FRANCHISE DISCLOSURE DOCUMENT

Boba Time, Inc.
A California corporation
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Boba Time, Inc. offers franchises for specialty juice and snack bars that operate under name "It's Boba Time®" and feature premium freshly made smoothies, snacks, desserts and other beverages for dine-in and take-out service (a "Store").

The total investment necessary to begin operation of a franchised Store ranges from $~~469,000~~465,600 to $~~593,500~~596,800. This includes $45,000 that must be paid to us.

Area developers must commit to open a minimum of 3 franchised Stores. If you purchase area development rights to open 3 to 5 franchised Stores, the total investment necessary to begin operation of an It's Boba Time franchise ranges from $~~499,000~~495,600 to $~~653,500~~656,800. This includes $75,000 to $105,000 that must be paid to us.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the franchisor at 3255 Wilshire Blvd., Ste. 1420, Los Angeles, California 90010 or by phone at (213) 251-0001.

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 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 (the "FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at *www.ftc.gov* for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: ~~April 6, 2023 (amended May 18, 2023)~~March 25, 2024

How to Use this Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. 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 California than in your own state.

2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

3. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

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 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, the following definitions have the meanings given to them below:

"Store" means an It's Boba Time juice and snack bar, including outlets operated by us, our affiliates and our franchisees.

"We" or *"us"* means to Boba Time, Inc. - the franchisor.

"You" means the person who buys an It's Boba Time franchise - the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

Corporate Information

Boba Time, Inc. is a California corporation that was incorporated on September 15, 2011, originally under the name Big Popote, Inc. We changed our legal name to Boba Mia, Inc. on December 7, 2011 and then to Boba Time, Inc. on September 10, 2012. Our principal business address is located at 3255 Wilshire Blvd., Ste. 1420, Los Angeles, California 90010 and our telephone number is (213) 251-0001. Our agent for service of process is disclosed in EXHIBIT "B" to this Disclosure Document. We do not do business under any names other than "Boba Time, Inc." and "It's Boba Time."

Business History

Our concept began in September 2003 when our founders opened the first Store in Los Angeles, California through an affiliated entity. We began offering franchises in 2011. We are not engaged in any business other than offering It's Boba Time franchises and administering the franchise system. We have never offered franchises in any other line of business. We currently own and operate multiple Stores in California. The first Store owned and operated by us opened in 2016.

Parents, Affiliates and Predecessors

We do not have any parent companies or predecessors. We do not have any affiliates that: (a) offer (or have ever offered) franchises in this or any other line of business; or (b) provide any goods or services to our franchisees.

Description of Franchised Business

The franchised business offered under this Disclosure Document is a snack and dessert shop that offers smoothies, snacks, desserts and beverages for dine-in and take-out service. Our Stores offer and sell a wide assortment of juice beverages, including boba teas, smoothies, shaved ice and coffee, as well as various snack and food items. Menu items are freshly-prepared utilizing our proprietary recipes and procedures and high quality and raw materials, some of which have been specially formulated and produced exclusively for use within our Stores. Our Stores are typically located in high volume retail centers and other high traffic commercial locations.

This Disclosure Document refers to the franchised business you will operate as your "Business" or your "Store". We will grant you a license to use certain logos, service marks and trademarks, including the trademark "Boba Time," "It's Boba Time" and related logos (collectively, the "Marks") in the operation of your Business. The "Marks" also include our distinctive trade dress used to identify a Store, whether now in existence or created in the future. You must sign a franchise agreement (the "Franchise Agreement") and operate your Store in accordance with the terms of the Franchise Agreement. The form of Franchise Agreement is attached to this Disclosure Document as EXHIBIT "C".

We have developed a distinct system (the "System") for the operation of a Store. Distinctive characteristics of the System include proprietary recipes and other trade secrets, specially formulated ingredients, business formats, methods, procedures, designs, layouts, standards and specifications and operating system. Information pertaining to the operational aspects of a Store is contained within our confidential Brand Standards Manual (the "Manual").

You will operate your franchised Store as an independent business using the Marks, the System as well as the support, guidance and other methods and materials that we make available to you.

Area Development Rights

If you satisfy all of our criteria for multi-unit developers, we may (but need not) offer you the right to enter into an Area Development Agreement (an "ADA"). The ADA grants you the right and obligation to establish and operate multiple franchised Stores within a defined "development territory" according to a predetermined development schedule. You must open and operate each of the Stores identified in the development schedule. We only grant area development rights to franchisees that commit to open and operate a minimum of 3 Stores. A copy of our current form of ADA is attached to this Disclosure Document as EXHIBIT "D". You will sign a separate franchise agreement for each franchised Store that you establish under the ADA. Each franchise agreement will be our then-current form of franchise agreement, which may differ from the current Franchise Agreement attached to this Disclosure Document.

Market and Competition

It's Boba Time customers include all members of the general public. Sales are not seasonal, although the demand for certain menu items may fluctuate based on the season (for example, demand for smoothies and cold beverages may be higher during the summer while demand for coffee and hot beverages may be higher during the winter). The market for this industry is developed and highly competitive. However, we believe our Stores have a competitive advantage resulting from the outstanding quality of our products. You will compete with other juice bars featuring smoothies, boba tea and similar products. Some of these competitors are independently owned and operated while others are regional or national chains. Some of our competitors operate through a franchise model.

Laws and Regulations

You must comply with all local, state and federal laws that apply to businesses generally, including laws governing discrimination and sexual harassment in the work place, minimum wage, smoking in public areas as well as EEOC and OSHA standards. The Americans with Disabilities Act of 1990 requires readily accessible accommodations for disabled people and may affect your building construction, site design, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. Building codes and requirements vary in different jurisdictions and it is important for you and your architect to be aware of and comply with all local laws.

You must also comply with federal, state and local health and sanitation laws and licensure requirements applicable to food establishments, including laws that require food handlers to have certain inoculations and/or food service permits. Health laws are intended, in part, to reduce food borne illnesses and may cover such issues as: ~~requiring employees to take a test and obtain a license as a food service worker, having accessible sinks, bathrooms for certain size establishments, inspections for cleanliness and compliance, equipment cleaning, storage and packaging, size of facilities, allowed foods, refrigeration, etc.~~

- requiring employees to take a test and obtain a license as a food service worker
- having accessible sinks and bathrooms for certain size establishments
- inspections for cleanliness and sanitation standards, including equipment cleaning, food storage and packaging, ingredients utilized, refrigeration requirements, etc.

The United States Department of Agriculture and the Food and Drug Administration regulate the manufacture, labeling and distribution of food products. There may also be local ordinances and regulations governing food storage, preparation and serving. The Food and Drug Administration also regulates menu labeling for restaurants that are part of a chain of 20 or more restaurants operating under the same name, regardless of ownership. Some laws impose general requirements or restrictions on advertising containing false or misleading claims, or health and nutrient claims on menus, such as "low calorie" or "fat free."

There may be other local, state and/or federal laws or regulations pertaining to your Store with which you must comply. We strongly suggest that you investigate these laws before buying this franchise.

ITEM 2 BUSINESS EXPERIENCE

President – Eunice Unmi Pak

Eunice Pak is our co-founder and has served as our President since September 2011 in Los Angeles, California. From June 2003 to present, she also served as President of our affiliate, J & U Corporation, in Los Angeles, California.

Vice President – Taehoon Richard Jun

Taehoon Richard Jun is our co-founder and has served as our Vice President since September 2011 in Los Angeles, California. Since June 2003, he has also served as Vice President of our affiliate, J & U Corporation in Los Angeles, California.

Accounting Director – Jamie Roh

Jamie Roh has served as our Accounting Director since November 2019 and our Accounting Supervisor from September 2012 to October 2019 in Los Angeles, California.

Franchise Director – Daniel Heo

Since October 2015, Daniel Heo has served in various capacities with us in Los Angeles, California, including:

- Franchise Director (July 2019 to present)
- Franchise Relations Manager (January 2017 to July 2019)

Operations Director – Esther Cho

Esther Cho has served as our Operations Director since October 2019 in Los Angeles, California.~~ From April 2014 to September 2019, she was employed as an Account Manager at F. Gavina & Sons Inc. in Vernon, California.~~

ITEM 3 LITIGATION

Other than these actions, no litigation is required to be disclosed in this disclosure document.

Glen Suh, et. al. v. Boba Time, Inc. et al. (Case No. BC685235)

On November 29, 2017, a Boba Time franchisee, Glen Suh ("Suh"), filed a lawsuit in the Los Angeles Superior Court against Boba Time, Inc., Eunice Pak, Tae Hoon Jun, IBT Brothers, Inc. ("IBT") and others. The lawsuit relates to Suh's purchase of a Boba Time store from our affiliate, IBT, in 2014. Specifically, the lawsuit is based upon Suh's claim that the defendants breached a contractual noncompetition covenant contained within the Business Purchase Agreement ("BPA") entered into between Suh, as buyer, and IBT, as seller. Suh presented IBT with a pre-printed proposed Business Purchase Agreement ("BPA") for the transaction, which stated seller (i.e., IBT) could open no more than 2 Stores within a 10-mile radius from the Store acquired by Suh. Upon review of the proposed BPA, IBT rejected the 10-mile radius (as the parties had never agreed upon such a broad restriction) and made handwritten changes to the BPA that changed the restricted area from the area within a 10-mile radius to an area described as Korea Town (as defined by certain boundaries set forth in the BPA). The final escrow instructions also described the restricted area as Korea Town (rather than the area within a 10-mile radius, as argued by Suh). Approximately 1.5 years after learning that there were more than 3 Stores within a 10-mile radius, plaintiff filed the lawsuit.

