pages.

12.4. Transfer of Agreement; Transfer of the Franchised Business; Transfer of Controlling Interest. All other transfers (including any sale or transfer of your interest in this Agreement, the sale or transfer of all or substantially all of the assets of the Store, and the sale of a Controlling Interest in you if you are a Business Entity) require Franchisor's prior written consent. Franchisor will not unreasonably withhold its consent to a transfer, but may condition its consent on satisfaction of any or all of the following:

12.4.1. Your written request for consent in writing and delivery of a copy of the proposed transfer agreements, including sale terms, at least 30 days prior to the proposed transfer, and Franchisor's determination, in its sole and reasonable discretion, that the terms of the sale will not materially and adversely affect the post transfer viability of the Franchised Business.

12.4.2. The transferee has demonstrated to Franchisor's satisfaction that the transferee meets Franchisor's then-current educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Franchised Business; and has sufficient equity capital to operate the Franchised Business (which condition shall be presumed if the transferee's net worth is equal to or exceeds your net worth at the time of transfer, excluding the value of the Franchised Business);

12.4.3. All of your accrued monetary obligations and all other outstanding obligations to Franchisor, its Affiliates, and third party suppliers shall be up to date, fully paid and satisfied, and you must be in full compliance with this Agreement and any other agreements between you and Franchisor, its Affiliates and your suppliers;

12.4.4. You or the transferee shall have agreed to refurbish the Store premises so that it meets Franchisor's image requirements for new HTEAO Stores;

12.4.5. You and each Owner have executed a general release and covenant not to sue, in a form prescribed by Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, shareholders, agents, and employees in their corporate and individual capacities; provided, however, that any release will not be inconsistent with any state law regulating franchising;

12.4.6. You agree to remain liable for all obligations that accrued under this Agreement prior to the effective date of the transfer, and you shall continue to remain responsible for your obligations of nondisclosure, noncompetition and indemnification as provided elsewhere in this Agreement, and all other obligations that survive termination, expiration or transfer, and shall execute any and all instruments reasonably requested by Franchisor to further evidence such obligation;

12.4.7. Payment of the Transfer Fee in the amount set forth in the Summary Pages;

12.4.8. The transferee's execution of Franchisor's then-current form of franchise agreement, the terms of which may be materially different than the terms of this Agreement and may include, among other things, a different percentage royalty fee and different advertising obligations. The term of such agreement shall be the remaining term of this Agreement at the time of transfer. The transferee shall have the option, however, to purchase a longer term (not to exceed a total of 15 years) by paying an extended term fee ("**Extended Term Fee**"). The Extended Term Fee will be calculated as Franchisor's then-current initial franchise fee divided by the number of days included in the initial term of the then-current franchise agreement, multiplied by the number of days of additional term being purchased by the transferee;

12.4.9. If the transferee is a Business Entity, then the transferee's Owners each shall sign Franchisor's standard form of Guaranty and Personal Undertaking;

12.4.10. The transferee shall have complied with Franchisor's then-current initial training requirements;

12.4.11. You have complied with the requirements set forth in Section 12.8; and

12.4.12. If Franchisor introduced the buyer to you, you have paid all fees due Franchisor under its then-current franchise resale policy or program.

12.5. Transfers Void. You understand and acknowledge that Franchisor has entered into this Agreement in reliance on your business skill, financial capacity, personal character, and experience. Accordingly, you may not sell or transfer your interest in this Agreement or the assets of the Franchised

Business (except in the ordinary course of your business) without Franchisor's prior written consent. In addition, if you are a Franchised Business Entity, no Owner may transfer or assign his or her equity interest in the Franchised Business Entity without Franchisor's prior written consent. Any purported transfer, by operation of law or otherwise, made without Franchisor's prior written consent will be considered null and void and will be considered a material breach of this Agreement.

12.6. Security Interest. You may grant a security interest in this Agreement or the franchise represented by this Agreement only to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of the operation of the Franchised Business and may not entitle or permit the secured party to take possession of or operate the Franchised Business or to transfer your interest in the franchise without Franchisor's consent.

12.7. Public Offerings. If you are a Business Entity and you intend to issue equity interests pursuant to a public or private offering, you shall first obtain Franchisor's written consent, which consent shall not be unreasonably withheld. You must provide to Franchisor for its review a copy of all offering materials (whether or not such materials are required by applicable securities laws) at least 60 days prior to such documents being filed with any government agency or distributed to investors. No offering shall imply (by use of the Marks or otherwise) that Franchisor is participating in an underwriting, issuance or offering of your securities, and Franchisor's review of any offering shall be limited to ensuring compliance with the terms of this Agreement. Franchisor may condition its approval on satisfaction of any or all of the conditions set forth in Section 12.4 and on execution of an indemnity agreement, in a form prescribed by Franchisor, by you and any other participants in the offering. For each proposed offering, you shall pay to Franchisor a retainer in an amount determined by Franchisor, which Franchisor shall use to reimburse itself for the reasonable costs and expenses it incurs (including, without limitation, attorneys' fees and accountants' fees) in connection with reviewing the proposed offering.

12.8. Right of First Refusal.

12.8.1. If you receive a bona fide offer to purchase your interest in this Agreement or all or substantially all of the assets of the Franchised Business in connection with the transferee's execution of an HTEAO Franchise Agreement, or if any Owner receives a bona fide offer to purchase his or her equity interests in you, and if you or such Owner wishes to accept such offer, you or the Owner must deliver to Franchisor written notification of the offer and, except as otherwise provided herein, Franchisor shall have the option, exercisable within 30 days after receipt of such written notification, to purchase the seller's interest on the same terms and conditions offered by the third party. If the bona fide offer provides for the exchange of assets other than cash or cash equivalents, the bona fide offer shall include the fair market value of the assets and you shall submit with the notice an appraisal prepared by a qualified independent third party evidencing the fair market value of such assets as of the date of the offer.

12.8.2. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by Franchisor as in the case of an initial offer. If Franchisor elects to purchase the seller's interest, closing on such purchase must occur by the later of: ***(a)*** the closing date specified in the third party offer; or ***(b)*** within 60 days from the date of notice to the seller of Franchisor's election to purchase. Franchisor's failure to exercise the option described in this Section 12.8 shall not constitute a waiver of any of the transfer conditions set forth in this Article 12.

12.9. Transfer Upon Death. Upon the death or permanent incapacity (mental or physical) of any Owner, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by Franchisor within six months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as an *inter vivos* transfer, except that the transfer fee shall be waived. In the case of transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 12.9, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Franchisor within six months, which

disposition shall be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within such period, Franchisor may, at its option, terminate this Agreement, pursuant to Section13.5.

12.10. Non-Waiver of Claims. Franchisor's consent to a transfer shall not constitute a waiver of any claims it may have against the transferring party, and it will not be deemed a waiver of Franchisor's right to demand strict compliance with any of the terms of this Agreement, or any other agreement to which Franchisor's and the transferee are parties, by the transferee.

13. DEFAULT AND TERMINATION

13.1. Termination In the Event of Bankruptcy or Insolvency. You will be in default under this Agreement, and all rights granted to you in this Agreement shall automatically terminate without notice, if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed and against you and you do not oppose it; if you are adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver for you or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law is instituted by or against you; if a final judgment remains unsatisfied or of record for 30 days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business or property; if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against the Franchised Location premises or assets or equipment is instituted against you and not dismissed within 30 days; or if the real or personal property of the Franchised Business is sold after levy thereupon by any sheriff, marshal, or constable.

13.2. Termination with Notice and Without Opportunity to Cure. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of notice without opportunity to cure if: ***(a)*** your "General Manager" (GM50) fails to successfully complete training; ***(b)*** you fail to open the Store for business by the Opening Date; ***(c)*** you abandon the Franchised Business (which will be presumed if you cease operations for three consecutive days or more); ***(d)*** you lose any license required to operate the Franchised Business or you lose your right to occupy the Store premises; ***(e)*** you or any Owner is convicted of, or pleads no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System; ***(f)*** there is any transfer or attempted transfer in violation of Article 12 of this Agreement; ***(g)*** you or any Owner fails to comply with the confidentiality or noncompete covenants in this Agreement; or ***(h)*** you or any Owner has made any material misrepresentations in connection with your franchise application; ***(i)*** you fail to comply with notification requirements set forth in Sections 6.1(c) or (d) concerning investigations and Crisis Management Events; ***(j)*** you understate any payment to Franchisor by 2% or more, or understate any such payment in any amount, twice in any two-year period; ***(k)*** if an imminent threat or danger to public health or safety results from the operation of the Franchised Business; ***(l)*** you knowingly maintain false books or records or submit any false reports or statements to Franchisor; ***(m)*** you offer unauthorized products or services from the Store premises or in conjunction with the Marks or Copyrighted Works; ***(n)*** you purchase items for which Franchisor has identified Approved Suppliers from an unapproved source; ***(o)*** you fail to pass two or more quality assurance inspections within any rolling 12-month period; or ***(p)*** Franchisor delivers to you three or more written notices of default pursuant to this Article 13 within any rolling 12-month period, regardless of whether or not the defaults described in such notices ultimately were cured.

13.3. Termination with 10-Day Cure Period. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure the following defaults within 10 days after delivery of written notice: ***(a)*** you fail to obtain or maintain required insurance coverage; ***(b)*** you fail to pay any amounts due to Franchisor or its Affiliates; ***(c)*** you

fail to pay any amounts due to your trade creditors (unless such amount is subject to a bona fide dispute); ***(d)*** you fail to pay any amounts for which Franchisor has advanced funds for or on your behalf, or upon which Franchisor is acting as guarantor of your obligations; ***(e)*** you violate any provision of this Agreement concerning the use and protection of the Marks or Copyrighted Works; or ***(f)*** you violate any provision of this Agreement concerning the preparation, service, appearance or quality of HTEAO products.

13.4. Termination with 30-Day Cure Period. Except as otherwise provided in this Article 13, Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure any curable default within 30 days after delivery of written notice.

13.5. Termination Related to Death or Permanent Incapacity. Franchisor has the right to terminate this Agreement if an approved transfer as required by Section 12.9 is not effected within the designated time frame following a death or permanent incapacity (mental or physical).

13.6. Cross-Default. Any default under any agreement between you and Franchisor or its Affiliates, and failure to cure within any applicable cure period, shall be considered a default under this Agreement and shall provide an independent basis for termination of this Agreement.

13.7. Step In Rights. To prevent any interruption of the business of the Store, and any injury to the goodwill and reputation to the System which may be caused thereby, you hereby authorize Franchisor, and Franchisor shall have the right, but not the obligation, to operate the Store on your behalf for as long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement, in the event that: ***(a)*** your "General Manager" (GM50) is absent or incapacitated by reason of illness, death, or disability and, therefore, in Franchisor's sole determination, you are not able to operate the Store in full compliance with this Agreement; ***(b)*** any allegation or claim is made against your or any of your principals, or the operation of the Store, involving or relating to fraudulent, deceptive or illegal practices or activities; or ***(c)*** Franchisor determines that operational problems require Franchisor to operate your Store for a period of time to maintain the operation of the business as a going concern. If Franchisor undertakes to operate the Store pursuant to this Section 13.7, Franchisor shall have the right to collect and pay from the revenues of the Store all operating expenses including, without limitation, Royalty Fees, Brand Development Fund contributions, and employee salaries, and further shall be entitled to collect, as compensation for its efforts, a reasonable management fee of up to 10% of Gross Revenue. You shall indemnify and hold harmless Franchisor from any and all claims arising from the alleged acts and omissions of Franchisor and its representatives. Nothing contained herein shall prevent Franchisor from exercising any other right which Franchisor may have under this Agreement, including, without limitation, termination.

13.8. Additional Remedies. In addition to, or in lieu of, termination of this Agreement, in its sole discretion, Franchisor may require the Store be closed during any cure period relating to a default based on public health and safety concerns.

13.9. Liquidated Damages. The parties agree that your failure to develop and operate the Store for the full franchise term will cause Franchisor to incur damages: (i) in the nature of lost royalty income from Store operations ("Lost Profit Damages") and, (ii) if a lease has been signed for the Store, in the nature of reputational damages to the HTeaO brand ("Reputational Damage"), both of which are difficult to estimate. Accordingly, if this Agreement terminates prior to the natural expiration of the franchise term, you agree to pay Franchisor, as liquidated damages, an amount calculated as follows: (i) if a lease has not yet been signed for the Store, an amount calculated as 6% of the average weekly Gross Sales of all HTeaO Stores in operation at the time of termination, multiplied by 156, or (ii) if a lease has been signed for the Store, but Store construction either has not begun or has begun but the property does yet reflect any finishes, textures, or signage that would serve to identify the property as an HTeaO Store ("HTeaO Branding Elements"), an amount calculated as $100,000 plus 6% of the average weekly Gross Sales of all

HTeaO Stores in operation at the time of termination, multiplied by 156 or (iii) if Store construction has been completed or completed to the point that the property reflects any HTeaO Branding Elements, an amount calculated as $250,000 plus the present value of 6% of the Store's average weekly Gross Sales for the prior 52 weeks multiplied by the number of weeks remaining in the franchise term. If the Store has been operating for less than 52 weeks, then average weekly Gross Sales will be the average weekly Gross Sales for the period of operation. "Present value" will be calculated using a 7% discount factor. If the Store has not yet opened for business, average weekly Gross Sales will be the average weekly Gross Sales of all HTeaO Stores operating as of the date of termination. The parties further agree that this formula yields a reasonable forecast of the Lost Profit Damages and the Reputational Damage Franchisor will incur as a result of your failure to develop and operate the Store for the full franchise term. This liquidated damages provision applies only applies Lost Profit Damages and Reputational Damage. Nothing in this paragraph prevents Franchisor from seeking to recover compensation for other types of damages caused by a breach of your obligations under this Agreement including, without limitation, costs incurred in connection with site selection and site design and development.

14. OBLIGATIONS UPON TERMINATION OR EXPIRATION

14.1. Cease Use of Marks; Copyrighted Works; Cancellation of Fictitious Name; Assignment of E-mail Addresses, URLs, Domain Names, Internet Listings. You shall immediately cease all use of the Marks, Copyrighted Works, and Confidential Information. You shall cancel any assumed name registration containing the Marks. You shall, at Franchisor's option and request, assign to Franchisor all rights to all e-mail addresses, URLs, domain names, Internet listings, and Internet accounts related to the Franchised Business. You hereby appoint Franchisor as your attorney-in-fact with full power and authority for the sole purpose of assigning these rights to Franchisor. This appointment shall be deemed to be coupled with an interest and shall continue in full force and effect until the termination or expiration of this Agreement.