The complaint included claims for breach of contract, fraud, breach of fiduciary duty, negligent misrepresentation and other similar grounds. Defendants vehemently denied all wrongdoing and raised numerous defenses, including: (a) the area subject to the noncompetition covenant was limited to Korea Town, consistent with the handwritten changes to the BPA made by IBT and incorporated into the escrow instructions (and the defendants have complied with the noncompetition covenant within such area); (b) the noncompetition covenant only applied

to IBT, and not the franchisor, since the franchisor was not a party to the BPA; (c) the franchise agreement between Suh and the franchisor specifically states Suh is granted no territorial protections or exclusivity and Suh declined to enter into an Area Development Agreement which would have provided such territorial protections; and (d) Suh's claims are time-barred by the franchise agreement's 1-year limitations period for bringing a claim.

On March 8, 2022, the court entered judgment in favor of Plaintiff in the amount of $1,320,288 plus prejudgment interest ($369,933.82) and post-judgment interest from the date of the judgment along with costs and fees to be claimed by separate motion. The court sent us the Notice of Judgment on March 10, 2022. The judgment was satisfied in full with an Acknowledgment of Satisfaction of Judgment issued on August 31, 2022.

Morteza Vadipour v. Boba Time, Inc. et al. (Case No. 21STCV11254)

On March 23, 2021, a Boba Time franchisee, Morteza Vadipour, filed a lawsuit in the Los Angeles Superior Court against Boba Time, Inc., Eunice Pak, Tae Hoon Jun and Daniel Heo. The Complaint includes claims for fraud, breach of the covenant of good faith and fair dealing, unfair business practices, and violations of California's Franchise Investment Law (CFIL). The lawsuit relates to plaintiff's purchase of 2 Stores from an existing franchisee. Plaintiff claims that defendants required him to pay certain fees to Boba Time, Inc. (including training fees and transfer fees) prior to furnishing him with a current Franchise Disclosure Document and waiting for the expiration of the 14-day cooling off period required under the CFIL. Defendants vehemently deny any wrongdoing on the basis that the registration and disclosure obligations imposed under the CFIL did not apply because the transaction was exempt from the requirements of the CFIL. Specifically, defendants argue the transaction met the criteria for the exemption applicable to the private sale of a franchise by an existing franchisee for his or her own account that is not effected by or through the franchisor. Plaintiff also claims defendants fraudulently induced him to purchase the Stores by failing to disclose their plans to open another Store 2.5 miles away from one of the acquired Stores. The defendants believe this claim is baseless and point to plaintiff's admission that the assigned Franchise Agreements did not provide any territorial exclusivity or protections.

On March 31, 2023, the parties entered into a Settlement and Mutual Release Agreement (the "Settlement Agreement") with the following material terms: (a) plaintiff would remain a Boba Time franchisee and Plaintiff's 2 Franchise Agreements would continue to govern the franchise relationship between the parties; (b) plaintiff must dismiss the lawsuit within 7 days after signing the Settlement Agreement; (c) the parties mutually released each other from all claims (other than contractual rights and obligations under the 2 Franchise Agreements); (d) plaintiff would receive a protected territory comprised by the area within a 1.4-mile radius (calculated as distance by car) from each of plaintiff's 2 Stores (excluding any Stores located within such areas as of date the Settlement Agreement was signed); and (e) we agreed to waive the initial franchise fee for the next 3 Stores purchased by plaintiff.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee

You must pay us a nonrefundable initial franchise fee of $45,000 (if this is your 1st franchised Store) or $30,000 (if this is your 2nd or subsequent franchised Store). The entire initial franchise fee is payable in full at the time you sign the Franchise Agreement. The initial franchise fee is uniform (except as discussed below for area developers) and fully earned.

Development Fee

If you sign an ADA, you will pay a $45,000 initial franchise fee for your first Store and a $30,000 discounted initial franchise fee for each additional Store ~~that~~ you commit to develop under your development schedule. At the time you sign the ADA, you will pay us the full $45,000 initial franchise fee for your first Store and a

development fee equal to 50% of the total discounted initial franchise fee (i.e., $15,000) for each additional Store ~~that~~ you commit to develop under the ADA. ~~For example, if you purchase the right to develop 5 Stores, you will pay us the full $45,000 initial franchise for your first Store plus a development fee equal to $60,000 ($15,000 X 4) for the right to develop the 4 additional Stores under the ADA.~~ We anticipate ~~that~~ most area developers will purchase the right to develop between 3 ~~to~~and 5 Stores, which results in development fees ranging from $30,000 to $60,000.

You ~~must~~ pay us the remaining balance of the initial franchise fee (i.e., $15,000) for each additional Store at the time you sign the Franchise Agreement for that Store. However, if we terminate ~~your~~the ADA due to your default, you ~~will~~are not ~~be~~ required to pay the remaining balance of the initial franchise fee for any Store for which a Franchise Agreement had not been signed as of the date of termination.

Development fees are nonrefundable and uniformly imposed.

ITEM 6 OTHER FEES

TYPE OF FEE [1]	~~AMOUNT~~AMOUNT [2]~~,~~[3]	DUE DATE	REMARKS
Royalty Fee	5% of Gross Sales ~~[2]~~	Day of each week that we specify (currently Wednesday) for Gross Sales generated during prior reporting period~~.~~	Our current reporting period runs from Monday morning through close of business on Sunday. We may change the reporting period and royalty fee due date ~~at any time~~ upon ~~at least~~ 30 days' prior notice. You may be requested to provide us with weekly reports of your Gross Sales.
Brand ~~and System Development~~ Fund Fee	2% of Gross Sales~~.~~ ~~[2]~~	Same as royalty fee	~~We have established and~~You must contribute this amount to the Brand Fund we administer ~~a brand and system development fund to promote public awareness of our brand and improve our System. You will~~. You have no voting rights pertaining to the administration of the ~~fund~~Brand Fund, the creation ~~and~~or placement of ~~the marketing materials~~advertising, or the amount of the ~~required contribution. We recommend, but~~ Brand Fund Fee. We do not require~~, that~~ you to spend any minimum amount of money on local marketing during the term of your Franchise Agreement~~.~~ (but we recommend it).
Training Fee	$350 per person per day (plus ~~reimbursement of expenses~~Travel Expenses for onsite training)	10 days after invoice	See Note 4.

TYPE OF FEE [1]	~~AMOUNT~~AMOUNT [2] [3]	DUE DATE	REMARKS
Conference Registration Fee	Up to $400 per person per day	10 days after invoice	We may hold ~~periodic national or regional~~ conferences to discuss ~~business and operational issues~~matters affecting ~~Stores. We may~~franchisees. Attendance is mandatory unless: (a) we designate attendance ~~at these conferences~~ as optional~~ or mandatory. You are also responsible for all expenses and costs that~~; or (b) we waive your obligation to attend based on showing of good cause. If you fail to attend a required conference without a waiver from us, you must pay us the conference ~~attendees incur, including wages, travel and living expenses.~~registration fee despite your non-attendance (we will provide you with a copy of any written materials distributed at the conference).
Technology Fee	Varies (not currently charged)	10 days after invoice or as otherwise specified by us	~~You must acquire and utilize all information and communication technology systems that we specify from time to time (the "Technology Systems"). The "technology~~This fee~~"~~ includes all amounts you pay us ~~or~~and our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers~~ based on your use of their systems, software, technology or services. The amount of~~. It may also include a reasonable administrative fee for managing the technology ~~fee may change based upon changes to the Technology Systems or the prices charged by~~ platform and negotiating/ managing relationships with third-party ~~suppliers with whom we enter into master agreements. The technology fee~~licensors. It does not include any amounts you pay directly to third-party suppliers~~ for any component of the Technology Systems. As of the issuance date of this Disclosure Document, we do not charge a technology fee~~.
System Program Fees	Varies (not currently charged)	10 days after invoice or as we otherwise specify	You must participate in any customer loyalty, membership and/or gift card program we establish and pay all associated program contributions and fees we require to implement and administer these programs. These amounts are paid to us or a third party we designate.
Product Purchases	Varies depending on item purchased	At time of purchase	We ~~and affiliates~~or our affiliate may~~, but need not, be a~~ serve as a System supplier for certain ~~items purchased by franchisees, such as inventory, marketing material, equipment and operating supplies.~~goods or services you must purchase. If ~~we supply any of these items~~this occurs, we will provide you with a price list upon request. Neither we nor any of our affiliates is currently a supplier.