14.2. Assignment of Lease; De-Identification. At Franchisor's request, you shall assign to Franchisor or its designee your interest in the lease, including your interest in all leasehold improvements, without additional compensation. If Franchisor does not request assignment of the lease before or within 30 days after the date of expiration or termination of this Agreement, then within 40 days after termination or expiration of this Agreement, you shall modify the Store premises (including, without limitation, the changing of the color scheme and other distinctive design features, and the changing of and assigning to Franchisor of, the telephone numbers) as may be necessary to distinguish the appearance of the Franchised Location from that of other HTEAO Stores, and shall make such specific additional changes to the Franchised Location as Franchisor may reasonably request for that purpose. If you fail de-identify the Store premises within a reasonable time, you hereby grant a license to Franchisor's personnel and designees to enter upon the Store premises and take all actions necessary to de-identify the premises as an HTEAO Store including, without limitation, removing all signage, advertising materials, trade dress, displays, proprietary equipment, and Proprietary Products, and any other items which display the Marks or reflect Franchisor's trade dress. Franchisor may charge a reasonable fee for its services; you agree to pay the fee on demand and to reimburse Franchisor for all de-identification related costs that it incurred.

14.3. Return of Manuals and Other Confidential Information. You shall immediately deliver to Franchisor the Manuals and all other manuals, records, correspondence, files, and any instructions containing Confidential Information relating to the operation of the Franchised Business which are in your possession; and all copies thereof (all of which are acknowledged to be the property of Franchisor).

14.4. Franchisor's Right to Purchase Fixtures and Tangible Assets. Franchisor has the option to purchase your interest (if any) in any or all of the Store's leasehold improvements, furniture, fixtures, equipment, inventory, supplies, and interior and exterior signs for a purchase price equal to the lesser of your cost or then-current liquidation value, to be determined by a qualified independent third-party of Franchisor's choosing, and may set off against the purchase price any amounts that you owe to

Franchisor. Franchisor shall exercise its option by written notice to you delivered before or within 30 days after the date of expiration or termination of this Agreement.

15. COVENANTS

15.1. Non-Competition During Term of Agreement. You and each Owner acknowledge that you and each Owner will receive valuable specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques and trade secrets of Franchisor and the System. You and each Owner covenant and agree that during the term of this Agreement, except as otherwise approved in writing by Franchisor, you and, if applicable, such Owner, shall not, either directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, or legal entity:

15.1.1. Divert or attempt to divert any present or prospective customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

15.1.2. Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business, other than an HTEAO Store operated pursuant to a then-currently effective franchise agreement with Franchisor at any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor or its Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks.

15.2. Non-Competition After Expiration or Termination of Agreement. For a continuous two-year period commencing upon a transfer permitted under Section 12 of this Agreement, expiration of this Agreement (without renewal), or termination of this Agreement (regardless of the cause for termination), you shall not either directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, persons, or legal entity, own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with any Competitive Business, other than an HTEAO Store operated pursuant to a then-currently effective franchise agreement with Franchisor, and is, or is intended to be, located ***(a)*** at the location of the former Store; ***(b)*** within a 25-mile radius of the Store; or ***(c)*** within a 25-mile radius of any other HTEAO Store in existence or under development at the time of such expiration, termination or transfer. If any Owner ceases to be an Owner of the franchisee for any reason during the franchise time, the foregoing covenant shall apply to the departing Owner for a two-year period beginning on the date such person ceases to meet the definition of an Owner. The time period described in this Section 15.2 shall be tolled during any period of noncompliance.

15.3. Additional Provisions. The parties acknowledge and agree that Franchisor has the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 15.1 and 15.2, or any portion thereof, without your consent or the consent of any Owner, effective immediately upon delivery of written notice to the affected party; and you and each Owner agree that such person shall comply forthwith with any covenant as so modified. You and each Owner expressly agree that the existence of any claims you may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants in this Article 15. You agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Article 15.

15.4. Covenants from Individuals. Each individual who attends Franchisor's training program and other key employees designated by Franchisor shall be required to sign a confidentiality and noncompete agreement substantially in the form attached as Attachment D-2 to this Agreement. You shall be responsible for ensuring compliance with such agreement.

15.5. Breach of Covenants Causes Irreparable Injury. You acknowledge that your violation of any covenant of this Article 15 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and you consent to the issuance of, and agree to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an *ex parte* or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

15.6. Exception for Publicly Held Companies. The foregoing restrictions shall not apply to your ownership or any Owner's ownership of less than a 5% beneficial interest in the outstanding equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

15.7. Improvements. If you, your employees, or Owners develop any new concept, process or improvement in the operation or promotion of an HTEAO Store ("**Improvement**"), you agree to promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such Improvement shall become Franchisor's sole property and Franchisor shall be the sole owner of all related patents, patent applications, and other intellectual property rights. You and your Owners hereby assign to Franchisor any rights you or your Owners may have or acquire in the Improvements, including the right to modify the Improvement, and waive and/or release all rights of restraint and moral rights therein and thereto. You and your Owners agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such Improvement in any and all countries and further agree to execute and provide Franchisor with all necessary documentation for obtaining and enforcing such rights. You and your Owners hereby irrevocably designate and appoint Franchisor as agent and attorney-in-fact for you and for them to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to any such Improvement. In the event that the foregoing provisions of this Section 15.7 are found to be invalid or otherwise unenforceable, you and your Owners hereby grant to Franchisor a worldwide, perpetual, nonexclusive, fully-paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe on you or your Owners' rights therein.

16. REPRESENTATIONS

16.1. Representations of Franchisor. Franchisor represents and warrants that: ***(a)*** Franchisor is duly organized and validly existing under the law of the state of its formation; and ***(b)*** the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within Franchisor's corporate power and have been duly authorized.

16.2. Representations of Franchisee.

16.2.1. You represent and warrant that the information set forth in Attachment C, incorporated by reference hereto, is accurate and complete in all material respects. You shall notify Franchisor in writing within 10 days of any change in the information set forth in Attachment C. You further represent to Franchisor that: ***(a)*** you are duly organized and validly existing under the law of the state of your formation; and ***(b)*** your corporate charter or written partnership or limited liability company agreement, as applicable, will at all times provide that your activities are confined exclusively to the operation of the Franchised Business. You warrant and represent that neither you nor any of your Affiliates or Owners own, operate or have any financial or beneficial interest in any business that is the same as or similar to an HTEAO Store; and the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power, or if you are a partnership or a limited liability company, are permitted under your written partnership or limited liability company agreement and have been duly authorized.

16.2.2. You acknowledge that you have conducted an independent investigation of the HTEAO franchise opportunity, and recognize that the business venture contemplated by this Agreement involves

business risks and that its success will be largely dependent on your ability as an independent business person.

16.2.3. You represent that neither Franchisor nor its agents or representations have made any representations, and you have not relied on representations made by Franchisor or its agents or representatives, concerning actual or potential sales, expenses or profit of an HTEAO Store, except for any information that may have been contained in Item 19 of the franchise disclosure document, delivered to you in connection with your purchase of an HTEAO franchise.

16.2.4. You acknowledge that you have received a complete copy of Franchisor's franchise disclosure document at least 14 calendar days before you signed this Agreement or paid any consideration to Franchisor for your franchise rights.

16.2.5. You acknowledge that you have read and that you understand the terms of this Agreement and its attachments, and that you have had ample time and opportunity to consult with an attorney or business advisor of your choice about the potential risks and benefits of entering into this Agreement.

16.2.6. You represent that neither your property nor any interest in your property, nor the property of any of your Owners, officers, directors, managers, partners, agents or employees, or their respective interests therein, have been blocked pursuant to Executive Order 13224 of September 23, 2001, pertaining to persons who commit, threaten to commit, or support terrorism ("**Blocked Persons**"). You represent and warrant to Franchisor that you will not accept money from or employ any Blocked Person.

17. NOTICES

17.1. Notices. All notices or demands shall be in writing and shall be served in person, by certified mail; by private overnight delivery; or by or by facsimile or electronic mail. Service shall be deemed conclusively made: ***(a)*** at the time of service, if personally served; ***(b)*** upon the earlier of actual receipt or three calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; ***(c)*** 24 hours after delivery by the party giving the notice, statement or demand if by private overnight delivery; and ***(d)*** at the time of transmission by facsimile or electronic mail, if such transmission occurs prior to 5:00 p.m. on a Business Day and a copy of such notice is mailed within 24 hours after the transmission. Notices and demands shall be given to the respective parties at the addresses set forth on the Summary Pages, unless and until a different address has been designated by written notice to the other party. Either party may change its address for the purpose of receiving notices, demands and other communications as in this Agreement by providing a written notice given in the manner aforesaid to the other party.

18. CONSTRUCTION

18.1. Entire Agreement. This Agreement represents the entire, fully integrated agreement between the parties and supersedes all other negotiations, agreements, representations, and covenants, oral or written, concerning the subject matter hereof. Except for Franchisor's unilateral rights under this Agreement, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this Agreement is intended to disclaim any representation made in the franchise disclosure document delivered to you in connection with your purchase of an HTEAO franchise.

18.2. No Waiver. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless the same is made in writing and duly executed by the party to be charged therewith. No evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the parties arising out of or affecting this Agreement, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing, duly executed as aforesaid.

18.3. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

18.4. Survival of Terms. Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination.

18.5. Definitions and Captions. Unless otherwise defined in this body of this Agreement, capitalized terms have the meaning ascribed to them in Attachment A ("**Glossary of Additional Terms**"). All captions and section headings in this Agreement are intended for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

18.6. Persons Bound. This Agreement shall be binding on the parties and their respective successors and assigns. Each Owner shall execute the Guaranty and Personal Undertaking attached as Attachment D-1. Failure or refusal to do so shall constitute a breach of this Agreement. You and each Owner shall be joint and severally liable for each person's obligations hereunder and under the Guaranty and Personal Undertaking.

18.7. Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement shall be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable.

18.8. Timing. Time is of the essence with respect to all provisions in this Agreement. Notwithstanding the foregoing, if performance of either party is delayed on account of a Force Majeure, the applicable deadline for performance shall be extended for a period commensurate with the Force Majeure, but not to exceed 12 months.

18.9. No Strict Construction. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the parties, and no presumption or burden of proof will arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

18.10. Business Judgment. Notwithstanding any contrary provisions contained in this Agreement, the parties acknowledge and agree that: ***(a)*** this Agreement (and the relationship of the parties which arises from this Agreement) grants Franchisor the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with your explicit rights and obligations hereunder that may affect favorably or adversely your interests; ***(b)*** Franchisor will use its business judgment in exercising such discretion based on Franchisor's assessment of Franchisor's own interests and balancing those interests against the interests, promotion and benefit of the System and Stores generally (including Franchisor, and its Affiliates and other franchisees), and specifically without considering your individual interests or the individual interests of any other particular franchisee (examples of items that will promote or benefit the System and Stores generally include, without limitation, enhancing the value of the Marks and/or the HTEAO brand, improving customer service and satisfaction, improving project quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System); ***(c)*** Franchisor will have no liability to you for the exercise of its discretion in this manner; and ***(d)*** even if Franchisor has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification no trier of fact in any legal action shall substitute its judgment for Franchisor's judgment so exercised and such action or decision will not be subject to challenge for abuse of discretion. IF FRANCHISOR TAKES ANY ACTION OR CHOOSES NOT TO TAKE ANY ACTION IN ITS DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON,

THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT FRANCHISOR'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF ITS DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR ITS DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

19. APPLICABLE LAW; DISPUTE RESOLUTION

19.1. Choice of Law. This Agreement and all claims arising out of or related to this Agreement or the parties' relationship created hereby shall be construed under and governed by the laws of the State of Texas (without giving effect to any conflict of laws).

19.2. Mediation. The parties acknowledge that during the term and any extensions of this Agreement certain disputes may arise that the parties are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, Franchisor, you, and each Owner agree to submit any claim, controversy or dispute between Franchisor or its Affiliates (and Franchisor's and its Affiliate's respective owners, officers, directors, managers, agents, representatives and/or employees) and you or your Affiliates (and your Owners, agents, representatives and/or employees) arising out of or related to: ***(a)*** this Agreement or any other agreement between Franchisor and you, ***(b)*** Franchisor's relationship with you, or ***(c)*** the validity of this Agreement or any other agreement between Franchisor and you, to mediation before bringing such claim, controversy or dispute in a court or before any other tribunal.

19.2.1 The mediation shall be conducted by a mediator agreed upon by Franchisor and you and, failing such agreement within not more than 15 days after either party has notified the other of its desire to seek mediation, by the American Arbitration Association or any successor organization ("**AAA**") in accordance with its rules governing mediation. Mediation shall be held at the offices of the AAA in the city in which Franchisor maintains its principal place of business at the time the mediation is initiated. The costs and expenses of mediation, including the compensation and expenses of the mediator (but excluding attorneys' fees incurred by either party), shall be borne by the parties equally.

19.2.2 If the parties are unable to resolve the claim, controversy or dispute within 90 days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may bring a legal proceeding pursuant to Section 19.3. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

19.2.3 Notwithstanding the foregoing provisions of this Section 19.2, the parties' agreement to mediate shall not apply to controversies, disputes or claims related to or based on amounts owed to Franchisor pursuant to this Agreement, the Marks, Copyrighted Works, or Franchisor's Confidential Information. Moreover, regardless of this mediation agreement, Franchisor and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction.

19.3. Arbitration. Any dispute, controversy, or claim between the parties or their respective Affiliates or Owners including, without limitation, claims arising out of or relating to this Agreement and the relationships created hereby that are not solved during the mediation process described in Section 19.2. must be resolved by arbitration. The arbitration must be administered in accordance with the Commercial Rules of the AAA. The Arbitrator must be a person experienced in food service franchising or franchise law who has no prior business or professional relationship with either party. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) ("**FAA**"). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction, and the arbitrator must state in writing the reasoning upon which the award is based. The costs and expenses of arbitration paid to the AAA or to the arbitrator will be paid equally by the parties. All other arbitration-related expenses,

including but not limited to attorneys' fees and travel expenses, will be paid by the party which incurred such expense.

19.3.1. Arbitration will be conducted in the city in which Franchisor maintains its principal business office at the time of the arbitration. Arbitration will be conducted on an individual, not a class wide basis, and an arbitration proceeding between the parties and their respective Owners, officers, directors, agents, and/or employees may not be consolidated with any other arbitration proceeding between Franchisor and any other person. The arbitrator has no power or authority to award punitive damages.

19.3.2. Any disputes concerning the enforceability or scope of this arbitration provision must be resolved pursuant to the FAA, and the parties agree that the FAA preempts any state law restrictions (including the site of the arbitration) on the enforcement of this arbitration provision.

19.3.3. If you institute any claim subject to this arbitration proceeding in any court, and Franchisor succeeds in a motion to compel arbitration of the claim, you must reimburse Franchisor its reasonable attorneys' fees and costs in defending the action and in its motion to compel arbitration.

19.3.4. You shall not assert any claim or cause of action against us, our officers, directors, shareholders, employees, or affiliates after two years following the event giving rise to such claim or cause of action.

19.3.5. Notwithstanding the foregoing provisions of this Section 19.3., the parties' agreement to arbitrate will not apply to controversies, disputes, or claims related to or based on amounts owed to Franchisor pursuant to this Agreement, the Marks, or Franchisor's Confidential Information. Franchisor has the right to apply to any court of competent jurisdiction for injunctive relief to prevent continued or threatened harm while arbitration is pending. You and your Owners irrevocably consent to personal jurisdiction in the state and federal courts located in the county in which Franchisor maintains its principal place of business for this purpose.

19.4. Venue. Without limiting the generality of the arbitration provision, the parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought and maintained exclusively in the state or federal court serving the judicial district in which Franchisor maintains its principal place of business at the time the action is initiated, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Notwithstanding the foregoing, Franchisor shall have the right to seek injunctive relief from any court of competent jurisdiction.

19.5. Nonexclusivity of Remedy. No right or remedy conferred upon or reserved to Franchisor or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

19.6. WAIVER OF JURY TRIAL. EACH PARTY IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

19.7. WAIVER OF PUNITIVE DAMAGES. THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

19.8. Contractual Limitations Period. No legal action or proceeding may be brought against Franchisor or its officers, directors, agents, or employees, for any claim or cause of action (whether sounding in

contract, tort, or otherwise) unless such action or proceeding is instituted within two years and one day from the date the claim or cause of action accrued. This provision is intended to shorten any applicable statute of limitations to the extent permitted by law.

19.9. Attorneys' Fees. If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

19.10. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement.

19.11 No Representations; No Reliance. You acknowledge, expressly represent, and warrant that, except for representations made in Franchisor's franchise disclosure document, Franchisor has made no representations, warranties, or guarantees, express or implied, as to the potential revenues, profits or services of the business venture contemplated under this Agreement, and that you have not relied on any such representations in making your decision to purchase a HTEAO franchise. You further acknowledge, expressly represent, and warrant that neither Franchisor nor its representatives have made any statements inconsistent with the terms of this Agreement.

INTENDING TO TO BE LEGALLY BOUND, the parties have executed this Agreement to be effective on the Effective Date set forth above.

FRANCHISOR **HTEAO FC, LLC** a Texas limited liability company	**FRANCHISEE** _____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

HTEAO FC, LLC
FRANCHISE AGREEMENT

ATTACHMENT A
GLOSSARY OF ADDITIONAL TERMS

"**Account**" means your commercial bank operating account.

"**Affiliate**" means an affiliate of a named person identified as any person or entity that is controlled by, controlling or under common control with such named person.

"**Agreement**" means the Franchise Agreement.

"**Business Day**" means each day other than a Saturday, Sunday, U.S. holiday or any other day on which the Federal Reserve is not open for business in the United States.

"**Business Entity**" means any person with the power to enter into contracts, other than a natural person. The term includes a corporation, limited liability company, limited partnership, and trust.

"**Captive Market**" means any facility serving a captive market, including department stores, supermarkets, shopping malls, amusement parks, airports, train stations, travel plazas, casinos, nightclubs, stores, public facilities, college and school campuses, arenas, stadiums, ballparks, hospitals, office buildings, convention centers, airlines (in-flight service), military bases, and **any other mass gathering events or locations, and facilities of any kind for which service rights are contracted to a third party or parties (including, but not limited to, designated road ways and facilities adjacent thereto).** As used herein, the term "shopping malls" includes any retail center (enclosed or open), including "outlet malls," with an aggregate gross leasable area in excess of 350,000 square feet.

"**Competitive Business**" means any business or store that offers or provides (or grants franchises or licenses to others to operate a business or store that offers or provides) purified water, purified ice, water containers and coolers, coffee, hot teas, iced teas or related items.

"**Confidential Information**" means all trade secrets, the Standards, and other elements of the System; all customer information; all information contained in the Manuals; Franchisor's proprietary standards and specifications for product preparation, packaging and service; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of your operation under the terms of the Franchise Agreement, and all other information that Franchisor designates.

"**Controlling Interest**" means an interest in a Business Entity that includes the possession, directly or indirectly, of the power to direct or cause the direction of the management of the Business Entity, whether through ownership, voting rights, by contract, or otherwise. Any interest that is not a Controlling Interest is a "**Non-Controlling Interest**."

"**Copyrighted Works**" means works of authorship which are owned by Franchisor and fixed in a tangible medium of expression including, without limitation, the content of the Manual, the design elements of the Marks, Franchisor's bulletins, correspondence and communications with our franchisees, training, advertising and promotional materials, and the content and design of Franchisor's Web site.

"**Crisis Management Event**" means any event that occurs at or about the Store premises or in connection with the operation of the Franchised Business that has or may cause harm or injury to customers or employees, such as contamination, contagious diseases, natural disasters, terrorist acts, shootings or other acts of violence, or any other circumstance which may materially and adversely affect the System or the goodwill symbolized by the marks.

"**Force Majeure**" means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot or other civil disturbance; epidemics; or other similar forces which could not, by the exercise of reasonable diligence, have been avoided; provided, however, that neither an act or failure to act by a government authority, nor the performance, nonperformance, or exercise of rights by your lender, contractor, or other person qualifies as a Force Majeure unless the act, failure to act, performance, non-performance, or exercise of rights resulted from a Force Majeure. Your financial inability to perform or your insolvency is not a Force Majeure.

"**Gross Revenue**" means the total selling price of all services and products and all income of every other kind and nature related to your HTEAO Store, whether for cash or credit and regardless of collection in the case of credit. Gross Revenue does not include ***(a)*** sales (or similar) taxes that you collect from your customers if you transmit them to the appropriate taxing authority; ***(b)*** proceeds from isolated sales of trade fixtures that are not part of the products and services you offer and that do not have any material effect on the operation of your HTEAO Store; ***(c)*** tips or gratuities paid directly by Store customers to your employees or paid to you and then turned over to these employees by you in lieu of direct tips or gratuities; or ***(d)*** returns to shippers or manufacturers. Gross Revenue also does not include proceeds from the sale of gift certificates or stored value cards (all proceeds from the sale of gift certificates and stored value cards belong to Franchisor), but it does include the redemption value of gift certificates and stored value cards at the time purchases are made.

"**Manual**" means the compilation of information and knowledge that is necessary and material to the System. The term "Manual," as used in this Agreement, includes all publications, materials, drawings, memoranda, videotapes, CDs, DVDs, MP3s, and other electronic media that Franchisor from time to time may loan to you. The Manual may be supplemented or amended from time to time by letter, electronic mail, bulletin, videotape, CD, DVD, MP3, or other communications concerning the System to reflect changes in the image, specifications, and standards relating to developing, equipping, furnishing, and operating an HTEAO Store.

"**Marks**" means certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the mark "**HTEAO**" and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System.

"**Owner**" means each individual or entity holding a beneficial ownership in the franchisee. It includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust. If any "Owner" is, itself, a partnership or other entity, then the term "Owner" includes each individual or entity holding a beneficial ownership in the partnership or entity; the intent being that the term "Owner" is intended to include all individuals holding a beneficial interest in the franchisee, either directly or indirectly.

"**Proprietary Products**" means items that incorporate Franchisor's trade secrets and proprietary information and products and items that are prepared according to proprietary specifications.

"**Request for Extension to Site Selection Period**" means the Franchisee has submitted a 120-day extension to any Site Selection Period via Franchisor's prescribed form attached hereto as **Attachment H**."

"**Saleable Merchandise**" means products intended for retail sale at or from the Store location, whether or not the products are Proprietary Products, including ice chests, coolers, drinkware and related accessories, prepackaged food and related items.

"Suggested Retail Price" means the price that Franchisor or its Affiliate recommends that you sell a product or service, or the price that Franchisor requires you to sell a product or service in accordance with Section 6.11.

"**You**" means the franchisee identified above and its successors and assigns.

HTEAO FC, LLC
FRANCHISE AGREEMENT

ATTACHMENT B
KEY TERMS

Section 1.1.1. The "Franchised Location" is at: _____

Section 1.2. The "Protected Area" is described as follows:

_____
_____
_____
_____
_____

Section 3.5. The "Opening Date" is: _____

INTENDING TO BE LEGALLY BOUND, the parties have executed this Attachment B on _____ _____, 202__.

FRANCHISOR **HTEAO FC, LLC** a Texas limited liability company	**FRANCHISEE** _____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

HTEAO FC, LLC
FRANCHISE AGREEMENT

ATTACHMENT C
ENTITY INFORMATION

If Franchisee is an entity, you represent and warrant that the following information is accurate and complete in all material respects as of _____.

(1) Franchisee is a _____, formed under the laws of the state of _____.

(2) You shall provide to Franchisor concurrently with the execution hereof true and accurate copies of the franchisee's charter documents and governing documents including Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing.

(3) You promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in the franchisee entity.

(4) The name and address of each of Owner:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST

FRANCHISOR
HTEAO FC, LLC
a Texas limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE
_____

By: _____

Name: _____

Title: _____

HTEAO FC, LLC
FRANCHISE AGREEMENT
ATTACHMENT D-1

GUARANTY AND PERSONAL UNDERTAKING

1. I have read the Franchise Agreement between HTEAO FC, LLC ("**Franchisor**") and _____ ("**Franchisee**").

2. I own a beneficial interest in the Franchisee, and would be considered an "**Owner**" within the definition contained in Franchise Agreement.

3. I understand that, were it not for this Guaranty and Personal Undertaking (**"Guaranty**"), Franchisor would not have agreed to enter into the Franchise Agreement with the Franchisee.

4. I will comply with of the provisions contained in Article 7 of the Franchise Agreement concerning the Franchisee's use of Franchisor's Marks and Copyrighted Works (as that term is defined in the Franchise Agreement). I understand that, except for the license granted to the Franchisee, I have no individual right to use the Marks or Copyrighted Works and I have no ownership interest in the Marks or Copyrighted Works.

5. I will comply with all of the provisions contained in Article 8 of the Franchise Agreement concerning the use of the Confidential Manuals and Information. I will maintain the confidentiality of all Confidential Information disclosed to me. I agree to use the Confidential Information only for the purposes authorized under the Franchise Agreement. I further agree not to disclose any of the Confidential Information, except ***(a)*** to the Franchisee's employees on a need to know basis, ***(b)*** to the Franchisee's and my legal and tax professionals to the extent necessary for me to meet my legal obligations, and ***(c)*** as otherwise may be required by law.

6. I will comply with all of the provisions contained in Article 12 of the Franchise Agreement concerning the transfer of my ownership interest in the Franchisee.

7. While I am an Owner of the Franchisee and, for a two-year period after I cease to be an Owner (or two years after termination or expiration (without renewal) of the Franchise Agreement, whichever occurs first), I will not:

(a) Divert or attempt to divert any present or prospective customer of the HTEAO Store to any competitor or do anything to harm the goodwill associated with the Marks and the System;

(b) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business, other than an HTEAO Store operated pursuant to a then-currently effective franchise agreement. This restriction shall apply, while I am an Owner, to any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor or its Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks. It will apply for two years after I cease to be an Owner (or two years after termination or expiration of the Franchise Agreement, whichever occurs first) to any location that is, or is intended to be, located ***(i)*** at the location of the former Store; ***(ii)*** within a 25-mile radius of the Store; or ***(iii)*** within a 25-mile radius of any other HTEAO Store in existence or under development at the time I cease being an Owner (or termination or expiration of the Franchise Agreement, whichever occurs first). This time period will be tolled during any period of my noncompliance.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Guaranty. If all or any portion of a covenant in this Guaranty is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, I expressly agree to be bound by any lesser covenant subsumed

within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Guaranty.

9. I understand and acknowledge that Franchisor has the right, in its sole discretion, to reduce the scope of any covenant set forth in this Guaranty, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified.

10. I agree that the provisions contained in Article 19 of the Franchise Agreement will apply to any dispute arising out of or relating to this Guaranty. If Franchisor brings any legal action to enforce its rights under this Guaranty, I will reimburse Franchisor its reasonable attorneys' fees and costs.

11. I hereby guarantee the prompt and full payment of all amounts owed by the Franchisee under the Franchise Agreement.

12. I will pay all amounts due under this Guaranty within 14 days after receiving notice from Franchisor that the Franchisee has failed to make the required payment. I understand and agree that Franchisor need not exhaust its remedies against the Franchisee before seeking recovery from me under this Guaranty.

13. No modification, change, impairment, or suspension of any of Franchisor's rights or remedies shall in any way affect any of my obligations under this Guaranty. If the Franchisee has pledged other security or if one or more other persons have personally guaranteed performance of the Franchisee's obligations, I agree that Franchisor's release of such security will not affect my liability under this Guaranty.

14. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE FRANCHISE AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE**.

15. I understand that Franchisor's rights under this Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under applicable law.

16. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered by hand; one Business Day after electronically confirmed transmission by facsimile or other electronic system; one Business Day after delivery by Express Mail or other recognized, reputable overnight courier; or three Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the address identified on the signature line below. I may change this address only by delivering to Franchisor written notice of the change.

17. Unless otherwise defined in the body of this Guaranty, capitalized terms have the meaning ascribed to them in the Franchise Agreement.

[Signature page is the following page]

Intending to be legally bound, I have executed this Guaranty and Personal Undertaking on the date set forth below:

GUARANTOR

Dated: _____

_____

Name: _____

Address: _____

_____

HTEAO FC, LLC
FRANCHISE AGREEMENT
ATTACHMENT D-2

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(for trained employees of _____ ("Franchisee"))

In accordance with the terms of this Confidentiality and Non-Competition Agreement ("**Confidentiality Agreement**") and in consideration of my being in a trusted position with the Franchisee, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Franchisee has acquired the right and franchise from HTEAO FC, LLC ("**Franchisor**") to establish and operate a Franchised Business ("**Franchised Business**") and the right to use in the operation of the Franchised Business Franchisor's trade names, trademarks, service marks, including the service mark HTEAO ("**Marks**") and the system developed by Franchisor and/or its affiliates for operation and management of Franchised Businesses ("**System**"), as they may be changed, improved, and further developed from time to time in Franchisor's sole discretion.