TYPE OF FEE [1]	~~AMOUNT~~AMOUNT [2]~~,~~[3]	DUE DATE	REMARKS
~~Audit Fee~~ New Product or Supplier Testing	~~Actual cost~~Cost of ~~audit~~ testing (estimated to range from $1,000 to $~~3~~2,000~~) plus travel and lodging expenses for audit team~~ per test)	10 days after invoice	~~Payable only if the audit (a) reveals that you have understated any amount that you owe us by at least 2% or (b) is necessary because you fail to furnish required information or reports to us in a timely manner.~~ This covers the costs of testing new products or inspecting new suppliers you propose.
~~Fines~~ Relocation Fee	~~Up to $500 per incident~~$3,000	~~Upon demand~~At time we approve request to relocate	~~Payable if you fail to comply with a mandatory standard or operating procedure (including timely submission of required reports) and you do not cure the non-compliance within the time period we require. We may impose an additional fine for every 24 hours that the non-compliance issue is not cured after we impose the initial fine. We will deposit all fines into the brand and system development fund.~~Imposed if we approve your request to relocate your Store.
Renewal Fee	$10,000	At time you sign Renewal Agreement	~~None.~~Imposed if you renew your franchise rights by signing a renewal Franchise Agreement.
Transfer Fee	*[Franchise Agreement]* $10,000	At time transfer request submitted	~~Payable when you request a transfer or sale of your franchise. No charge if franchise transferred to an entity that you control or for certain transfers of ownership interests between existing owners.~~ We do not charge a transfer fee for Permitted Transfers. You pay the transfer fee for all other Transfers. We need not refund the transfer fee if we deny your Transfer request. We may also charge the buyer a $2,000 initial training fee. If our broker finds the buyer you must reimburse us for all commissions we pay the broker.
	[ADA] $10,000		
Reimbursement of Quality Assurance Program Costs	Actual cost paid to company we hire	10 days after invoice	If we hire a person or company to inspect your Store, you must reimburse us for all amounts we pay them for the inspection.
Reimbursement of Reinspection Costs	All Travel Expenses and other costs we incur to travel to and inspect your Store	10 days after invoice	Imposed if we inspect your Store to determine if you remedied a (a) health or safety issue identified by a government agency or (b) breach of system standards we bring to your attention.
Audit Fee	Actual cost of audit (estimated to cost $1,000 to $3,000) plus Travel Expenses for audit team	10 days after invoice	Imposed if an audit (a) is necessary because you fail to send us required information or reports in a timely manner or (b) reveals you understated Gross Sales by 2% or more.
Noncompliance Fee	Up to $500 per incident	Upon demand	Imposed if you fail to comply with a mandatory standard or operating procedure (including timely submission of required reports) and do not cure within the time period we require. We may impose an additional $500 fee every 48 hours the noncompliance issue remains uncured after we impose the initial fee. We will deposit these fees into the brand fund.

TYPE OF FEE [1]	~~AMOUNT~~AMOUNT [2,3]	DUE DATE	REMARKS
Late Fee	$100 plus default interest at 18% per annum (prorated on daily basis) or highest rate allowed by applicable law (highest rate allowed by law is 10% in California)	10 days after invoice	If we debit your account but there are insufficient funds, or a check you issue is returned due to insufficient funds, then we may also charge you an NSF fee of $50 per incident.
Default Reimbursements	All costs we incur to cure your default	10 days after invoice	If you fail to cure a breach of the Franchise Agreement or our brand standards in the time period we require, we may take steps to cure on your behalf and you must reimburse us for our costs (examples include failure to pay suppliers, maintain insurance, or meet quality or safety standards).
Management Fee	Commercially reasonable fee (not to exceed 10% of Gross Sales) plus ~~reimbursement of travel and living expenses~~Travel Expenses	10 days after invoice	If you fail to timely cure a default under the Franchise Agreement or the Managing Owner dies, we can designate a ~~temporary manager~~person to manage your ~~Business~~Store until ~~you cure~~ the default is cured or ~~find a replacement~~you replace the Managing Owner~~, as applicable.~~ .
Indemnification	~~Will vary with circumstances~~Amount of our damages, losses or expenses	10 days after invoice	You must indemnify and reimburse us for ~~any~~all damages, losses or expenses we incur ~~as a result of~~due to the operation of your ~~Business~~Store or your breach of the Franchise Agreement.
Attorneys' Fees and Costs	~~Will vary with circumstances~~Amount of attorneys' fees and costs we incur	Upon demand	You must reimburse us for all attorneys' fees and ~~other~~ costs we incur relating to your breach of ~~any term of~~ the Franchise Agreement or any ~~other~~related agreement ~~with us or our affiliates~~.
~~New Product or Supplier Testing~~	~~Cost of testing (estimated to range from $1,000 to $2,000 per test)~~	~~10 days after invoice~~	~~This covers the costs of testing new products or inspecting new suppliers you propose.~~
~~Insurance~~	~~Actual cost of premiums, plus our costs and expenses~~	~~10 days after invoice~~	~~If you fail to obtain and maintain the insurance we require, and we elect to do so on your behalf, you must reimburse us.~~

Notes:

1. Nature and Manner of Payment: All fees are imposed by and are payable to us. All fees are ~~non-refundable~~nonrefundable and uniformly imposed ~~on franchisees.~~. You ~~will be required to~~must sign an ACH Authorization Form ~~prior to opening~~ (attached to the Franchise Agreement as ATTACHMENT "E"~~),~~) permitting us to electronically debit your designated bank account for ~~payment of all fees payable to us (other than the initial franchise fee) as well as any~~all amounts ~~that you owe~~owed to us ~~or~~and our affiliates ~~for the purchase of goods or services.~~(other than fees due less than 15 days after signing the Franchise Agreement). You must deposit all Gross Sales into the bank account and ensure ~~that there are~~ sufficient funds are available for withdrawal before each due date. You ~~must pay us~~ are responsible for all taxes ~~that are~~ imposed ~~upon us or that we are required to collect and pay by reason of the furnishing of~~on you or us based on products, intangible property (including trademarks) or services we provide to you

2. Definitions: As used in this Disclosure Document, the following capitalized terms have the meanings given to them below:

   "***Brand Fund***" means the brand and system development fund we currently administer to promote public

recognition of our brand and improve our System.

1. "***Gross Sales***" means all gross sums that you collect from all goods and services that you sell (including from on-premises dining, take-out, delivery and catering), plus all other sums that you collect from the operation of your Store, including the proceeds of any business interruption insurance.

"Gross Sales" also includes the full value of meals furnished to your employees as in incident to their employment. However, the value of any such discounts may be credited against Gross Sales for purposes of determining the amount of Gross Sales upon which the royalty fee and brand fund contribution is due.

If you utilize a third-party delivery service to deliver orders to consumers, "Gross Sales" includes the entire sale price paid by the consumer, regardless of any fee deduction made by the delivery service provider prior to remittance of the net proceeds to you. In other words, any service fee deducted by the third-party delivery service provider from the proceeds paid by the consumer must be included in Gross Sales, even if not collected by you.

"Gross Sales" does not include sales or use taxes, tips (if paid to and retained by employees), proceeds from the isolated sale of trade fixtures in the ordinary course of business, or receipts from vending machines located at your Store (but Gross Sales includes your share of any such revenues). From time to time, we may establish policies governing the manner in which the proceeds from the sale of gift cards are treated for purposes of calculating Gross Sales.

"***Managing Owner***" means the owner you appoint and we approve with primary responsibility for the overall management and operation of your Store.

"***Permitted Transfer***" means: (a) a Transfer from one owner to another owner who was an approved owner prior to the Transfer (other than a Transfer that results in the Managing Owner owning less than 20% of the franchised business); and/or (b) a Transfer to a newly established business entity with respect to which the transferring owners collectively own and control 100% of the ownership interests.

"***Technology Systems***" means all information and communication technology systems that we designate, which may include computer systems, point-of-sale systems, online ordering systems, webcam systems, telecommunications systems, security systems, music systems, and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

"***Transfer***" means a transfer or assignment of: (a) the Franchise Agreement or ADA (or any interest in either such agreement); (b) the Store's assets (other than the sale of fixtures or equipment in the ordinary course of business); (c) any ownership interest in the entity that is the "franchisee" or "area developer"; or (d) the franchised business you conduct under the Franchise Agreement or ADA.

"***Travel Expenses***" means all travel, meals, lodging, local transportation and other living expenses and costs incurred: (a) by us and our trainers, field support personnel, auditors and/or other representatives to visit your Store; or (b) by you or your personnel to attend training programs or conferences. It also includes the hourly wage of any representative we send to your Store to provide onsite training or assistance.

3. CPI Adjustments: All fees (and minimum fees) expressed as a fixed dollar amount are subject to adjustment based on changes to the Consumer Price Index in the United States (CPI). We may periodically review and increase these fees based on changes to CPI, but only if the increase to CPI is more than 5% higher than the corresponding CPI in effect on: (a) the effective date of the Franchise Agreement (for the initial fee adjustment); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments). We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We may implement no more than 1 fee adjustment during any 5-year period.

~~2.~~4. Before you open, we will provide our initial training program for up to 2 individuals at no additional charge for your 1st Store (the training fee is included as part of the initial franchise fee). You must pay us a training fee of up to $350 per day (for a maximum of 6 hours of training per day) for each person who:

- ~~each person that~~ attends our initial training program after you open ~~your Store~~ (such as a new Managing Owner~~s~~ or manager~~s~~)
- ~~any person who must retake~~retakes training after failing to successfully complete training on a prior attempt
- ~~any~~attends remedial training ~~that~~ we require based on your operational deficiencies
- ~~each person you send to~~attends our pre-opening initial training program ~~in connection with~~for your 2nd or subsequent Store (pre-opening training is provided as part of the initial franchise fee for your 1st Store; pre-opening initial training is optional for your 2nd and subsequent Stores)
- ~~each person to whom we provide~~ attends additional training ~~that~~requested by you ~~request~~
- ~~each person who~~ attends ~~any~~a system-wide refresher or ~~additional~~supplemental training ~~that we conduct~~program (although we generally do not charge for this training unless conducted by a 3rd party such as a vendor or manufacturer)

If we agree to provide onsite training or assistance, you must also reimburse us for all ~~costs~~Travel Expenses incurred by our representative ~~for meals, travel and lodging. You must also reimburse us for the hourly rate we pay to our representative.~~. You are responsible for all ~~expenses and costs that~~Travel Expenses your trainees incur ~~for~~to attend training~~, including wages, travel and living expenses. If you transfer your franchise, we may charge the new franchisee $2,000 initial training fee for our initial training program, which will be in addition to the transfer fee.~~ programs.