2. Franchisor possesses certain proprietary and confidential information relating to the operation of the System, which includes the Manuals, trade secrets, and copyrighted materials, methods, and other techniques and know-how "**Confidential Information**").

3. Any and all manuals, trade secrets, copyrighted materials, methods, information, knowledge, know-how, and techniques which Franchisor specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Confidentiality Agreement.

4. In my trusted position with Franchisee, Franchisor and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, Franchisor's operations manual ("**Manual**") and other general assistance during the term of this Confidentiality Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of Franchisor, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by Franchisor as confidential. Unless Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my job duties, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by Franchisor, I shall not, while in my position with the Franchisee and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, and continuing for one year thereafter, either directly or indirectly, for myself or through, on behalf of, or in conjunction with any other person, partnership, corporation, or other limited liability company own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in any business or store that offers or provides (or grants franchises or licenses to others to operate a business or store that offers or provides) purified water, purified ice, water containers and coolers, coffee, hot teas, iced teas or related items, other than the one authorized in the Franchise Agreement, within a radius of 25 miles of

any HTEAO Store, as those terms are defined in the Franchise Agreement. This restriction does not apply to my ownership of less than five percent beneficial interest in the outstanding securities of any publicly-held corporation. The two-year time period will be tolled during any period of my noncompliance.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Confidentiality Agreement. If all or any portion of a covenant in this Confidentiality Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Confidentiality Agreement.

9. I understand and acknowledge that Franchisor has the right, in its sole discretion, to reduce the scope of any covenant set forth in this Confidentiality Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified.

10. Franchisor is a third-party beneficiary of this Confidentiality Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Confidentiality Agreement will cause Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or Franchisor may apply for the issuance of an injunction preventing me from violating this Confidentiality Agreement, and I agree to pay the Franchisee and Franchisor all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Confidentiality Agreement is enforced against me. Due to the importance of this Confidentiality Agreement to the Franchisee and Franchisor, any claim I have against the Franchisee or Franchisor is a separate matter and does not entitle me to violate, or justify any violation of this Confidentiality Agreement.

11. This Confidentiality Agreement shall be construed under the laws of the State of Texas. The only way this Confidentiality Agreement can be changed is in writing signed by both the Franchisee and me.

12. With respect to all claims, controversies and disputes, I irrevocably consent to personal jurisdiction and submit myself to the jurisdiction of the state courts located in Tarrant County, Texas, and the United States District Court for the Northern District of Texas. I acknowledge that I am to receive valuable information emanating from Franchisor's headquarters in Fort Worth, Texas. In recognition of the information and its origin, I hereby irrevocably consent to the personal jurisdiction of the state and federal courts of Texas as set forth above. Notwithstanding the foregoing, I acknowledge and agree that Franchisor or the Franchisee may bring and maintain an action against me in any court of competent jurisdiction for injunctive or other extraordinary relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.

THE PARTIES HERETO, INTENDING TO BE LEGALLY BOUND, HAVE EXECUTED THIS CONFIDENTIALITY AGREEMENT AS OF THE DATES NOTED BELOW.

[EMPLOYEE]	**ACKNOWLEDGED BY FRANCHISEE**
Signature:_____	By:_____
Name:_____	Name:_____
Address:_____	Title:_____
Title:_____	
Date:_____	Date:_____

HTEAO FC, LLC
FRANCHISE AGREEMENT

ATTACHMENT E
ACH AUTHORIZATION
AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)

Please complete and sign this form.

Franchisee Information

Franchisee Name or Legal Entity

_____

HTEAO Store Number & Location

_____

Name and Email of Person to Receive ACH Debit Advice

Authorization Agreement

I (we) hereby authorize HTEAO FC, LLC, and its affiliates **("Company")** to make ACH withdrawals from my (our) account at the financial institution named below. I also authorize the Company to initiate direct deposits into this account in the event that a debit entry is made in error. I (we) acknowledge that the origination of ACH transactions to or from my (our) account must comply with the provisions of U.S. law.

I agree to indemnify the Company for any loss arising in the event that any withdrawals from my (our) account shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

This agreement will remain in effect until the Company has received advanced written notice of cancellation from me (us) in such time and in such manner as to afford the Company a reasonable opportunity to act on it, and in no event shall such notice period be less than 30 days.

Payor/Franchisee Account Information

Name of Financial Institution:

ABA Routing Number:

Account Number: Checking ☐ Savings ☐

Payor/Franchisee Signature

Authorized Signature (Primary): Date:

Authorized Signature (Joint): Date:

Account holder(s), please sign here: ***(Joint accounts require the signature of all persons having authority over the account)***

Please attach a voided check at right, fax and mail to:

HTEAO FC, LLC
Attn: CEO ATTACH CHECK HERE
1322 Ranchers Legacy Trail
Fort Worth, Texas 76126

HTEAO FC, LLC
FRANCHISE AGREEMENT

ATTACHMENT F
LEASE RIDER

THIS LEASE RIDER ("**Rider**") is made and entered into as of the ___ day of _____, 20__, by and between _____ ("**Landlord**"), with its principal offices at _____ _____and _____ ("**Franchisee**" or "**Tenant**"), with its principal offices at _____, and HTEAO FC, LLC ("**Franchisor**").

In consideration of, and as an inducement to the execution of the Franchise Agreement between Franchisor and its franchisee, each of the undersigned agree as follows:

(a) Landlord acknowledges that Tenant is a franchisee of Franchisor and that the store located at the Premises ("**Unit**") is operated under the HTEAO franchise system, pursuant to a franchise agreement ("**Franchise Agreement**") between Tenant and Franchisor. Landlord consents to Tenant's use at the Premises of such marks and signs, decor items, color schemes, and related components of the HTEAO system as Franchisor may prescribe for the Unit. During the term of the Franchise Agreement, the Premises may be used only for the operation of an HTEAO Unit and for no other purpose.

(b) Landlord agrees to furnish to Franchisor copies of any and all letters and notices sent to Tenant pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant via certified mail. Without limiting the foregoing, in the event of any default by Tenant, Landlord shall give Franchisor written notice of such default. If Tenant has failed to cure such default at the expiration of the applicable cure period, Landlord shall give Franchisor further written notice of such failure ("**Franchisor Notice**"). Following Franchisor's receipt of the Franchisor Notice, Franchisor shall have the right (but not the obligation) to cure Tenant's default before Landlord shall exercise any of Landlord's remedies arising as a consequence of Tenant's default. Any such cure shall be effected within 15 days following Franchisor's receipt of the Franchisor Notice. Such cure by Franchisor shall not be deemed to be an election to assume the terms, covenants, obligations, and conditions of the Lease.

(c) If Franchisor cures Tenant's default, or if Franchisor notifies Landlord that the Franchise Agreement has expired or been terminated (which termination shall constitute a non-curable default pursuant to the Lease upon Landlord's receipt of Franchisor's notice thereof), Landlord agrees, upon Franchisor's written request, to assign to Franchisor any and all rights that Landlord may have under the Lease to remove and evict Tenant from the Premises and shall cooperate with Franchisor in order to pursue such action to a conclusion.

(d) If Franchisor cures Tenant's default, or notifies Landlord of the expiration or termination of the Franchise Agreement, Franchisor shall have the right and option, upon written notice to Landlord, to do the following:

1. Undertake to perform the terms, covenants, obligations, and conditions of the Lease on behalf of the Tenant (notwithstanding any removal or eviction of Tenant) for a period not to exceed six months from the first date of any cure by Franchisor; or

2. At any time within or at the conclusion of such six-month period, assume the terms, covenants, obligations, and conditions as tenant under the Lease for the remainder of the term, together with any applicable renewal options. In such event, Landlord and Franchisor shall enter into an agreement to document such assignment and assumption and Landlord agrees not to impose an assignment fee or similar assessment, or to increase or accelerate rent under the Lease, in connection with such assignment. Franchisor is not a party to the Lease and shall have no liability under the Lease unless and until said Lease is assigned to, and assumed by, Franchisor as herein provided. Additionally, in the event Tenant

elects not to renew its lease upon expiration, Franchisor may elect to renew and assume operations in accordance with the same assignment procedures.

(e) If, during the six-month period set forth in section (d)(1) above, or at any time after the assignment contemplated in section (d)(2), Franchisor shall notify Landlord that the franchise for the Unit is being granted to another HTEAO franchisee, Landlord shall permit the assignment of the Lease to said franchisee without the payment of any assignment fee or similar assessment or other cost requirement, provided that, said franchisee meets Landlord's reasonable financial qualifications. Landlord shall not unreasonably withhold consent to such assignment. Thereafter, Franchisor shall be released from any and all further liabilities under the Lease. The parties agree to execute any commercially reasonable documents in furtherance of this section.

(f) Tenant will not assign or sublease the Lease, terminate, renew or extend the term thereof without the prior written consent of Franchisor, nor shall Landlord and Tenant amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without the prior written consent of Franchisor.

(g) Franchisor shall have the right to enter the Premises to make any modification or alteration necessary to protect the HTEAO System and Marks (including, without limitation, remove all signs, advertising materials, displays, fixtures, proprietary equipment and inventory, and any other items which display the Marks or are indicative of HTEAO trade dress) or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort. Landlord shall not be responsible for any expenses or damages arising from any such action by Franchisor. Tenant hereby releases, acquits, and discharges Franchisor and Landlord, their respective subsidiaries, affiliates, successors, and assigns and the officers, directors, shareholders, partners, employees, agents, and representatives of each of them, from any and all claims, demands, accounts, actions, and causes of action, known or unknown, vested or contingent, which any of them may have, ever had, now has, or may hereafter have by reason of any event, transaction, or circumstance arising out of or relating to the exercise of Franchisor's rights pursuant to the Addendum.

(h) Landlord shall subordinate any lien in favor of Landlord created by the Lease to Franchisor. Landlord's rights to collect on any liens that Landlord files or attaches to Tenant's property rights shall be subordinate and inferior to Franchisor's lien rights against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Tenant and on the premises operated by Tenant under the Lease.

(i) Landlord shall not, during the term or any renewal or extension of the Lease, lease space in the same center as the Unit, or permit an assignment or transfer of space in the same center as the Unit, to another tenant that will use the premises primarily for the sale of purified water, purified ice, water containers and coolers, coffee, hot teas, iced teas, hand-crafted blended and energy beverage, or related items.

(j) Landlord shall not, during the term or any renewal or extension of the Lease, lease space adjacent to the Unit, or permit an assignment or transfer of space adjacent to the Unit, to another tenant that will use the premises to operate a nail salon or similar business that produces odors.

(k) Landlord and Tenant shall allow Franchisor to enter premises, at any such time as prescribed by Franchisor, to perform HTeaO Corporate Tea School Training.

(l) Landlord and Tenant shall allow Franchisor to enter premises, at any such time as prescribed by Franchisor, to perform HTeaO Discovery Day.

(m) The provisions of this Rider will supersede and control any conflicting provisions of the Lease.

(n) All notices sent pursuant to this Addendum shall be sent in the manner set forth in the Lease, and delivery of such notices shall be effective as of the times provided for in the Lease. For purposes of notice under the Lease, Franchisor's mailing address shall be 1322 Ranchers Legacy Trail, Fort Worth, Texas 76126, Attention: CEO, which address may be changed by written notice to Landlord in the manner provided in the Lease.

Notices. All notices or demands shall be in writing and shall be served in person, by certified mail; or by private overnight delivery. Service shall be deemed conclusively made: ***(a)*** at the time of service, if personally served; ***(b)*** upon the earlier of actual receipt or three calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; or ***(c)*** 24 hours after delivery by the party giving the notice, statement or demand if by private overnight delivery.

FRANCHISOR:
HTEAO FC, LLC

By: _____
Name: _____
Title: _____

LANDLORD:

_____

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____

By: _____
Name: _____
Title: _____

HTEAO FC, LLC
FRANCHISE AGREEMENT
ATTACHMENT G

FRANCHISEE QUESTIONNAIRE

The following questionnaire is not applicable to franchisees subject to the laws of the states of Maryland or Virginia.

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of any 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.

As you know, HTEAO FC, LLC ("**we**" or "**us**") and you are preparing to enter into a Franchise Agreement for the operation of an HTEAO Store franchise. The purposes of this Questionnaire are to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee. Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes____ No ____ 1. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?

Yes____ No ____ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?

Yes____ No ____ 3. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?

Yes____ No ____ 4. Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?

Yes____ No ____ 5. Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer? If "yes," please provide the name and telephone number for your lawyer: _____

_____

Yes____ No ____ 6. Do you understand the risks of operating an HTEAO franchise?

Yes____ No ____ 7. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities, and efforts and those of the person you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms, and the marketplace?

Yes____ No ____ 8. Do you understand we are not obligated to provide assistance to you in finding and securing a location for your HTEAO Store?

Yes____ No ____ 9. Do you understand that we are not responsible for any construction delays?

Yes____ No ____ 10. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be brought in arbitration in the city in which our principal place of business is located, if not resolved informally or by mediation?

Yes____ No ____ 11. Do you understand the Franchise Agreement provides you can only collect compensatory damages on any claim under or relating to the Franchise Agreement, and not any punitive, exemplary, incidental, indirect, special, consequential, or other damages (including, without limitation, loss of profits)?

Yes____ No ____ 12. Do you understand we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?

Yes____ No ____ 13. Do you understand that if you fail to meet your development agreements under the Area Development Agreement, you must pay us liquidated damages for each undeveloped Store in an amount equal to 6% of the average weekly Gross Sales of all HTeaO Stores in operation at the time of termination, multiplied by 156?

Yes____ No ____ 14. Do you understand that if, after signing a Franchise Agreement, you either fail to develop the Store or cease operations prior to the natural expiration of the franchise term, you must pay us liquidated damages, the amount of which will depend on the state of construction and operational status of the Store?

Yes____ No ____ 15. Is it true no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating an HTEAO Store franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No ____ 16. Is it true no employee or other person speaking on our behalf made any statement or promise regarding the actual, average, or projected profits that you may earn in operating your Store?

Yes____ No ____ 17. Is it true that no employee or other person speaking on our behalf made any representation to you concerning the amount of money or profits that any other HTEAO Store derived that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No ____ 18. Is it true no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in our Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support services, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No ____ 19. Do you understand that the Franchise Agreement contains the entire agreement between us and you concerning the franchise, meaning that we are not bound by any prior oral or written statements that may have been made to you but which are not contained in the Franchise Agreement or Franchise Disclosure Document?

The next page is the signature page.