ITEM 7 ESTIMATED INITIAL INVESTMENT

Table A: Estimated initial investment for the purchase of a Store.

YOUR ESTIMATED INITIAL INVESTMENT (SINGLE STORE)				
TYPE OF EXPENDITURE [1]	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Initial Franchise Fee [2] (assumes ~~this is your first store purchased)~~1st Store)	$45,000	Lump sum	At time you sign Franchise Agreement	Us
~~Food, Travel and Lodging~~Initial Training Expenses ~~(2 people during initial training)~~[3]	$0 to $3,000	As incurred	During training	Hotels, restaurants and airlines
Lease Deposit & 3 Months' Rent [4]	$~~20,000~~17,500 to $~~40~~30,000	Lump sum	Monthly (with security deposit paid before opening)	Landlord
Build Out & Improvement~~s~~ [5]	$28~~7~~3,500 to $~~337~~348,500	As incurred	Before opening	Contractors, suppliers, designer and architect
Exterior Signage [6]	$3,600 to $8,200	Lump sum	Before opening	Suppliers
Decorating, Furniture & Furnishings	$4,000 to $15,000	As incurred	Before opening	Suppliers
Kitchen Equipment [7]	$~~62,000~~55,400 to $~~70,000~~63,400	As incurred	Before opening	Suppliers

YOUR ESTIMATED INITIAL INVESTMENT (SINGLE STORE)				
TYPE OF EXPENDITURE [1]	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Technology Systems [8]	$~~18,300~~19,600 to $~~21~~22,200	Lump sum	Before opening	Suppliers
Initial Supply of Inventory [9]	$~~16,600~~25,000 to $~~19,100~~27,000	Lump sum	Before opening	Suppliers
Grand Opening Advertising [10]	$0 to $5,000	Lump sum	60 days before through 30 days after opening	Suppliers
Utility Deposits, Licenses & Permits	$1,000 to $4,000	As incurred	Before opening	Utility companies and government agencies
Professional Fees	$0 to $3,500	Lump sum	Before opening	Lawyers & accountants
Insurance (3 ~~months' premium~~months)	$1,000 to $2,000	Lump sum	Before opening	Insurance companies
Additional Funds [11] (3 ~~month period after opening)~~months)	$10,000 to $20,000	As incurred	As incurred	Suppliers, employees and us
Total Estimated Initial Investment [1]	$~~469,000~~465,600 to $~~593,500~~596,800			

Table B – Estimated initial investment for the purchase of area development rights.

YOUR ESTIMATED INITIAL INVESTMENT (AREA DEVELOPMENT - ASSUMES COMMITMENT OF 3 TO 5 STORES)				
TYPE OF EXPENDITURE [1]	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Development Fee [13]	$30,000 to $60,000	Lump sum	At time you sign ADA	Us
Initial Investment to Open Initial Store	$~~469,000~~465,600 to $~~593,500~~596,800	This is the total estimated initial investment in Table A above.		
Total Estimated Initial Investment	$~~499,000~~495,600 to $~~653,500~~656,800			

Notes:

1. Financing and Refunds: We do not offer direct or indirect financing for any of these items. ~~None of the fees payable~~No amounts paid to us are refundable. We are ~~unaware~~not aware of any ~~fees payable~~amounts paid to third-party suppliers that are refundable, although ~~some landlords~~your landlord may refund your security deposit~~s~~ at the end of the lease if ~~the tenant does~~you do not damage the property or default.

2. Initial Franchise Fee: The initial franchise fee is $45,000 if you are purchasing your first Store or $30,000 if you are purchasing your 2nd or subsequent Store.

3. ~~These figures presume that~~Initial Training Expenses: This estimates your expenses to send 2 people to Los Angeles for initial training. Your actual training expenses may vary depending on: (a) the number of people you ~~will be leasing~~send to training; (b) the distance they must travel; and (c) the level and quality of accommodations, travel and dining selected.

~~3.~~4. Real Estate: This estimate assumes you lease your premises. ~~The expense of leasing will vary~~Rent varies depending ~~up~~on the size of the premises, its location, landlord contributions~~,~~ and the requirements of

individual landlords. We anticipate ~~that~~ most Stores will range in size from 1,200 to 1,500 square feet~~. We estimate the~~ with rent ~~will range~~ranging from $~~5,000~~4,375 to $~~10,000~~7,500 per month~~ for a typical franchisee~~. However, your actual rent may vary depending on your area and the local market conditions. For example, a franchisee may face significantly higher rent in areas such as New York City, San Francisco or Boston. Landlords typically require security deposits equal to 1- or 2-~~-~~months' rent and may, in addition, require payment in advance of the first and/or last (or more) month's rent. The total estimated initial investment shown in the chart above includes 1 month~~s~~'s security plus 3 month~~'~~s' rent. Some franchisees may ~~prefer~~choose to ~~own~~purchase the ~~premises for their Store~~real estate. The cost to purchase real estate varies so widely that we cannot reasonably estimate the cost.

5. Construction: The cost of construction and leasehold improvements ~~and build-out vary~~varies widely based ~~up~~on a number of factors~~,~~ including~~-~~:

- the size and condition of the ~~premises,~~ leased space
- whether the leased space is a first or ~~not there are~~ second generation retail location
- the extent and nature of any existing leasehold improvements ~~and~~
- whether the landlord will contribute to the costs of the leasehold improvements~~. These~~ (referred to as "TI Allowances") and the amount of any TI Allowance you are able to negotiate
- local demolition costs ~~can also be affected by the~~
- local construction costs and prevailing wage rates in your local market ~~and local demand for construction services.~~

Some landlords provide a TI Allowance but increase monthly rent to recapture the TI Allowance and amortize it over the lease term (or part of the lease term). A significant factor in determining whether a landlord will provide a TI Allowance, and if so, the amount, is whether the building is first generation or second generation space. The estimates in the table above assume you do not receive any TI Allowance.

This estimate also includes the costs of hiring our designated supplier of interior design and architectural services at a fixed fee of $~~17~~18,500.

~~4.~~6. Exterior Signage: This ~~estimate~~ includes ~~the~~your estimated cost ~~for~~to purchase your exterior signage from our designated supplier. You must purchase and install the signage that we specify. However, you may need to modify our standard signage to conform to local zoning laws, property use restrictions and/or lease terms. In some instances, exterior signage may be prohibited due to applicable zoning or use restrictions.

~~5.~~7. Kitchen Equipment: This estimates the cost to purchase your kitchen equipment, including blenders, tea brewers, espresso machines, refrigerators, refrigeration units, dispensers, etc.

~~6.~~8. Technology Systems: This includes your initial cost to purchase and set up your Technology Systems, including:

- POS system and installation ($~~3,800~~4,300 to $~~4~~5,200)
- 5 Digital Menu Boards ($8,~~5~~800 to $10,000)
- security/camera system, including DVC, cameras, PC and music/sound system ($6,500~~0~~ to $7,000)

~~7.~~9. Initial Inventory: This estimates the cost for your initial supply of food and beverage products, merchandise and retail items offered for sale at your Store, gift cards, uniforms, smallwares, utensils, cleaning supplies, printing and other operating supplies. You must offer for sale at your Store all merchandise and retail items that we specify. At all times, you must maintain a reasonable supply of these inventory items at your Store.

~~8.~~10. Grand Opening Advertising: We do not require that you spend any minimum amount of money on local marketing. However, some franchisees choose to spend a reasonable amount of money on grand opening marketing activities to promote the opening of their store. The high estimate assumes you choose to spend

money on grand opening marketing activities and includes expenditures for newspaper, direct mail advertising and promotional items such as menu brochures and promotional flyers.

~~9.~~11. Additional Funds: This estimates your expenses during the first 3 months of operation, including payroll costs (excluding any wage or salary paid to you~~)~~), marketing and advertising expenses, inventory replenishment costs, utilities and other miscellaneous expenses and required working capital. It also includes the estimated amounts you must reimburse to us for the expenses we incur in sending our corporate trainer to your Store to provide 10 days of onsite assistance relating to the opening of your Store (the total amount of these reimbursable expenses is estimated to range from $4,000 to $5,000). Your initial 3 months of rent ~~is~~ and insurance premium are separately stated in the table above. ~~We have not included or accounted for any fees paid to the franchisor or an affiliate that are calculated as a percentage of revenues.~~ These figures are estimates based on ~~our principals'~~ : (a) the experience of our management team in developing, opening and operating ~~affiliate~~company-owned Stores in California since 2003; and (b) the experience of our franchisees in developing, opening and operating franchised Stores.

~~10. We strongly recommend that you have independent estimates on your anticipated cost to develop, open and operate your Store.~~

12. ~~See~~Budget and Initial Investment Report: We strongly recommend you hire an accountant, business advisor or other professional to assist you in developing a budget for the construction, opening and operation of your Store. Within 60 days after your opening date, you must send us a report, in the form we designate, listing the expenses you incur to develop and open your Store. We may use this data to update the initial investment estimate in future versions of our Franchise Disclosure Document.

~~11.~~13. Development Fee: Item 5 ~~for a discussion of the calculation of~~ discusses how the development fee~~.~~ is calculated. This initial investment estimate assumes ~~the area developer franchisee will~~you commit to develop either 3 Stores (low estimate) or 5 Stores (high estimate). If you ~~choose to~~ purchase the right to develop more than 5 Stores, your development fee will increase ~~by an additional $15,000 per additional Store that you commit to develop (beyond the initial 5 Stores covered in the estimate above).~~. This ~~initial investment~~ estimate does not include your costs to develop any ~~of the costs you will incur in opening any Stores~~ Store other than the first Store ~~to be developed~~you develop under the ADA.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Source Restricted Purchases and Leases - Generally

~~We require that you~~You must purchase or lease certain "source~~-~~-restricted" goods and services for the development and ~~ongoing~~ operation of your ~~Business~~Store. By "source~~-~~-restricted~~,"~~", we mean ~~that~~ the good or service must meet our specifications and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate). ~~Our~~The Manual includes our specifications and supplier list ~~of approved and designated suppliers are contained in the Manual~~. We have formulated (and may modify) our specifications based upon our experience in operating and franchising Stores. We will notify you of any changes to our specifications or list of approved or designated suppliers. We ~~may~~ notify you of ~~these~~ changes ~~in various ways, including written or electronic correspondence, verbal or telephonic notification, amendments or~~to our specifications and suppliers by email, updates to the Manual~~, bulletins,~~ or other means of communication.

Supplier Criteria

Our criteria for evaluating a supplier include standards for quality, delivery, performance, design, appearance and price of the product or service as well as the dependability, reputation, financial viability and customer service standards of the supplier. We may also consider a supplier's willingness to pay us or our franchisees for the right to do business with our Stores. We are not required to provide you with our specifications for reviewing suppliers or products.

If you ~~want~~wish to purchase or lease a source~~-~~-restricted item from a non-approved supplier, you must send us a

written request for approval and submit ~~any~~all additional information ~~that~~ we request. We may require that you send us samples from the supplier for testing. We may also require that we be allowed to inspect the supplier's facilit~~ies~~y. We will notify you of our ~~approval or disapproval~~decision within 30 days after we receive your request for approval ~~plus~~and all additional information and samples ~~that~~ we require. We may~~, at our option,~~ periodically re-inspect the facilities and products of an~~y~~ approved supplier and revoke our approval if the supplier fails to meet ~~any of~~ our then-current criteria. You must reimburse us for all costs ~~that~~ we incur ~~in reviewing a proposed supplier and testing the~~to evaluate products and suppliers you propose (estimated to range from $1,000 to $2,000 per ~~product or supplier tested~~test).

Current Source ~~-~~Restricted ~~Items~~

~~As described below in more detail, we currently require that you purchase or lease the following source restricted goods~~ **Purchases and** ~~services: the lease for your facility; design and construction services; fixtures, furnishings and décor; operating equipment; Technology Systems; signage; inventory; marketing materials and services; and insurance policies.~~ **Leases**

We estimate ~~that~~ nearly 28% of the total purchases and leases ~~that will be required~~ to establish your ~~Business~~Store and 35% of ~~your~~ ongoing operating expenses will consist of source~~-~~-restricted goods or services~~.~~, as further described below.

Lease

If you ~~will~~ lease the premises for your Store, we must review and approve the lease before you sign it. The scope of our review is limited to ensuring that it meets our minimum brand compliance standards (we do not review or provide feedback on the business terms, such as the reasonableness of the rent charged). You must use ~~your~~ best efforts to ensure your landlord signs the Lease Addendum ~~that is~~ attached to the Franchise Agreement as ATTACHMENT "C". If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may require that you find a new site. The terms of the Lease Addendum are designed to protect our interests. For example, the landlord must notify us of your defaults, offer us the opportunity to cure your defaults, allow us to take an assignment of your lease in certain situations, permit us to enter the premises to remove items bearing our Marks if you refuse to do so and give us a right of first refusal to lease the premises upon the expiration or termination of your lease.

Design and Construction Services

You must ~~utilize~~use the supplier ~~that~~ we designate to provide architectural and interior design services relating to the development of your Store. We will provide you with prototype plans for a Store, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment and color scheme. You must engage our designated architect to prepare final plans for our approval. Once approved, you must construct and equip your Store according to the approved plans ~~as well as~~and the specifications ~~contained~~ in the Manual. Your general contractor must be appropriately licensed and bonded (if required by applicable law).

Fixtures, Furnishings and Décor

All ~~of your~~ fixtures, furnishings and décor must meet our standards and specifications. You ~~must use~~may only ~~the~~display décor items that we specify or approve and that are consistent with our trade dress. We do not restrict the suppliers from whom you may purchase these items.

Kitchen Equipment

All ~~of your~~ kitchen equipment must meet our standards and specifications. You must purchase this equipment only from approved or designated suppliers.

Technology Systems

Our currently required Technology Systems include a POS system, camera/security system, music system and

digital menu boards. Your Technology Systems (including hardware, software, equipment, software applications, mobile apps and similar items) must meet our standards and specifications. Certain components of your Technology Systems must be purchased from approved or designated suppliers while other components may be purchased from any supplier of your choosing. We may also require that certain services relating to the establishment, use, maintenance, monitoring, security or improvement of your Technology Systems be purchased from approved or designated suppliers. With respect to certain Technology Systems, you must purchase the specific system that we designate.

Signage

All~~ of your~~ exterior signage must meet our standards and specifications. You may purchase your signage from any supplier of your choosing.

Inventory

All~~ of your~~ inventory items must meet our standards and specifications, including all food and beverage products, merchandise and retail items offered for sale at your Store, gift cards, uniforms, smallwares, utensils, cleaning supplies, printing and other operating supplies. Certain inventory items, including all branded items (such as cups, bowls, bags, uniforms, gift cards, etc.) and all food items specially formulated for use at our Stores, must be purchased only from suppliers that we designate. You may not utilize or sell any inventory items that we have not approved.

Marketing Materials and Services

All~~ of your~~ marketing materials must comply with our standards and requirements. We must approve ~~all of~~ your marketing materials ~~before you~~prior to use~~ them~~. You must purchase ~~all~~ branded marketing materials only from us or other suppliers ~~that~~ we designate or approve. We may require that you utilize a designated supplier to provide social media marketing to promote your Store (we do not currently require that you utilize any particular supplier).

Insurance Policies

You must obtain the insurance coverage ~~that~~ we require ~~from time to time~~ (whether in the Franchise Agreement or in the Manual~~). You agree to obtain these insurance policies from~~) from licensed insurance carriers ~~that are~~ rated A or better by Alfred M. Best & Company, Inc~~. and that are licensed and admitted in~~., including the ~~state in which you operate your Business. The required coverage currently includes:~~ following:

Policy Type	Minimum Coverage
"All risk" Property Insurance	Replacement Value
Comprehensive General Liability Insurance	$2,000,000 per occurrence
Products Liability Insurance	$2,000,000 per occurrence
Business Interruption Insurance	At least 6 months
Employer's Liability Insurance	As required by law
Worker's Compensation Insurance	As required by law
Landlord-Required Insurance	As required by lease

The required coverage and policies are subject to change. All insurance policies must be endorsed to: (a) name us (and our members, officers, directors, and employees) as additional insureds; (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide that we receive 10 days' prior written notice of the termination, expiration, cancellation or modification of the policy.

Purchase Agreements

We ~~will try~~currently attempt to negotiate ~~relationships~~purchase agreements with suppliers~~ to enable~~, including favorable pricing terms, for the benefit of our ~~affiliates and~~ franchisees~~ to purchase certain items at discounted prices.~~. If we succeed, you ~~will be able to~~may purchase these ~~items~~goods or services at the discounted prices~~ that~~ we negotiate (less any rebates or other consideration paid to us). ~~Alternatively~~As of the date of this Disclosure Document, we ~~reserve the right to~~have negotiated purchase ~~the~~agreements (including pricing terms) with suppliers for the following goods and services: certain inventory items, equipment, building supplies and signage.

We may also purchase items in bulk and resell them to you at our cost plus a reasonable markup. ~~(y~~Your total cost to purchase the items from us will not exceed your total cost to purchase the items directly from the supplier without the benefit of our group purchasing power~~). As of the date of this Disclosure Document, we have negotiated purchase agreements (including pricing terms) with the suppliers for the following goods and services: certain inventory items, equipment, building supplies and signage.~~ .

~~There~~Currently there are no purchasing cooperatives~~, although~~ but we ~~reserve the right to~~may establish ~~one or more purchasing cooperatives~~them in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing ~~that~~ we negotiate.

Franchisor Revenues from Source~~-~~Restricted Purchases

Neither we nor any affiliate of ~~our affiliates are~~ours is currently ~~suppliers~~a supplier for ~~any source restricted items.~~goods or services purchased by franchisees. However, we ~~reserve the right to~~may designate ourselves or an affiliate as an approved or designated supplier in the future, in which case we and our affiliates ~~as approved or designated suppliers in the future. No persons affiliated with us are currently an approved (or the only approved) supplier.~~may generate a profit from these purchases. There are no approved or designated suppliers in which any of our officers own~~s~~ an interest. No person affiliated with us is currently an approved (or the only approved) supplier.

We may receive rebates, payments or other material benefits from suppliers based on franchisee purchases and we have no obligation to pass them on to our franchisees or use them in any particular manner. As of the issuance date of this Disclosure Document, we receive the following rebates based on franchisee purchases:

- supplier of custom print supply products (i.e., certain branded ~~branded~~ products such as cups, seals, straws, etc.) pays us a rebate calculated as 5% of the purchase price
- ~~supplier of mango smoothie mix pays us a rebate calculated as $0.50 per case (6 bottles per case)~~
- supplier of hemp granola pays us a rebate calculated as $4.00 per 25-pound case

During the fiscal year ended December 31, 202~~2~~3, we generated $~~11,568,750~~10,044,518.84 in total revenue~~s~~. During that year, we received $~~56,488.45~~81,607.91 in revenue (all rebates from the purchase of custom print supply products) as a result of franchisee purchases or leases of goods or services from designated or approved suppliers, which represents 0.~~49~~81% of our total revenue~~s~~ for the year.