Dated: _____

_____
Name: _____, Individually
Printed Name

Dated: _____

By: _____
Name: _____
Printed Name
of _____
(a _____ Corporation)
(a _____ Partnership)

HTEAO FC, LLC
FRANCHISE AGREEMENT

ATTACHMENT H
REQUEST FOR EXTENSION OF SITE SELECTION

To be filled out by Franchisee:

Store No.	Request Date:
Franchisee (Individual):	
Franchisee (Entity):	
Date Original Franchise Agreement was signed:	
Deadline for Site Selection[1]:	
City & State of Store Location:	
Extension Request # (Please check one below)	
☐ 1st Extension Request	☐ 3rd Extension Request
☐ 2nd Extension Request	☐ _____ Extension Request
*If Fee is due, Payment Preference is:	☐ Check ☐ Wire

* Payment Preference Options: If you chose "Check," please mail to HTeaO FC, LLC, Attn: Accounting Department, 1322 Ranchers Legacy Trail, Fort Worth, TX 76126. If you chose "Wire," please contact Edmond Bachman at Edmond@hteao.com. For questions, please contact the Integrity Department at hteao-legal@hteao.com.

**Once the Extension Fee is received, an Amendment to the Franchise Agreement to extend Site Selection an additional one hundred and twenty (120) days will be prepared and sent for signatures.

Franchisee Initials **Franchisor Initials**

HTEAO FC, LLC
FRANCHISE AGREEMENT

ATTACHMENT I
REQUEST FOR EXTENSION OF OPENING DATE

To be filled out by Franchisee:

Store No.	Request Date:
Franchisee (Individual):	
Franchisee (Entity):	
Date Original Franchise Agreement was signed:	
Date Lease was Signed:	Expected Opening Date[1]:
City & State of Store Location:	
Extension Request # (Please check one below)	
☐ 1st Extension Request	☐ 3rd Extension Request
☐ 2nd Extension Request	☐ _____ Extension Request
*If Fee is due, Payment Preference is:	☐ Check ☐ Wire

* Payment Preference Options: If you chose "Check," please mail to HTeaO FC, LLC, Attn: Accounting Department, 1322 Ranchers Legacy Trail, Fort Worth, TX 76126. If you chose "Wire," please contact Edmond Bachman at Edmond@hteao.com. For questions, please contact the Integrity Department at hteao-legal@hteao.com .

**Once the Extension Fee is received, an Amendment to the Franchise Agreement to extend the Opening Date an additional one hundred and twenty (120) days, will be prepared and sent for signatures.

Franchisee Initials **Franchisor Initials**

_____ _____

HTEAO FC, LLC
FRANCHISE AGREEMENT

ATTACHMENT J

FIRST AMENDMENT TO FRANCHISE AGREEMENT
NON-TRADITIONAL VENUE ADDENDUM

THIS FIRST AMENDMENT TO THE HTEAO FRANCHISE AGREEMENT ("**Amendment**") is entered into as of February __, 20__ (the "**Effective Date**"), by and among HTEAO FC, LLC, a Texas limited liability company, ("**Franchisor**") and _____ ("**Franchisee**").

WHEREAS, contemporaneously with the execution of this Amendment, Franchisor and Franchisee are entering into a franchise agreement (the "**Franchise Agreement**"), pursuant to which Franchisee will be granted the right and obligation to continuously operate an HTeaO Store ("**Store**") at the _____ located at _____, _____, and to be opened and operated in accordance with the terms and conditions of a franchise agreement; and

WHEREAS, at Franchisee's request, the Franchise Agreement will now be amended in accordance with the terms and conditions reflected in this Amendment.

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the parties agree as follows:

1. Definitions. Capitalized terms shall have the meanings ascribed to them in the Franchise Agreement and Attachment A, unless otherwise defined herein.

2. Initial Franchise Fee. The Initial Franchise Fee on the Summary Pages is amended to reflect a fee of $25,000 to open a single HTeaO Store.

3. Protected Area. Section 1.2 of the Franchise Agreement is hereby eliminated in its entirety and replaced with the following provision: "This Agreement grants no territorial protection. Franchisor may develop franchised and company-owned Stores at any location, and may develop and operate other businesses that may or may not compete with the Store. The Store will offer limited or no seating and may offer limited or different product selections due to the layout and venue of the location."

4. Term. Section 2.1 of the Franchise Agreement is amended to state that the Franchise Agreement "expires, unless earlier terminated, on the 5th anniversary of the Store opening, but no later than six years from the Effective Date, regardless of the date on which the Store opens to the public for business."

5. Renewal. Section 2.2 of the Franchise Agreement is amended to allow Franchisee to renew this Agreement for one five-year term, instead of two five-year terms, by meeting the conditions and terms set forth in that Section.

6. Hours of Operation. Section 6.8 of the Franchise Agreement is amended to state that the Store's hours of operation are subject to the venue's requirements.

[SIGNATURE PAGE TO FOLLOW]

INTENDING TO BE LEGALLY BOUND, the Parties have executed this Amendment to be effective on the Effective Date written above.

FRANCHISOR **HTEAO FC, LLC** a Texas limited liability company	**FRANCHISEE** _____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

HTEAO FC, LLC
FRANCHISE AGREEMENT

ATTACHMENT K
MULTI-UNIT DEVELOPMENT ADDENDUM

On this __ day of _____ 20__, (the "Effective Date") HTEAO FC, LLC ("HTeaO") and _____ ("Franchisee" or "you') agree to this Addendum (the "Addendum") to that certain Franchise Agreement dated _____ __, 20__, ("Franchise Agreement") as set forth herein. All capitalized terms not defined in this Addendum shall have the meanings assigned to them in the Franchise Agreement.

RECITALS

WHEREAS, Franchisee and HTeaO previously entered into a Franchise Agreement, wherein Franchisee agreed to operate its HTeaO in strict compliance with the operational standards, policies, and procedures as directed by HTeaO;

WHEREAS, it is HTeaO standard that any individual designated as the "General Manager" (GM50) of an HTeaO location be a managing principal with a minimum of 20% equity in Franchisee;

WHEREAS, it is HTeaO standard that the "General Manager" (GM50) (i) actively participate in the daily operation of the HTeaO location or locations; (ii) participate in the on premise supervision of the store or stores; (iii) be considered a full-time operating Manager; and (iv) be on the schedule and work in the store or stores a minimum of 40 hours per week; and

WHEREAS, it is HTeaO standard that the "General Manager" (GM50) for a HTeaO location complete a training program to HTeaO, and be certified pursuant to Article 6 of the Franchise Agreement.

WHEREAS, Franchisee owns more than two (2) HTeaO locations (or one (1) or more HTeaO locations and two (2) or more other businesses with HTeaO approval), and HTeaO hereby agrees to allow Franchisee to deviate from the above mentioned operational standards, subject to Franchisee's compliance with the terms and conditions set forth herein.

AGREEMENTS

A. Franchisee acknowledges that this Addendum allows Franchisee to operate outside HTeaO normal operational policies and procedures, as set forth herein.

B. Franchisee acknowledges that this Addendum imposes additional obligations on Franchisee, as set forth herein. Franchisee also acknowledges that such additional obligations may deviate from the requirements set forth in HTeaO normal operational policies and procedures.

C. In lieu of personally acting as "General Manager" (GM50), or designating a managing principal with a minimum of 20% equity in Franchisee as "General Manager" (GM50), Franchisee must designate a "Director of Operations" subject to HTeaO approval, to oversee the operations of Franchisee's HTeaO location(s) and other approved businesses, if applicable. Any individual that Franchisee wishes to designate as Director of Operations must be submitted to HTeaO for approval and must agree to a background check by HTEAO. The Director of Operations must have a minimum of 5% equity in Franchisee. The Director of Operations must attend, and complete to HTeaO satisfaction, all required training programs and be certified as typically required of an "General Manager" (GM50) and as set forth in Article 6 of the Franchise Agreement. The Director of Operations must also work full-time providing oversight at the HTeaO location(s) and promoting the HTeaO brand for a minimum 40 hours a week.

D. In addition, HTeaO may, in its sole discretion, require Franchisee to hire a "District Manager" or multiple "District Managers" to oversee the operations of a subset of its HTeaO locations. Every District Manager must attend, and complete to HTeaO satisfaction, all required training programs and

be certified pursuant to Article 6 of the Franchise Agreement. Every District Manager must also work full-time providing oversight at the designated HTeaO location(s) and promoting the HTeaO brand for a minimum 40 hours a week.

E. In addition, HTeaO may, in its sole discretion, require Franchisee to hire a "Regional Manager" or multiple "Regional Managers" to oversee the operations of a subset of its HTeaO locations. Every Regional Manager must attend, and complete to HTeaO satisfaction, all required training programs and be certified pursuant to Article 6 of the Franchise Agreement. Every District Manager must also work full-time providing oversight at the designated HTeaO location(s) and promoting the HTeaO brand for a minimum 40 hours a week.

F. Franchisee must employ a Store Manager "GM50" at each of Franchisee's HTeaO locations. The Store Manager "GM50" is required to be on the schedule and work in a single HTeaO and act as a full-time operating manager. If Franchisee operates two HTeaO locations within a 45-mile radius, Franchisee may employ one Store Manager "GM50" to oversee and work a combined 40 hours a week between the two locations. Every Store Manager "GM50" must complete to HTeaO satisfaction all required training programs consistent with HTeaO standards for General / Store Managers "GM50". Each location shall have an assistant general manager who has successfully completed HTeaO satisfaction to the required training programs consistent with HTeaO standards when the Store Manager "GM50" is not present.

G. In addition to designating a Director of Operations, Regional Manager (if applicable), and District Manager (if applicable), Franchisee must still comply with the requirement set forth in Article 5.1 of the Franchise Agreement regarding the training (inclusive of the Store Manager "GM50" discussed above) for each HTeaO location.

H. If Franchisee's designated Director of Operations shall, for any reason, cease to serve in such capacity, Franchisee must comply with the terms of Article 6.2 when replacing such person within 7 business days.

I. If at any time and for any reason Franchisee ceases to operate (i) more than two (2) HTeaO locations, or (ii) two (2) or more other businesses as approved by HTeaO, all rights granted herein shall automatically terminate and Franchisee, subject to any other addendums or amendments to the Franchise Agreement still in effect, will be required to comply with HTeaO typical operational standards, policies, and procedures.

J. Franchisee shall comply with all state and federal wage and labor laws, regulations, or guidelines related to hiring or designating an individual to act as Director of Operations or District Manager for Franchisee's HTeaO location(s) and/or other approved businesses owned by Franchisee and agrees that any failure to do so will constitute an act default under the Franchise Agreement.

K. The terms and conditions of this Addendum shall be confidential. Except as provided above or required by law or court order or the enforcement of the provisions hereof, the parties shall maintain in strict confidence and shall not disclose the existence of or any substance or contents of this Addendum to any third party without prior written consent of the other party or parties herein. This confidentiality provision shall survive the termination of the Franchise Agreement and/or this Addendum and is in addition to any other confidentiality obligations or similar restrictions on Franchisee in the Franchise Agreement or other agreement between HTeaO and Franchisee.

L. Release. Franchisee hereby releases and forever discharges HTeaO, any parent, subsidiary, shareholder or affiliate of HTeaO, its respective officers, directors, members, employees, agents, contractors and its respective successors, assigns, heirs and personal representatives (the "Released Parties") from any and all claims, demands, rights and causes of action of any kind that Franchisee now has on account of or in any way arising out of or related to the offer, sale, administration, performance, default, and termination of the Franchise Agreement. HTeaO and Franchisee mutually intend that this release shall include, without limitation, claims, demands and causes of

action arising out of alleged misrepresentations, fraud, breaches of contract (based upon implied, express, estoppel, waiver, or alternative theories of contractual obligation), negligence, or breach of any alleged special, trust, agency or fiduciary relationship (if any), whether asserted or proposed to be asserted by way of claim, setoff, affirmative defense, counterclaim, cross-claim or third party claim. Franchisee further agrees to indemnify, defend, and hold harmless for any and all purposes the Released Parties from any and all claims, demands, rights and causes of action of any kind that arise out of hiring or designating an individual to act as Director of Operations or District Manager Franchisee's HTeaO location(s) and/or other approved businesses (if applicable) owned by Franchisee or HTeaO agreement to this exception. THIS RELEASE EXPRESSLY INCUDES, BUT IS NOT LIMITED TO, ANY ACT OR OMISSION OF NEGLIGENCE, FRAUD, MISREPRESENTATIONS, BREACH OF FIDUCIARY DUTIES, BREACH OF WARRANTIES, BREACH OF CONTRACT, AND ANY EXTRA-CONTRACTUAL CLAIMS COMMITTED OR ALLEGEDLY COMMITTED BY THE RELEASED PARTIES, PROVIDED, HOWEVER, THAT NOTHING CONTAINED IN THIS RELEASE IS INTENDED TO DISCLAIM OR REQUIRE FRANCHISEE TO WAIVE RELIANCE ON ANY REPRESENTATION THAT HTEAO MADE IN THE FRANCHISE DISCLOSURE DOCUMENT THAT HTEAO PROVIDED TO FRANCHISEE. Further, this release includes any past and future claims, whether foreseen or unforeseen, known or unknown, disclosed or undisclosed, matured or unmatured, in law, equity or otherwise. This Paragraph shall survive the termination of the Franchise Agreement, as modified by this Addendum, and is in addition to any other release or similar agreement in the Franchise Agreement or other agreement between HTeaO and Franchisee.

M. This Addendum does not modify the terms of the Franchise Agreement except as specifically stated herein. The parties acknowledge and agree that the Franchise Agreement, as modified by this Addendum, are ratified and shall continue in full force and effect.

The next page is the signature page.

INTENDING TO BE LEGALLY BOUND, the Parties have executed this Amendment to be effective on the Effective Date written above.

FRANCHISOR
HTEAO FC, LLC
a Texas limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE

_____

By: _____

Name: _____

Title: _____

OWNER

_____

Name: _____

Title: _____

_____

Name: _____

Title: _____

_____

Name: _____

Title: _____

DIRECTOR OF OPERATIONS

By: _____

Name: _____

HTEAO FC, LLC
FRANCHISE AGREEMENT

ATTACHMENT L
STATE SPECIFIC ADDENDA

AMENDMENT TO THE FRANCHISE AGREEMENT
REQUIRED BY THE COMMONWEALTH OF VIRGINIA

This Amendment to the HTEAO FC, LLC Franchise Agreement dated _____ between HTEAO FC, LLC, a Delaware limited liability company, ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. The Franchise Agreement is amended to reflect that the Virginia State Corporation Commission's Division of Securities and Real Franchising requires us to defer payment of the initial franchise fee and other payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement. Accordingly, Section 4.1. of the Franchise Agreement is revised to state the following:

> Initial Franchise Fee. You shall pay Franchisor an Initial Franchise Fee in the amount specified in the Summary Pages, which is fully earned and nonrefundable upon payment. The Initial Franchise Fee is payable immediately before the Store opens but not before we have fulfilled all of our pre-opening obligations owed to you.