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement (FA), Area Development Agreement (ADA) and other agreements. It will help you find more detailed information about your obligations in these agreements and other items in this Disclosure Document.

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	~~FA: Section 7.1 & 7.2~~ FA: 7.1 & 7.2 ADA: 4.2	Item 7 & Item 11 Item 11
	~~ADA: Section 4.2~~	

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
b. Pre-opening purchases/leases	FA: 7.3, 11.8 & 15.1 ADA: Not Applicable ~~FA: Section 7.3, 12.5 & 16.1~~	Item 5, Item 7, Item 8 & Item 11
	~~ADA: Not Applicable~~	
c. Site development and other pre-opening requirements	~~FA: Section 7.3 & 7.4~~FA: 7.3 & 7.4 ADA: 4.2	Item 6, Item 7 & Item 11
	~~ADA: Section 4.2~~	
d. Initial and ongoing training	FA: 5 ADA: Not Applicable~~FA: Section 5~~	Item 6 & Item 11
	~~ADA: Not Applicable~~	
~~e. Opening~~	~~FA: Section 7.4~~	~~Item 11~~
e. Opening	FA: 7.4 ADA: ~~Section~~ 4.1	Item 11
f. Fees	~~FA: Section 4.2, 5.7, 6.2 6.6, 8.4, 11.1, 12.5, 12.7, 12.12, 14, 16.1, 17.2 & 20.2~~ FA: 4.2, 5.5, 5.6, 6.6, 7.5, 8.4, 10.1, 11.8, 11.10, 11.12, 11.16, 13, 15.1, 17 & 19.2 ADA: 5 & 7.2	Item 5 & Item 6
	~~ADA: Section 5 & 7.2~~	
g. Compliance with standards and policies/Operating Manual	~~FA: Section 6.1, 7.1, 7.3, 11.3, 12 & 18.1~~FA: 6.1, 7.1, 7.3, 10.3, 11 & 17.1 ADA: 4.2	Item 11
	~~ADA: Section 4.2~~	
h. Trademarks and proprietary information	~~FA: Section 18~~FA: 17 ADA: 2	Item 13 & Item 14
	~~ADA: Section 2~~	
i. Restrictions on products/services offered	FA: 11.3 ADA: Not Applicable~~FA: Section 12.3~~	Item 16
	~~ADA: Not Applicable~~	
j. Warranty and client service requirements	FA: 11.14 ADA: Not Applicable~~FA: Section 12.11~~	Not Applicable
	~~ADA: Not Applicable~~	
k. Territorial development and sales quotas	FA: Not Applicable ADA: 4.1	Item 12
	~~ADA: Section 4.1~~	
l. Ongoing product/service purchases	FA: 11.8 ADA: Not Applicable~~FA: Section 12.5~~	Item 8
	~~ADA: Not Applicable~~	

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
m.-Maintenance, appearance and remodeling requirements	FA: 11.9 & 11.11 ADA: Not ApplicableFA: Section 12.6 & 12.8	Item 11
	ADA: Not Applicable	
n.-Insurance	FA: 15.1 ADA: Not ApplicableFA: Section 16.1	Item 6 & Item 7 & Item 8
	ADA: Not Applicable	
o. Advertising	FA: 10 ADA: Not ApplicableFA: Section 11	Item 6, Item 7 & Item 11
	ADA: Not Applicable	
p. Indemnification	FA: 18 ADA: Not ApplicableFA: Section 19	Item 6
	ADA: Not Applicable	
q. Owner's participation/ management/staffing	FA: 8 ADA: Not ApplicableFA: Section 8	Item 11 & Item 15
	ADA: Not Applicable	
r. Records/reports	FA: 15.2 & 15.3 ADA: Not ApplicableFA: Section 16.2 & 16.3	Item 6
	ADA: Not Applicable	
s. Inspections/audits	FA: 16 ADA: Not ApplicableFA: Section 17	Item 6 & Item 11
	ADA: Not Applicable	
t. Transfer	FA: Section 20	Item 17
t. Transfer	FA: 19 ADA: Section 7	Item 17
u. Renewal	FA: Section 4	Item 17
u. Renewal	FA: 4 ADA: Section 4.4	Item 17
v. Post termination obligations	FA: 21 ADA: Not ApplicableFA: Section 22	Item 17
	ADA: Not Applicable	
w.-Non-competition covenants	FA: 14 ADA: Not ApplicableFA: Section 15	Item 17
	ADA: Not Applicable	
x.-Dispute resolution	FA: Section 23FA: 22 ADA: 1.1	Item 17
	ADA: Section 8.3	

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
y. Franchise Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses)	FA:FA: 9 & ATTACHMENT "D" ADA: Not Applicable	Item 17
	ADA: Not Applicable	

ITEM 10 FINANCING

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

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

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

Before you open your BusinessStore, we will:

1. License you the Marks necessary to begin operating your Store. (Section 2(§2)

2. Provide you with generic prototype plans for a Store, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment and color scheme. (Section 7.3)

3. Approve the location, build-out and design of your Store. See Section below entitled "Site Development" for additional information. (Sections 7.1, 7.3 & 7.4)

4.2. Provide you with access to our Manual, which will help you establish and operate your Store. See Section, as discussed below entitledunder "Manual" for additional information. (Section 6.1". (§6.1)

3. Review and approve or disapprove sites you propose for your Store, as discussed below under "Site Selection". (§7.1)

5.4. Provide you withour written specifications for the goods and services you must purchase to establishdevelop, equip and operate your Store, as well as and a written list of approved and/or designated suppliers for purposes of acquiring these goods and services. We will assist you with the purchase of required equipment, signs, fixtures, opening inventory and supplies by helping you set up accounts with approved suppliers. We do not deliver or install any items that you are required to purchase. (Section 7.3(§7.3 & 11.2)

5. Provide generic prototype plans for a Store, as discussed below under "Site Development". (§7.3)

6. Review and approve or disapprove the design and buildout of your Store, as discussed below under "Site Development". (§7.3 & 7.4)

6.7. Provide an initial training program. See Section, as discussed below entitledunder "Training Program" for additional information. (Section 5". (§5.1 & 5.2)

During the operation of your BusinessStore, we will:

1. Send a corporate trainer to your Store to provide up to 10 days of on-site assistance and onsite training relating toand assist you with the opening of your first Store. You must reimburse us for the costs we incur in sending our corporate trainer to your Store. (Section 6.2(§5.2)

2. Provide ongoingour guidance and recommendations on ways to improve the marketing and operation of your Store. (Section 6.3)(§6.2)

3. Provide periodic training programs~~. See Section~~, as discussed below ~~entitled~~under "Training Program~~" for additional information. (Section 5~~". (§5.3)

4. Maintain a corporate website to promote our brand~~. The website will include certain information about~~ and a local webpage to promote your Store~~ that we deem appropriate, such as address, contact information and hours of operation. We may modify the content of and/or discontinue the website at any time in our sole discretion. (Section 6.5 & 11.3(d))~~, as discussed below under "Advertising and Marketing". (§6.5)

~~5. Administer the brand and system development fund. See Section below entitled "Brand and System Development Fund" for additional information. (Section 11.1)~~

5. Administer the Brand Fund, as discussed below under "Advertising and Marketing". (§10.1)

6. Provide you with our suggested retail pricing. You may deviate from our suggested retail pricing ~~in~~at your discretion. However, you must obtain our approval of any deviation that is more than 5% higher or lower than our suggested retail pricing, unless such pricing is part of a temporary advertising campaign that we require or approve or the discount is part of our loyalty program. To the extent permitted by applicable law, we may set maximum or minimum prices on the goods and services you offer. ~~(Section 12.4~~(§11.6)

During the operation of your ~~Business~~Store, we may, but need not:

1. Conduct periodic field visits to provide onsite consultation, assistance and guidance pertaining to the operation and management of the Store. (§6.3)

~~1.~~2. Develop new recipes, menu items and merchandise for sale at your Store. ~~(Section 6.7~~(§6.7)

~~2.~~3. Negotiate purchase agreements with suppliers to ~~allow you to purchase certain goods or services at discounted prices.~~obtain favorable pricing. We may also purchase items in bulk ~~at discounted prices~~ and resell them to you at our cost plus shipping and a reasonable markup. ~~(Section 6.6~~(§6.6)

~~3.~~4. Hold periodic ~~national or regional~~ conferences to discuss relevant business and operational issues ~~affecting our Stores, including~~such as industry changes~~,~~ or new ~~services,~~ recipes, menu items~~ and/or~~, merchandise, technology or marketing strategies~~ and the like. (Section 5~~. (§5.6)

~~4.~~5. Create a franchise advisory council~~. See Section~~ as discussed below ~~entitled~~under "Advisory Council~~" for additional information. (Section 13~~". (§12)

~~5.~~6. ~~Upon your request, provide~~ Provide additional training or assistance ~~(either at our headquarters or at your Store). See Section~~you request, as discussed below ~~entitled~~under "Training Program~~" for additional information. (Section 5~~". (§5.3)

We do not provide area developers with any support under their ADA.