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

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Franchise Agreement simultaneously with the execution of the Franchise Agreement.

FRANCHISOR:	**FRANCHISEE:**
HTEAO FC, LLC a Delaware limited liability company	_____ _____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

EXHIBIT D

LIST OF CURRENT FRANCHISEES
AND LIST OF FORMER FRANCHISEES

HTEAO FC, LLC
FRANCHISE DISCLOSURE DOCUMENT
LIST OF FRANCHISEES AS OF DECEMBER 31, 2024

Franchisee	Street Address	City	ST	Zip	Phone
Hog Wild Tea, LLC	2150 AR-5	Benton	AR	72019	501-617-2711
Sully Tea, LLC	3920 Florida Ave S.	Lakeland	FL	33803	863 333-6032
Sully Tea, LLC	16501 Fishhawk Blvd	Lithia	FL	33547	863 333-6032
M & S Endeavors, LLC	914 North 14th Street	Leesburg	FL	34748	432-352-3759
143CLKL Enterprise Inc.	2320 Capital Cir., NE	Tallahassee	FL	32308	806-290-0888
143CLKL Enterprise Inc.	5370 Pembridge Pl.	Tallahassee	FL	32309	806-290-0888
Albrach Tea the Max, LLC	12930 E 21st Street North	Wichita	KS	67230	760-845-3777
Thomas Tea, LLC	1619 E 30th St.	Hutchinson	KS	67502	661-302-9020
Serendipitea, LLC	3001 N. Rock Rd.	Derby	KS	67037	402- 366-8959
Albrach Tea the Max, LLC	1280 N Tyler	Wichita	KS	67212	760-845-3777
Intentional T, LLC	838 E. Main St.	Gardner	KS	66030	913-274-0335
R&F Investments, LLC	1606 Kaliste Saloom Road	Lafayette	LA	70508	337-224-9076
Tea-JDC, LLC	705 W. Foxwood Dr.	Raymore	MO	64083	806-333-4640
Best Tea Ever, LLC	3017 N Prince St.	Clovis	NM	88101	806-679-5686
HTea Opco, LLC	1103 S. Canal St.	Carlsbad	NM	88220	575-910-9300
Holvau, LLC	2319 N. Grimes St.	Hobbs	NM	88240	575-408-2474
HTea Opco, LLC	2223 N. Main St.	Las Cruces	NM	88001	575-910-9300
Dove Tea, LLC	322 N. Commerce St	Ardmore	OK	73401	580 490-2340
HTeao Opco, LLC	10805 N May Ave	The Village	OK	73120	580 747-5563
HTea Opco, LLC	11705 S Western Ave	Oklahoma City	OK	73170	337-288-6073
Newbeco, LLC	6841 S Memorial Dr	Tulsa	OK	74133	806-584-7603
HTea Opco, LLC	1400 NW 23rd	Oklahoma City	OK	73106	337-288-6073
HTea Opco, LLC	500 S Mustang	Yukon	OK	73099	432-559-2780
FABBT, LLC	5615 SE 15th St.	Oklahoma City	OK	73110	405-408-9289
HTea Opco, LLC	1002 N Porter Ave	Norman	OK	73069	337-288-6073
HTea Opco, LLC	3304 N. Kickapoo Ave	Shawnee	OK	74804	337-288-6073
Bravo Tea Company, LLC	1004 N. Boomer	Stillwater	OK	74075	405 658-5797
HTeao Opco, LLC	2448 SE Washington Blvd	Bartlesville	OK	74006	337-288-6073

Franchisee	Street Address	City	ST	Zip	Phone
Drink Tea Holdco, LLC	719 E. State Hwy 152	Mustang	OK	73064	405-630-0376
HTea Opco, LLC	3303 US-81	Duncan	OK	73533	337-288-6073
HTeo Opco, LLC	3323 NW Cache Rd.	Lawton	OK	73505	337-288-6073
Drink Tea Holdco, LLC	1000 Garth Brooks Blvd.	Yukon	OK	73099	405-630-0376
Tons of Tea, LLC	1102 E. Prospect Ave.	Ponca City	OK	74601	405-535-4900
HTeao Opco, LLC	1127 S. 4th St.	Chickasha	OK	73018	337-288-6073
Mobile Tea Services of Oklahoma **	1850 Lohman Circle	Norman	OK	73069	580-490-2340
Mobile Tea Services of Oklahoma **	2 S Mickey Mantle Dr	Oklahoma City	OK	73104	405-534-2767
HTea Opco, LLC	103 N. Eastern Ave.	Moore	OK	73160	227-288-6073
HTea Opco, LLC	1807 W. Lindsey St.	Norman	OK	73069	337-288-6073
1st Kings Tea Company, LLC	700 NE 13th St.	Oklahoma City	OK	73104	337-288-6073
GT Journey Corp.	4920 N. Western Ave.	Oklahoma City	OK	73118	405-760-5222
FABBT, LLC	5857 Northwest Expy.	Oklahoma City	OK	73132	405-408-9289
Newbeco, LLC	9999 Hill Rd.	Tulsa	OK	79119	806-584-7603
N2T, LLC	820 S. 7th St., Suite B	Waco	TX	76706	806-336-3137
HTeao Opco, LLC	701 S. Cedar St.	Pecos	TX	79772	480-349-5737
Jett Capital, LLC	6704 Milwaukee Ave.	Lubbock	TX	79424	806 223-4211
Lumely Holdings, LLC	3020 Williams Dr.	Georgetown	TX	78628	806-676-9977
Texans Tea, LLC	481 W. Bay Area Blvd	Webster	TX	77598	832-714-2359
Tea to Green, LLC	4609 W. Park Blvd	Plano	TX	75093	732-523-9025
Tea Off, LLC	22127 Bulverde Rd.	San Antonio	TX	78259	817-727-6585
SDL Justice, LLC	4528 Hwy 6 South	Sugar Land	TX	77479	281-881-9007
OCB HTO 3, LLC	1206 S. Main St	Weatherford	TX	76086	432-638-4344
Double Tea, LLC	2128 Harwood Rd	Bedford	TX	76021	432 770-5007
SweetwaterATX, LLC	804 W New Hope Dr	Cedar Park	TX	78613	512 983-8314
Jett Capital, LLC	2118 S Bryant Blvd	San Angelo	TX	76903	806-340-3554

Franchisee	Street Address	City	ST	Zip	Phone
Tea to Green, LLC	6951 Eastridge Rd	Odessa	TX	79765	432-559-1835
Tea to Green, LLC	1202 N. Main St	Andrews	TX	79714	432-523-9025
JLS James, LLC	2211 W. University Dr	Denton	TX	76201	469-222-4543
HTO Tomball, LLC	905 W. Main St.	Tomball	TX	77375	432-770-4217
Arlingtea One, LLC	2231 N Collins	Arlington	TX	76011	806-433-4468
Thirst-Tea Team, LLC	8703 Huebner Rd	San Antonio	TX	78240	806-679-5428
FABBT, LLC	2000 Toler Rd	Longview	TX	75605	430-201-4334
OZ Tea, LLC	1325 E 5th St.	Tyler	TX	75701	432-553-0642
Jett Capital, LLC	2616 50th St	Lubbock	TX	79413	325-234-0085
4B2D-DFW Tea Co. LLC	3428 W Buckingham Rd	Garland	TX	75042	806-441-9094
Ultimate Tea, LLC	1113 W Northwest Hwy	Grapevine	TX	76051	469-446-7988
FABBT, LLC	5321 Alamo Ranch Pkwy	San Antonio	TX	78253	713-598-5696
Funky Town Tea, LLC	4041 Paul Meador Dr	Lake Worth	TX	76135	432-349-2438
JDB Bev, LLC	14000 Nacogdoches Rd	San Antonio	TX	78247	830-305-9889
Tea It Up 414	530 SW Wilshire Blvd	Burleson	TX	76028	817-228-0208
Killeen Tea Co., LLC	4219 S Clear Creek Rd	Kileen	TX	76549	512-826-0331
Tea to Green, LLC	911 S. Gregg St.	Big Spring	TX	79720	432-523-9025
West Texas Enterprises, LLC	800 S. Main St.	Monahans	TX	79756	432-438-0199
West Odessa Tea, LLC	3018 Kermit Hwy	Odessa	TX	79764	432-638-3375
Paris HTO Tea, LLC	2800 Lamar Ave	Paris	TX	75460	806-341-5495
Beyouteaful Ventures, LLC	1510 W. Wilson St.	Borger	TX	79007	806-898-1717
Ultimate Tea, LLC	26619 US Hwy 380 West	Providence Village	TX	76227	469-446-7988
VesTea, LLC	1305 Ave F. NW	Childress	TX	79201	432-924-8754
East Texas Tea, LLC	123 E Austin St.	Nacogdoches	TX	75965	325-660-9189
VOL-A-TILE II, LLC	14423 NW Military Dr.	San Antonio	TX	78231	210-601-1129
FABBT, LLC	5425 Saratoga Boulevard	Corpus Cristi	TX	78413	405-408-9289
Austin Tea Party, LLC	201 King Fort Pkwy	Kaufman	TX	75142	214-289-7766
Tea to Green, LLC	1841 N. Custer Rd.	McKinney	TX	75071	432-266-2550

Franchisee	Street Address	City	ST	Zip	Phone
Tea4all, LLC	12680 US-290 Suite 500	Austin	TX	78737	832-689-9974
D&J Texas Tea, LLC	301 Veterans Blvd.	Del Rio	TX	78840	432-638-4752
Tea on Tap, LLC	906 SE 1st St	Mineral Wells	TX	76067	817-597-6777
Lumely Holdings, LLC	403 Early Blvd.	Early	TX	76802	806-679-9977
Tarzan & Jane (Greenwood), LLC	8521 FM 307	Midland	TX	79707	432-250-1220
C Mad Tea Co., LLC	504 SW 23rd St.	Canyon	TX	79015	806-433-9246
Whitson Corp, Inc	729 E. Taylor St.	Sherman	TX	75090	214-738-1381
Unitea, LLC	4251 John Ben Sheppard Pkwy	Odessa	TX	79765	432-889-8940
Tea to Green, LLC	4601 Spence Dr.	Midland	TX	79707	432-253-9025
BTWDR, LLC	12550 Bandera Rd.	Helotes	TX	78023	760-522-7249
Ultimate Tea, LLC	190 Davis Blvd	Southlake	TX	76092	469-446-7988
Double Tea, LLC	4917 Collevyille Blvd	Colleyville	TX	76034	708-752-5649
Best Tea Ever, LLC	139 N 25 Mile Ave	Hereford	TX	79045	806-679-5686
Tea Time Ballpark, LLC**	701 S. Buchanan	Amarillo	TX	79101	806-282-1173
SDL Justice, LLC**	1 Stadium Dr.	Sugar Land	TX	77498	281-881-9007
Hoot N Holler, LLC**	5610 ECR 120	Fiddlesticks Farms	TX	79706	806-773-0084
NewBeCo, LLC**	9999 Hill Rd	Amarillo	TX	79119	806-584-7603
Lumely Holdings, LLC**	232 Prospector Lane	Georgetown	TX	78642	806-676-9346
Elizabeth William, LLC	1000 W. Arkansas Ln.	Arlington	TX	76013	(432) 288-5461
C Mad Tea Co.**	20851 WTAMU Dr.	Canyon	TX	79015	(806) 433-9246
VesTea, LLC**	2122 Denfield Ln	Childress	TX	79201	(432) 924-8754
Jett Capital, LLC	815 Wellborn Rd.	College Station	TX	77840	(806) 223-4211
Jagu Lodging Group, LLC	215 Oak Ave	Dalhart	TX	79022	(281) 216-8030
Ultimate Tea LLC**	1245 Lakeway Drive	DFW Food Trailer	TX	76092	(817) 789-9091
Tea by Green Line, LLC	655 S. Bibb Ave.	Eagle Pass	TX	78852	(432) 631-9098
West Texas Green Tea	12655 Rojas Dr.	El Pasco	TX	79928	(915) 588-1794
A&A Tea, LLC	3551 Morris Rd.	Flower Mound	TX	75028	(806) 392-2116
L4CE, LLC	5101 N. Tarrant Pkwy.	Fort Worth	TX	76244	(432) 638-9060
Jett Capital, LLC	1511 E. Main St.	Fredericksburg	TX	78624	(325) 234-0085
JDM Bev 2, LLC	1042 FM306	Gruene	TX	78130	(830) 305-9889
GBTBR, LLC	1935 Ave. D	Katy	TX	77493	(832) 610-1125
Tea TipPer Kohlers, LLC	2266 Kohlers	Kyle	TX	78640	(432) 266-8131

Franchisee	Street Address	City	ST	Zip	Phone
	Crossing				
TX 324, LLC	310 N. Key Ave.	Lampasas	TX	76550	(806) 679-9977
Becton Brew Crew, LLC	201 College Ave.	Levelland	TX	79336	(806) 777-2294
TXTEACO, LLC	1267 W. Round Grove Rd.	Lewisville	TX	79336	(806) 340-5708
Opal Vault	1801 S. Colorado St.	Lockhart	TX	78644	(806) 420-1127
Jett Capital, LLC	5105 98th St.	Lubbock	TX	79424	(325) 234-0085
Marble Falls Tea, LLC	909 Ave. H	Marble Falls	TX	78654	(806) 584-0817
Brewteaful, LLC	9021 Mid Cities Blvd.	N. Richland Hills	TX	76180	(817) 343-3951
FABBT, LLC	14125 Culebra Rd.	San Antonio	TX	78254	(405) 408-9289
SweetTea OC, LLC**	4120 N. Foster Rd	San Antonio	TX	78244	(979) 219-5500
39Thirty Properties, LLC	9711 Potranco Rd.	San Antonio	TX	78251	(210) 325-9699
SweetTea OC, LLC	6005 Augusta Circle	San Antonio	TX	77845	(979) 219-5500
BEHR Logistics, LLC	3812 College Ave.	Snyder	TX	79549	(817) 980-3366
Tea Amigos, LLC	1710 W. South Loop	Stephenville	TX	76401	(254) 485-0633
SK Tea Opco, LLC	1065 Gilmer St.	Sulphur Springs	TX	75482	(214) 546-6190
EC Franchise, LLC	1431 Pat Booker Rd.	Universal City	TX	78148	(210) 717-6141
TYJ Tea, LLC, Series TX - 491	137 N. Hewitt Dr.	Waco	TX	76643	(254) 716-9678
The Hicks Six, LLC	5932 Denton Hwy	Watauga	TX	76148	(817) 715-5463