Manual (§6.1, 11.2 & 24.8)

You will have access to our Manual during the term of the Franchise Agreement. The Manual may include, among other things:

- architectural plans and specifications for the design, dimensions, layout, equipping and trade dress for a prototype Store
- a list of (a) goods and services (or specifications for goods and services) you must purchase to develop and operate your Store and (b) designated and approved suppliers
- a description of the menu items, beverages, merchandise, retail items and other authorized goods and services you may offer and sell
- specifications, techniques, methods, operating procedures and quality standards
- policies and procedures pertaining to: (a) marketing and advertising; (b) reporting; (c) insurance; (d)

data ownership, protection, sharing and use; (e) gift card and loyalty programs; (f) catering and/or delivery services; and (e) any other matter we deem appropriate

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. All mandatory provisions in the Manual are binding on you. We can modify the Manual at any time, but the modifications will not alter your status or fundamental rights under the Franchise Agreement. Modifications are effective at the time we notify you of the change. However, we may provide you with a reasonable period of time to implement certain changes (for example, implementing new software or technology). The most current version of the Manual is available on our franchisee website portal. The Manual is confidential and remains our property. The Manual contains a total of 65 pages. A copy of the Table of Contents to the Manual is attached to this Disclosure Document as EXHIBIT "E".

Training Program (Section 5 & 6.2(§5)

Overview

Initial Training Program

We will provide an initial training program for the Managing Owner (defined in Item 15) and up to 1 other person. These individuals must successfully complete the initial training program to our satisfaction.

Your Managing Owner must successfully complete training before you open your Store. However, there is no specific period of time after signing or before opening that training must be completed.

The initial training program includes approximately 14 days of training at our corporate headquarters located in Los Angeles, California (or at any other location we designate). A portion of the corporate training may also take place at a Store company-owned by an affiliate of ours.

Currently, we intend to offer the initial training program at least once per month assuming sufficient demand.

Training Topics

Store. The initial training program consists of the following:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Orientation and Concept	4	0	Los Angeles, California
Operations Management	3	0	Los Angeles, California
POS System	2	0	Los Angeles, California
Beverage and Food Preparation (On-site)	0	43	Los Angeles, California
Product Ordering – Specifications and Inventory Control	2	0	Los Angeles, California
Equipment Usage and Maintenance	1	0	Los Angeles, California
Marketing, Advertising and Design	2	0	Los Angeles, California
Quality Standards and Store Sanitation	3	0	Los Angeles, California
Total	17	43	

In addition to the training described above, we will send a corporate trainer to your Store to provide approximately 10 days of ~~on-site~~onsite training and assistance. We need not send a corporate trainer to provide ~~on-site~~onsite assistance except for the opening of your first Store. If we decide to send a corporate trainer to provide ~~on-site~~onsite training or assistance for additional Stores, the time spent will not exceed 5 days at your Store. ~~On-site~~Onsite training is an informal training program where our corporate trainer provides ~~on-site~~onsite training, assists in coordinating your opening activities, monitors your operations, and assist you with the opening of your Store.

~~*Training Materials*~~

~~The training materials will~~We can modify the training program at our discretion based on our subjective assessment of the skills, abilities and prior experience of your Managing Owner Currently, we intend to offer the initial training program at least once per month assuming sufficient demand.

The format for training may include lectures, interactive role playing, conference calls and/or webinars. We reserve the right to conduct all (or any portion) of the training program remotely via webinar, conference call or similar means. The training materials consist of the Manual, handouts, slide presentations, PowerPoint presentations, our website and our new store opening list. ~~You will~~We do not ~~be charged an additional fee~~charge you for any of ~~the~~our training materials.

Ongoing Training Programs

From time to time, we may require that your Managing Owner and managers attend system-wide refresher or supplemental training courses. Any new Managing Owner or manager you appoint or hire must successfully complete our initial training program before assuming responsibility for the management of your Store. If we inspect your Store and determine you are not operating in compliance with the Franchise Agreement and/or the Manual, we may require that your Managing Owner and managers attend remedial training relevant to the operational deficiencies we observed. You may also request that we provide additional training (either at corporate headquarters or at your Store). We are not required to provide additional training you request.

Instructors

Esther Cho is in charge of our training program. Esther is our Operations Director and has been with us since October 2019. She has more than ~~20~~21 years of experience in the industry. Esther may be assisted by other corporate store trainers who will all have at least ~~5~~6 years of experience with the It's Boba Time System.

~~*Ongoing Training*~~

~~From time to time, we may require that your Managing Owner and managers attend system-wide refresher or additional training courses.~~

~~If you appoint a new Managing Owner or manager, that person must attend and successfully complete our initial training program before assuming responsibility for the management of your Business.~~

~~If we conduct an inspection of your Store and determine you are not operating in compliance with the Franchise Agreement and/or the Manual, we may require that the Managing Owner and your managers attend remedial training that addresses your operational deficiencies.~~

~~You may also request that we provide additional training (either at corporate headquarters or at your Store). We are not required to provide this additional training.~~

Training Fees and Costs

~~Before you open, we will~~We provide our preopening initial training program at no additional charge for your 1st Store (the training fee is included as part of the initial franchise fee). ~~You must pay us~~ We may charge you a training fee of up to $350 per person per day (which covers a maximum of 6 hours of training per day) for~~:~~

- each person ~~that~~who attends ~~our~~: (a) initial training ~~program~~ after you open ~~your Store~~ (such as a new Managing Owner~~s~~ or ~~managers)~~
- ~~any person who must retake training~~ manager); (b) retraining (after failing ~~to successfully complete training on~~ a prior attempt
- ~~any~~); (c) remedial training ~~that we require based on your operational deficiencies~~
- ~~each person you send to our pre-opening initial training program in connection with your 2nd or subsequent Store (pre-opening training is provided as part of the initial franchise fee for your 1st Store; pre-opening initial training is optional for your 2nd and subsequent Stores)~~
- ~~each person to whom we provide~~; (d) additional training ~~that~~ you request
- ~~each person who attends any system-wide~~; (e) refresher or ~~additional~~supplemental training ~~that we conduct~~ (although we generally do not charge for this training unless conducted by a 3rd party such as a vendor or manufacturer~~)~~

); or (f) any pre-opening initial training program we conduct for your 2nd or subsequent Store. If we agree to provide onsite training or assistance, you must also reimburse us for all ~~costs incurred by our representative for meals, travel and lodging.~~Travel Expenses we incur. We estimate the total ~~amount of~~ reimbursable expenses ~~you must pay us for sending our corporate trainer to your Store to provide~~ for the 10~~-days of~~-day onsite ~~opening assistance and~~ training program we conduct will range from $4,000 to $5,000. You are responsible for all ~~expenses~~wages and ~~costs~~Travel Expenses that you and your trainees incur for training~~, including wages, travel and living expenses. If you transfer your franchise, we may charge the new franchisee a $2,000 initial training fee, which would be in addition to the transfer fee.~~

~~Manual~~ ~~(Section 6.1, 12.2 & 25.8)~~

~~We will provide you with access to our Manual in text or electronic form for the term of your Franchise Agreement.~~ . ~~The Manual may include, among other things:~~

- ~~a description of the authorized goods and services that you may offer at your Store~~
- ~~mandatory and suggested specifications, operating procedures, and quality standards for products, services and procedures that we prescribe from time to time for Stores~~
- ~~mandatory reporting and insurance requirements~~
- ~~mandatory and suggested specifications for your Store's facility~~
- ~~policies and procedures pertaining to any gift card or loyalty program that we establish~~
- ~~policies and procedures pertaining to marketing and advertising~~
- ~~policies relating to data ownership, protection, sharing and use~~
- ~~a written list of goods and services (or specifications for goods and services) you must purchase for the construction, development and operation of your Store and a list of any designated or approved suppliers for these goods or services~~

~~The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees All mandatory provisions contained in the Manual are binding on you. We can modify the Manual at any time (the most current version will be available on our franchisee website portal), but the modifications will not alter your status or fundamental rights under the Franchise Agreement. Any modification to the Manual is effective at the time we notify you of the change. However, we may provide you with a reasonable period of time to implement certain changes resulting from modifications to the Manual (for example, implementing new software of technology). The Manual contains a total of 211 pages. A copy of the Table of Contents to the Manual is attached to this Disclosure Document as EXHIBIT "E".~~

Site ~~Development~~ ~~(Section 7.1, 7.2, 7.3, 7.5 & 12.8~~**Selection** (§7.1 & 7.2)

Stores are typically located in shopping centers, shopping malls or can be free-standing locations. They typically range in size from 1,200 to 1,500 square feet. We do not select the site for your Store and we do not purchase the premises and lease it to you. You must ~~locate~~identify and obtain our approval of the site for your Store ~~-~~within 180 days after ~~your sign~~signing the Franchise Agreement. ~~If you fail to obtain our approval of your site in the required period of time, we~~We may terminate your Franchise Agreement~~.~~ if you fail to meet this deadline.

Your Store must be located within the Site Selection Area identified in Part B of ATTACHMENT "A" to the Franchise Agreement ~~(the "Site Selection Area")~~ and conform to our minimum site selection criteria. You must send us a complete site report ~~(containing the demographic, commercial and other~~that includes all information~~, photographs and video tapes that~~ we ~~may reasonably~~ require~~) for~~ about your proposed site.