***** Denotes Franchise that has been reacquired by Franchisor since December 31st 2024.

****** Denotes Food Truck or non-traditional Franchisee

LIST OF FRANCHISEES WITH SIGNED FRANCHISE AGREEMENT, BUT OUTLET NOT OPEN AS OF DECEMBER 31, 2024

Franchisee	Street Address	City	ST	Zip	Phone
Coastal Tea, LLC	TBD	Daphne	AL	36532	(251) 402-6272
Rocket City Tea, LLC	TBD	Decatur	AL	36303	(432) 213-0042
Austin Clinkscales	5530 Purdue Ave.	Mobile #1	AL	75209	(817) 368-9499
War Teagle, LLC	TBD	Opelika	AL	36830	(334) 332-3124
Layne Jones	11 Harold Dr.	Tuscaloosa	AL	73078	(580) 747-5563
Zeta Tea Company, LLC	62 Sunrise Circle	Fayetteville	AR	73401	(479) 263-3319
Zeta Tea Company, LLC	22 Sunrise Circle	Fayetteville	AR	73401	(479) 263-3319

Franchisee	Street Address	City	ST	Zip	Phone
TexArk Tea, LLC	TBD	Fort Smith	AR	72921	(817) 480-9029
Hog Wild Tea, LLC	14916 Cantrell Rd.	Little Rock	AR	72223	(501) 671-2711
Monroe Ave Tea, LLC	300 W. Monroe Ave.	Lowell	AR	72745	(870) 931-2643
Monroe Ave Tea, LLC	TBD	Siloam Springs	AR	72758	(870) 931-2643
Hog Wild Tea, LLC	TBD	West Conway,	AR	72019	(501) 617-2711
TZONA, LLC	TBD	Avondale	AZ	91316	(432) 556-8919
BNM Tea, LLC	872 E. Birchwood Place	Gilbert	AZ	85249	(214) 801-4420
TZONA, LLC	21434 W. Brittlebrush LN	Glendale	AZ	85396	(806) 290-2403
Infinnitea, LLC	5220 W. Bell Rd.	Glendale	AZ	85308	(702) 538-2549
TZONA, LLC	9121 W. Glendale Ave.	Glendale	AZ	85305	(432) 556-8919
Resilient Partners, LLC	5003 Monticello Ct.	N. Tucson #2	AZ	79705	(432) 661-2833
Miles of Tea, LLC	2510 W. Balao Dr.	Phoenix	AZ	85085	(702) 334-4155
Alys in Tealand, LLC	TBD	Phoenix	AZ		(702) 538-2549
San Tan Tea, LLC	TBD	San Tan Valley	AZ	76087	(817) 832-0558
TZONA, LLC	8010 E. McDowell Rd.	Scottsdale	AZ	85257	(432) 556-8919
ZTeaO, LLC	3250 E. Speedway Blvd	Tucson	AZ	85716	(623) 238-2615
ZTeaO, LLC	TBD	Tuscon	AZ		(623) 238-2615
Resilient Partners, LLC	3700 Orange Grove	Tuscon	AZ	85741	(432) 661-2833
Champa 1, LLC	258 Fairchild Dr.	Longmont	CO	80126	(720) 344-0214
NOCO Tea Company, LLC	1245 E Eisenhower Blvd	Loveland	CO	80537	(432) 559-2947
Champa 1, LLC	258 Fairchild Dr.	Fort Myers/Cape Coral	FL	80126	(720) 344-0214
HTea Opco, LLC	3460 E. Bay Dr.	Largo	FL	33771	(337) 288-6073
MIGHTEA CO Albee	202 Albee Rd. W.	Nokomis	FL	34275	(585) 746-8960

Franchisee	Street Address	City	ST	Zip	Phone
Nokomis, LLC					
MYTEA CO.	TBD	S. Tampa	FL	33629	(813) 326-1866
30A Tea at SRB, LLC	147 Log Landing St.	Santa Rosa Beach	FL	32461	(919) 333-0421
MIGHTEA CO Albee Nokomis, LLC	607 Bayshore Road	Sarasota #1	FL	34275	(585) 746-8960
2717 ISI Holdings, LLC	1046 Dolly Nixon Rd	Peachtree City	GA	30276	(214) 934-6247
Brian Cunningham	TBD	Manhattan	KA	67207	(316) 807-1008
Albrach Tea the Max LLC	TBD	N. Wichita	KA	67206	(760) 845-3777
Serendipitea, LLC	15837 SW 158th Ter	SE Wichita	KA	67133	(402) 366-8959
R&F Investments, LLC	18224 BeBee Rd.	Baton Rouge	LA	70647	(337) 224-9076
Wheat State Tea 418, LLC	1404 E 23rd St.	Independence	MO	64055	(316) 807-4008
MW Tea Holdings, LLC	TBD	Kansas City	MO	64155	(432) 528-4160
HTrao Opco, LLC	910 S. Madison St.	Webb City	MO	64870	337-288-6073
H&B Cup of Tea, LLC	TBD	Alamogordo	NM	79720	(432) 517-0038
High Desert Tea, LLC	119 Sandy Ln.	Albuquerque	NM	87048	(505) 463-0017
High Desert Tea, LLC	119 Sandy Ln.	Albuquerque	NM	87048	(505) 463-0017
H&B Cup of Tea, LLC	1502 W. Main St.	Artesia	NM	88210	(432) 517-0708
HTea Opco, LLC	TBD	Las Cruces #2	NM	70508	(337) 288-6073
Sawco Beverage, LLC	217 S. Avenue C	Portales	NM	88130	(575) 760-7657
Enchanted Mountain Tea, LLC	TBD	Rio Rancho	NM	87109	(432) 294-2054
HTOUFO, LLC	610 W 2nd Street	Roswell	NM	88201	(575) 637-6611
Kevin Hockett	3301 N. Main St.	Roswell	NM	88201	(432) 208-4372
JM Tea, LLC	TBD	Summerlin S./Rhodes Ranch/Enterprise	NV	89101	(805) 395-0148
Tomorrow Eclipse Associates, LLC	200 N. Mississippi Ave.	Ada	OK	74820	(580) 495-8398

Franchisee	Street Address	City	ST	Zip	Phone
LEViTea, LLC	TBD	Altus	OK		(405) 514-7537
TeaOK #1, LLC	7004 North Oklahoma Ct.	Choctaw	OK	73105	(405) 630-0376
Newbeco LLC	1750 S Hwy 66	Claremore	OK	74019	(806) 584-7603
Mullins Holdings, LLC	2005 E. Main St.	Cushing	OK	74023	(918) 223-5305
Backroads Barbecue, LLC	11 HAROLD DRIVE NE	Edmond	OK	73078	(580) 747-5563
Daychaser Business Trust	1052 W. Shawnee St.	Muskogee	OK	74401	(918) 694-9595
Black Diamond Land Resources	501 Newport Bridge Dr.	N. Edmond	OK	73034	(405) 615-5535
Drink Tea Holdco, LLC	719 E. State Hwy 152	Piedmont	OK	73064	(405) 630-0376
FreshBrew, LLC	714 E. Main St.	Weatherford	OK	73096	(580) 660-0950
Tyler Evans	401 Meadowbrook Cir	Cookeville	TN	38351	(615) 878-3744
Thomas Fox	1337 Carrington Way	Greater Chattanooga #1	TN	37465	(817) 366-9292
10-78 WHYB, LLC	6212 Hixson Pike	Hixson	TN	37343	(806) 206-9498
DOR Properties, LLC	TBD	Murfreesboro	TN	37046	(806) 681-9855
East TNTea, LLC	TBD	Pigeon Forge	TN		(281) 825-6090
Daniel Fertig	TBD	Salina	TX		(620) 338-5224
L4CE, LLC	TBD	Alliance	TX	76052	(432) 638-9060
Ultimate Tea LLC	TBD	Argyle	TX	76262	(469) 446-7988
Northern Hills Wings, LLC	2860 E. Pioneer Pkwy	Arlington	TX	76010	(817) 966-9464
Teas by McGee, LLC	17622 W. Lake Houston Pkwy	Atascocita	TX	77346	(713) 256-2953
Debra Lee Silva	110 Falling Star CT	Azle	TX	76088	(817) 304-7819
Harhun Enterprises, LLC	TBD	Bastrop	TX	78957	(512) 914-8477
TT Custom Homes, LLC	TBD	Boerne	TX	78006	(210) 275-2824
James Curtis	1060 New Years	Brenham	TX	77833	(979) 277-8878

Franchisee	Street Address	City	ST	Zip	Phone
	Creek Ln.				
CTeaX, LLC	11531 Carson Field Ln.	Bridgeland	TX	77433	(713) 751-9763
Harvey Lusk	TBD	Bridgeport	TX	76249	(972) 215-6084
SweetwaterATX, LLC	508 E. Jackson St. PO Box 1232	Burnet	TX	78611	(512) 983-8314
JSP Operations, LLC	1002 W. Henderson St.	Cleburne	TX	76033	(432) 352-3405
Jett Capital, LLC	TBD	College Station-Store #2	TX	76903	(325) 234-0085
4MTEA, LLC	2450 N. Loop 336 W.	Conroe	TX	77304	(432) 413-8284
Brady Shackelford	2004 Brentwood	Coppell	TX	79707	(214) 957-1551
Kennan Craig Williams	2862 Nottingham Dr.	Corinth	TX	76262	(972) 955-2593
SonRise Operations, LLC	14101 Grant Rd.	Cypress	TX	77429	(832) 466-6199
Austin Tea Party, LLC	9321 Lookout Point	Dallas	TX	75231	(512) 771-3366
Fortis Management Group, LLC	TBD	Decatur,	TX		(940) 255-7896
SweetwaterATX, LLC		Dripping Springs	TX		(512) 983-8314
SpecialTea Brews, LLC	727 S. Cockrell Hill Rd.	Duncanville	TX	75137	(503) 964-8490
Austin Tea Party, LLC	8201 Preston Rd. Ste. 520	E. Austin	TX	75225	(214) 289-7766
Elizabeth William, LLC	6008 Homestead Blvd	Edgecliff Village	TX	79707	(432) 288-5461
Bouchard Investments, LLC	5047 Highway 3 Suite A	Edinburg	TX	51012	(712) 261-0547
Apsis Investments, LLC	4011 S. McColl Rd.	Edinburg	TX	78539	(817) 675-0620
Steeped Ventures, LLC	TBD	El Campo	TX	78795	(512) 917-6659
John Corral	2607 Culver Dr.	El Paso #1	TX	79705	(760) 712-8181
TriniTea LLC	TBD	El Paso	TX	79707	(575) 910-9300
Main Street Tea, LLC	316 N. Main St.	Euless	TX	76039	(817) 653-0510

Franchisee	Street Address	City	ST	Zip	Phone
West Odessa Tea, LLC	TBD	Far West Odessa	TX		(432) 638-3375
Benjamin Reed	149 S. Abrego Crossing	Floresville	TX	78114	(210) 771-1056
Saltea Beaches Inc.	14100 Waterford Way	Forney	TX	75126	(432) 934-8282
Ultimate Tea LLC	4765 Golden Triangle Blvd	Fort Worth	TX	76244	(469) 446-7988
KCBS Ventures, Inc.	TBD	Fort Worth	TX	79015	(806) 676-8375
Thomas Potts	12201 Milano Ct.,	Fort Worth	TX	76126	(505) 270-5462
Tily Tea Company	11512 Hickory Falls Dr.	Fort Worth	TX	76226	(619) 227-2408
Mama Tea, LLC	5511 Parkcrest Dr., Ste. 103	Frisco	TX	78731	(918) 633-5929
Carla Hutcherson	32611 Wheatley Ct.	Fulshear	TX	77441	(713) 502-3126
Supertea, LLC	1015 Westinghouse Blvd.	Georgetown	TX	78626	(512) 897-9931
4-Man Brew, LLC	10601 Clarence Dr., Ste. 250	Granbury	TX	75033	(682) 429-9825
Saltea Beaches Inc.	337 W. Main St.	Gun Barrel City	TX	75156	(432) 934-8282
Broadway Boys, LLC	TBD	Harker Heights	TX	70768	(432) 557-0145
Dove Tea 72, LC	259 Blazing Trail	Highland Village	TX	73401	(580) 490-2340
Jude Crane	TBD	Houston	TX		(972) 839-9540
RAM Hospitality, LLC	15815 Sylvan Lake Dr.	Houston	TX	77062	(346) 262-5518
Jude Crane	TBD	Houston	TX		(972) 839-9540
Macbeth Properties, LLC	TBD	Hurst	TX	78701	(817) 992-9855
JSP Operations, LLC	5209 Quicksand Dr.	Joshua	TX	79709	(432) 352-3405
Z3 Tea, LLC	21810 Kingsland Blvd	Katy	TX	77450	(816) 686-5269
L4CE, LLC	2126 Rufe Snow Dr.	Keller	TX	76248	(432) 638-9060
Teasley Holdings, LLC	275 TX-302	Kermit	TX	79745	(432) 208-2185

Franchisee	Street Address	City	ST	Zip	Phone
Sara Trevino	703 Alexander Avenue	Kingsville	TX	78363	(361) 548-7827
Lamesa HTO, LLC	2116 CR M	Lamesa	TX	79331	(806) 632-7625
Cynthia Haynes Ramirez	104 Jog Falls Rd.	Laredo	TX	78041	(956) 740-9798
Carcano Holdings, LLC	2716 Rocky Springs Dr.	League City	TX	77584	(832) 259-9899
Rhino Tea, LLC	11700 Hero Way W.	Leander	TX	78641	(512) 699-2335
Carnahan & Partners, LLC	32212 Cardamon Way	Leon Springs/Dominion	TX	78163	(210) 643-7372
Lumely Holdings, LLC	TBD	Liberty Hill	TX	78642	(806) 679-9977
SweetTea OC, LLC	6005 Augusta Circle	Longhorn Airport	TX	77845	(979) 219-5500
East Texas Tea, LLC	580 County Road 2153	Lufkin	TX	75965	(325) 660-9189
Bethany Beeman Tea #2, LLC	12211 US-290	Manor	TX	78653	(512) 709-0647
Hudson Family Tea Company, LLC	TBD	Mansfield	TX	76063	(817) 291-1420
Minnows Management, LC	3524 Wentwood Dr.	McKinney	TX	75225	(214)-577-445
Binh Nguyen	117 Warwick Blvd	Melissa	TX	75056	(214) 298-2464
Tea to Green, LLC	3104 TX-158	Midland	TX	79701	(432) 634-4506
Lara Price	TBD	Midlothian	TX	76065	(817) 319-7233
Herbtea, LLC	244 Lazy Creek Dr.	N. Cedar Park	TX	78628	(817) 304-3077
JDM Bev 2, LLC	TBD	North New Braunfels	TX	78155	(830) 305-9889
Brewing Ideas, LLC	2620 Johnson Rd.	North Richland Hills	TX	76092	(817) 939-5321
Young n'Tea, LLC	PO Box 781083 San Antonio	NW San Antonio	TX	78278	(210) 326-4790
Unitea, LLC	1911 E. 87th St.	Odessa	TX	79765	(432) 889-8940
Friendswood Tea CO	1234 E. Broadway St.	Pearland	TX	77581	(713) 882-9773

Franchisee	Street Address	City	ST	Zip	Phone
Bethany Beeman Tea, LLC	710 Kay Ln.	Pflugerville	TX	78660	(512) 709-0647
Tea Holdings, LLC	508 Rimrock Dr.	Plainview	TX	79118	(806) 930-2124
Ralph and Sarah Partners, LLC	TBD	Port Isabel	TX	78578	(432) 770-7064
PresiTeaO, LLC	1006 E. Sunset St.	Presidio	TX	79845	(817) 781-5039
SK Tea Opco, LLC	200 S Preston Road	Prosper	TX	75078	(214) 546-6190
Elizabeth William, LLC	1008 Bourland Rd.	Roanoke	TX	76248	(432) 288-5461
APPPJ Two Management, LLC	4853 S. Goliad St.	Rockwall	TX	75032	(972) 489-3728
APPPJ Management, LLC	3060 N Goliad St.	Rockwall	TX	75087	(972) 489-3728
NAK Tea, LLC	211 Deer Ridge Dr.	Round Rock	TX	78681	(512) 709-9771
Bluebonnet Tea Round Rock, LLC	2309 E. Palm Valley Blvd.	Round Rock	TX	78665	(240) 678-0394
David Hanson	322 Sonora Trl.	Royse City	TX	75189	(972) 804-2866
Herbtea, LLC	244 Lazy Creek Dr.	S. Cedar Park	TX	78628	(817) 304-3077
Lello Industries, LLC	TBD	S. Denton	TX		(940) 453-7381
W6 Emunah Co.	TBD	S. Garland	TX	79424	(806) 928-7851
Minnows, LLC	7500 S State Hwy 78	Sachse	TX	75048	(214)-577-445
The Hicks Six, LLC	TBD	Saginaw	TX	76248	(817) 296-1128
Jett Capital, LLC	TBD	San Angelo #2	TX		(325) 234-0085
Carnahan & Partners, LLC	1638 NE Loop 410	San Antonio	TX	78209	(210) 643-7372
Chris Gannon	10440 Ivy Flower	San Antonio	TX	78154	(210) 273-0379
Kelsun Tea, LLC	114 Robins Way	San Antonio	TX	78015	(210) 319-8618
SusTEAta, LLC	TBD	San Antonio	TX	78228	(210) 392-6656
SweetTea OC, LLC	6005 Augusta Circle	San Antonio-Converse	TX	77845	(979) 219-5500
Brian Beltran	29034 Voges Ave	San Antonio	TX	78006	(210) 990-7335

Franchisee	Street Address	City	ST	Zip	Phone
Opal Vault	TBD	San Marcos Store #1	TX	78666	(806) 420-1127
CCC Texas Tea, LLC	1650 Winding Creek Ln.	Seagoville	TX	75032	(214) 801-3302
FABBT, LLC		Seguin	TX		(405) 408-9289
West Texas Best Tea, LLC	8210 W. 12th St.	Seminole	TX	79763	(432) 238-1636
Hansford Tea, LLC	20650 Kuykendahl Rd.	Spring	TX	77379	(432) 270-1483
H-town Tea Co. LLC	8217 Louetta Road	Spring	TX	77379	(281) 210-7754
Michael Dawdy	320 Over Dale Ct.	Sunnyvale	TX	75182	(469) 441-2311
Favored Beverages, LLC	116 Jenny George Lane	Sweetwater	TX	79556	(432) 517-0038
Vallarm, LLC	211 N. General Bruce Dr.	Temple	TX	76504	(806) 632-7625
Alexander Freitag	TBD	The Rim	TX	78023	(210) 421-9420
FABBT, LLC	4200 Perimeter Center Dr. Ste. 195 , OK 73112	The Woodlands	TX		(405) 408-9289
OZ Tea, LLC	2020 Zacate Drive	Tyler	TX	79765	(432) 553-0642
C4 Bev Co. , LLC	7305 NE Zac Lentz Pkwy	Victoria	TX	77904	(830) 391-2920
C4 Bev Co., LLC	TBD	Victoria Store #2	TX	77904	(830) 391-2920
4-Man Brew, LLC	10601 Clarence Dr., Ste. 250	W. Arlington	TX	75033	(682) 429-9825
Waco Tea, LLC	4800 Bosque Blvd	Waco	TX	76710	(254) 258-8614
RGV Tea Company, LLC	131 N. Nueces Park Ln.	Weslaco	TX	78552	(956) 867-6134
Hooked on Tea, LLC	4211 Sundance Circle	West Harlingen	TX	78599	(956) 472-8828

LIST OF FRANCHISEES WHO LEFT THE SYSTEM AS OF DECEMBER 31, 2024

Franchisee	City	ST	Phone
Trinity Group West, LLC	Centerton	AR	terrydaphne@hotmail.com

Franchisee	City	ST	Phone
Crawford RG, LLC	Odessa	FL	mrgenescott@hotmail.com
Charles Cassidy	Port St. Lucie	FL	charles.cassidy@gmail.com
ILuvTea, LLC	Winter Garden	FL	pchavan@yahoo.com
Chai Hard, LLC	Garden City	KS	tanner_rindels@hotmail.com
Cory Johnson	Rio Rancho	NM	jtb466@hotmail.com
Davis Tea Co., LLC	Guymon	OK	mpdavis1@outlook.com
Dove Tea 176, LLC	Durant	OK	qualityconstructionjesse@gmail.com
Arnold's Tea, LLC	Muskogee	OK	chad@arnoldhomeloans.com
Carolina Sweet Tea, LLC	Charleston	SC	sdelcioppo@gmail.com
Ring Tree Tea, LLC	Abilene *Food Truck*	TX	ksntxz@yahoo.com
Henderson County Royall Tea, LLC	Athens	TX	nathankroyall@gmail.com
Jonathan Paiz	Austin	TX	jonathanpaiz@outlook.com
Jared Cook	Brenham	TX	admin@protechbrenham.com
BeYouTeaFul Ventures, LLC	Carrollton *Food Truck*	TX	caleb@beyouteaful.com
BeYouTeaFul Ventures, LLC	Carrollton	TX	caleb@beyouteaful.com
Diana Dembinksi	Cedar Park, TX	TX	dianafatkinson@yahoo.com
SDLJustice, LLC	Cinco Ranch	TX	stacielynnjustice@gmail.com
Davis-James, LLC	Denton (Duchess Dr.)	TX	jj2lil@gmail.com
EP Tea, LLC	El Paso	TX	cazaresmarket92@yahoo.com
Tea on Tap, LLC	Graham	TX	mkinman@4kees.com
Sheriff Shack, LLC	Grand Prairie	TX	vanessajo1968@att.net
4H Brews, LLC	Highland Village	TX	4hbrews@gmail.com
Kory Lancaster	Joe Pool Lake	TX	kory.lancaster@gmail.com
4B2D Austin Tea Co. Round Rock, LLC	Kerrville	TX	ronbostick66@gmail.com
Beyouteaful Ventures, LLC**	Lewisville	TX	806-898-1717
Treats & Tea, LLC	Murphy	TX	christinalamar04@gmail.com
Ring Tree Tea, LLC**	Odessa	TX	432-214-7585
Jeff Jenkins	Palestine	TX	jeff@blueprint.biz
Best Tea Ever, LLC	Pampa	TX	tracy.dunn@yahoo.com
Jencika Lucich	Pasadena	TX	J_lucich01@yahoo.com

Franchisee	City	ST	Phone
Mack Tea Co.	Pearland	TX	themacks81018@gmail.com
Austin Tea CO. LLC	Pflugerville	TX	ronbostick66@gmail.com
Ben Chien	Plano	TX	cbnandco@gmail.com
ThirstTea-Team, LLC	Pleasanton	TX	store04@hteao.com
Richard Hernandez	Portland	TX	rh_richservices@yahoo.com
SereniTEA Three, LLC	Richardson	TX	brent.gette@gmail.com
BeYouTeaFul Ventures, LLC	Rockwall/Heath	TX	caleb@beyouteaful.com
4B2D Austin Tea Co. Round Rock, LLC	Round Rock	TX	ronbostick66@gmail.com
4B2D-DFW Tea Co. LLC	Rowlett	TX	ronbostick66@gmail.com
4B2D DFW Tea Co. Rowlett #2, LLC	Rowlett #2	TX	tscottdougherty8@gmail.com
Tea on Tap, LLC	Springtown	TX	mkinman@4kees.com
Kayla Flanary	Texarkana	TX	kflanary5@gmail.com
Christina Crump	Valley Ranch	TX	ckcrump@yahoo.com
TYJ Tea, LLC, Series TX - 492	S. Waco/Robinson	TX	jaa_1946@yahoo.com
Brad Poyner	White Settlement	TX	bradapoynor@gmail.com

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

LIST OF FRANCHISEES WHO LEFT THE SYSTEM AS OF JANUARY 1, 2025-PRESENT

Franchisee	City	ST	Email
Holvay, LLC	Lovington	AR	whitneymoon7@gmail.com
KL Tea, LLC	Corsicana	TX	Ashley.roberts.terry@gmail.com
Tea to Green, LLC	Midland Rockhounds Ballpark *	TX	samzach@mygrande.net
AguirreBrews, LLC	Mission	TX	lizzymed23@aol.com
Eboni Taylor	Rice/Military	TX	ebonijtay@gmail.com
24Tea, LLC	Temple	TX	hansen.seth@gmail.com
Egnalej Tea, LLC	White Settlement (White Settlement Rd & Expedition Dr)	TX	brummett2005@yahoo.com

EXHIBIT E TO FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF MANUAL

HTEAO FC, LLC OPERATIONS MANUAL

TABLE OF CONTENTS

HTEAO FC, LLC OPERATIONS MANUAL

TABLE OF CONTENTS

SECTION	NUMBER OF PAGES
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Section 2: Introduction to the Franchise System	10
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Section 5: Daily Operating Procedures	39
Section 6: Recipes	24
Section 7: Tea Bar Standards	10
Section 8: Fruit Bar Standards	8
Section 9: Front of House	8
Section 10: Back of House	7
Section 11: Side of House (Drive Through)	5
Section 12: Sales Procedures	5
Section 13: Marketing	11
Section 14: Finance and Accounting	13
Section 15: Additional Resources	2

TOTAL PAGES IN MANUAL: 216

EXHIBIT F TO FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

California
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
(866) 275-2677

Hawaii
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois
Office of Attorney General
500 S. Second Street
Springfield, Illinois 62701
(217) 782-4465

Indiana
Franchise Section
Securities Division
302 W. Washington St., Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

Maryland
Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-7042

Michigan
Consumer Protection Division
Antitrust and Franchise Unit
Department of Attorney General
525 W. Ottawa St.
G. Mennen Williams Bldg., 1st Floor
PO Box 30212
Lansing, Michigan 48909
(517) 335-7622

Minnesota
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

New York
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
212-416-8285

North Dakota
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 5th Floor Dept. 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Rhode Island
Securities Division
Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 68-2
Cranston, Rhode Island 02920
(401) 462-9527

South Dakota
Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
1300 Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

Washington
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507
(360) 902-8760

Wisconsin
Franchise Administrator
Division of Securities
Department of Financial Institutions
345 West Washington Avenue
Madison, Wisconsin 53703
(608) 266-8557

EXHIBIT G TO FRANCHISE DISCLOSURE DOCUMENT

AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

Indiana

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204

Texas

Justin Howe
1322 Ranchers Legacy Trail,
Fort Worth, Texas 76126
806-322-0660

Virginia

Clerk, State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

EXHIBIT H TO FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

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

This Franchise Disclosure Document is registered, on file, or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date
California	Not Registered
Hawaii	Not Registered
Illinois	Not Registered
Indiana	May 7, 2025
Maryland	Not Registered
Michigan	Not Registered
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	July 18, 2025
Washington	Not Registered
Wisconsin	Not Registered

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT I TO FRANCHISE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If HTEAO FC, LLC offers you a franchise, it must provide you this disclosure document 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.

If HTEAO FC, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the appropriate state administrator listed in Exhibit F. Our agents for service of process are listed in Exhibit G.

Issuance Date: April 30, 2025, as amended September 26, 2025.

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

	Name	Principal Business Address	Telephone Number
	Justin Howe	1322 Ranchers Legacy Trail, Fort Worth, Texas 76126	806-322-0660
	Andrew Hawes	1322 Ranchers Legacy Trail, Fort Worth, Texas 76126	806-322-0660

I received a disclosure document dated April 30, 2025, as amended September 26, 2025, that included the following Exhibits:

Exhibit A	Financial Statements
Exhibit B	Development Agreement with all Attachments
Exhibit C	Franchise Agreement with all Attachments
Exhibit D	List of Current Franchisees and List of Former Franchisees
Exhibit E	Table of Contents of Manual
Exhibit F	List of State Administrators
Exhibit G	Agents for Service of Process
Exhibit H	State Effective Dates
Exhibit I	Receipts

Dated: _____

_____
Printed Name, Individually

_____
Printed Name, Officer

of _____

(a _____ Corporation)

(a _____ Partnership)

(a _____ Limited Liability Company)

[Keep this page for your records.]

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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Exhibit G	Agents for Service of Process
Exhibit H	State Effective Dates
Exhibit I	Receipts

Dated: _____

_____
Printed Name, Individually

_____
Printed Name, Officer

of _____

(a _____ Corporation)

(a _____ Partnership)

(a _____ Limited Liability Company)

[Return to HTEAO FC, LLC
1322 Ranchers Legacy Trail, Fort Worth, Texas 76126]