We ~~will~~ use ~~our~~ best efforts to approve or disapprove ~~a proposed site~~sites you propose within 15 business days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 15 business day period. ~~In reviewing a proposed site, we will consider factors such as parking, size, residential population, daytime population (including workers),~~ We consider the following factors when reviewing proposed sites:~~traffic counts and patterns, general location, existence and location of competitive businesses, general character of the neighborhood and various economic indicators, lease terms and physical configuration of the site.~~

- ~~If~~ general location, visibility, size, condition, parking and physical configuration of the site
- traffic counts and patterns
- existence and location of competitive businesses
- general character of the neighborhood
- residential population and daytime population (including workers)
- lease terms
- various economic indicators ~~for~~

If we approve your ~~Store has been approved prior to~~site before signing the Franchise Agreement, ~~then~~we will list the address ~~of your approved site will be listed~~ in Part C of ATTACHMENT "A" to the Franchise Agreement. ~~If the site for your Store has not been approved prior to signing the Franchise Agreement, then within 15 days after we approve your site, we will send you a Site Approval Notice in the form attached to the Franchise Agreement as ATTACHMENT "B" (the "Site Approval Notice"). The Site Approval Notice will list the address of your approved location and will identify your Territory.~~Otherwise, we will list the address of your approved site in a Site Approval Notice that we send to you within 15 days after we approve your site. If you sign an ADA, we must approve the site for each Store you develop applying our then-current site selection criteria.

If you will lease the premises for your Store, we must review and approve the lease before you sign it. The scope of our review is limited to ensuring that it meets our minimum brand compliance standards (we do not review or provide feedback on the business terms, such as the reasonableness of the rent charged). ~~If you will lease the premises for your Store, we must review and approve the lease before you sign it. The scope of our review is limited to ensuring that it meets our minimum brand compliance standards (we do not review or provide feedback on the business terms, such as the reasonableness of the rent charged).~~ You must use ~~your~~ best efforts to ~~ensure~~cause your landlord ~~signs~~to sign the Lease Addendum ~~that is~~ attached to the Franchise Agreement as ATTACHMENT "C". If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may ~~require that you~~either (a) waive the Lease Addendum requirement (or the provisions disapproved by the landlord) or (b) require you to find a new site for your Store.

Site Development (§7.3, 7.5 & 11.11)

We ~~will~~ provide you with generic prototype plans for a Store, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment and color scheme. You must utilize the supplier ~~that~~ we designate to provide architectural and interior design services relating to the development of your Store. Our

designated architect must prepare detailed construction plans and ensure these plans comply with all federal, state and local laws, regulations and ordinances, building codes, permits requirements, and lease requirements and restrictions applicable to the premises. You must submit the final plans to us for approval. Once approved, you must construct and equip your Store according to the approved plans ~~as well as~~and the ~~specifications contained in~~requirements of the Manual. You must ~~also~~ purchase (or lease) and install the Technology Systems, equipment, fixtures, signs and other items ~~that~~ we require.

In order for you to renew your franchise or transfer your Store, you must remodel and make all improvements and alterations to your Store that we reasonably require to reflect our then-current ~~design, image~~standards and specifications. The cost of this remodeling obligation will not exceed $80,000 (for remodeling required as a condition to renewal) or $50,000 (for remodeling required as a condition to ~~transfer).~~Transfer). We reserve the right to adjust these cost ceilings at the same time, and in the same manner, as we adjust fees based on CPI increases as discussed in Note 3 to Item 6. You may not remodel or significantly alter your premises without our prior approval.

Opening Requirements (§7.4)

We expect most franchisees will open between 9 and 12 months after signing the Franchise Agreement. Factors that may affect this time include:

- the amount of time needed to find an approved site
- protracted lease negotiations with your landlord
- the amount of time needed to secure financing, insurance, licenses and permits
- the condition of your building and extent of required upgrades, remodeling and renovations
- construction delays due to labor or materials shortages, inclement weather or other reasons
- delayed delivery or installation of equipment and fixtures
- the amount of time needed to comply with zoning requirements and other laws and regulations
- the amount of time needed to complete training
- the amount of time needed to hire and train your staff

You may not open your Store prior to receipt of our written authorization to open. ~~If~~Unless we agree to the contrary, you ~~sign an ADA, we~~ must open your Store within 1 year after signing the Franchise Agreement. We may terminate the Franchise Agreement if you fail to open by this deadline.

Advertising and Marketing (§10)

We provide the advertising and marketing support discussed below. You are not required to participate in an advertising cooperative. There is currently no franchisee advertising council that advises us on marketing and advertising matters.

Local Marketing By You

Except for your brand fund fees, we do not require that you spend any minimum amount of money on marketing or advertising. However, you must participate at your own expense in all advertising, promotional and marketing programs we require (including all marketing obligations described in the Manual). At a minimum, you must obtain and maintain a bold listing in your local white pages directory and maintain a yellow pages advertisement in the form we specify. We may require other minimum advertising obligations in the Manual from time to time.

You may develop your own advertising and marketing materials and programs, provided we approve ~~the location of each~~them in advance. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that we have not approved. We have 10 business days to review and approve or disapprove advertising and marketing materials and programs you submit for approval. Our failure to approve

them within the 10 business-day period constitutes our disapproval.

Local Marketing Assistance From Us

We provide reasonable marketing consulting, guidance and support throughout the franchise term on an "as-needed" basis. We may create and make available to you advertising and marketing materials for your purchase. ~~to~~ We may use the Brand Fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may provide online access to these materials, in which case you must print the materials at your expense. We may also contract with third-party suppliers to create advertising or marketing materials that you may purchase.

Websites, Social Media and Digital Advertising

We will maintain a corporate website to promote our brand. We will also create and host a local webpage to promote your Store, which will be linked to our corporate website. Your webpage will list certain information about your Store, such as address, contact information and hours of operation. We can modify or discontinue our website and/or your local webpage at any time.

Except for the webpage we provide, you may not: (a) develop, host, or otherwise maintain a website or other digital presence relating to your Store (including any website bearing any of our Marks); (b) utilize the Internet to conduct digital or online advertising; or (c) engage in ecommerce. However, we do encourage you to market your Store through approved social media channels, subject to the following requirements:

- you may only conduct social media utilizing the social media platforms that we approve
- you must strictly comply with our social media policy, as revised from time to time
- you must immediately remove any post we disapprove
- we may require that you contract with and utilize a social media company we designate
- you must provide us with full administrative rights to your social media accounts
- we must retain ownership of all social media accounts relating to your Store

Gift Card and Loyalty Programs

We may require that you participate in a gift card or other customer loyalty program in accordance with our policies and procedures. In order to participate, you may be required to purchase additional equipment, software and/or Apps and pay fees relating to the use of that equipment, software and/or Apps. We have the right to determine how proceeds from gift card sales are divided or otherwise accounted for and we may retain proceeds from unredeemed gift cards. You must follow all policies we establish for gift card and/or loyalty programs.

Brand and System Development Fund

We administer and maintain the Brand Fund to promote public awareness of our brand and improve our System. We may use the Brand Fund to pay for any of the following in our discretion:

- developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs
- conducting and administering promotions, contests or giveaways
- expanding public awareness of the Marks
- public and consumer relations and publicity
- brand development
- administering a call center for consumer inquires
- sponsorships

- charitable and nonprofit donations and events
- research and development of technology, products and services
- website development and search engine optimization
- development and maintenance of an ecommerce platform
- development and implementation of quality control programs, including the use of mystery shoppers or customer satisfaction surveys
- conducting market research
- changes and improvements to the System
- the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts
- collecting and accounting for contributions to the Brand Fund
- preparing and distributing financial accountings of the Brand Fund
- any other programs or activities we deem appropriate to promote or improve the System
- direct and indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates in relation to any of these activities (including salary, benefits and other compensation of any of our, and any of our affiliate's, officers, directors, employees or independent contractors based upon time spent working on any Brand Fund matters described above)

We direct and have complete control and discretion over all advertising programs paid for by the Brand Fund, including the creative concepts, content, materials, endorsements, frequency, placement and media used for the programs. Currently, most advertising is intended to be regional or national in coverage. Advertising may be conducted through any media, including digital, print, radio and television. The Brand Fund will not be used to pay for advertisements principally directed at selling additional franchises, although consumer advertising may include notations such as "franchises available" and one or more pages on our website may promote the franchise opportunity.

You must pay the brand fund fee we specify from time to time (not to exceed 2% of Gross Sales). We deposit all brand fund fees and noncompliance fees we collect into the Brand Fund. Any company-owned Store will contribute to the Brand Fund on the same basis as our franchisees. However, if we modify the amount or timing of required contributions, any company-owned Store established or acquired after the modification may contribute to the Brand Fund utilizing the modified amount or timing. Except for brand fund fees paid by company-owned Stores, we have no obligation to expend our own funds or resources for any marketing activities in your area.

All monies deposited into the Brand Fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies may be invested and we may lend money if there is a deficit. An unaudited financial accounting of Brand Fund contributions and expenditures will be prepared annually and made available to you upon request. During the fiscal year ended December 31, 2023 we spent the marketing funds in the following manner:

Allocation of Marketing Expenditures (2023)				
Use of Funds	**Production**	**Media Placement**	**Administrative Expenses**	**Other***
Percentage Allocation	16%	27%	36%	21%

* Other includes marketing & design related office supplies and payroll reimbursements.

The Brand Fund is not a trust. We have no fiduciary obligations or liability to you with respect to our administration of the Brand Fund. Once established, we may discontinue the Brand Fund on 30 days' notice.

Advisory Council (§12)

We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. developed under our then-current siteWe would consider all suggestions in good faith, but would not be bound by them. The council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of council representatives to communicate with us on matters raised by the council. You would have the right to be a member of the council as long as you comply with your Franchise Agreement and do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other members of the council. Any company-owned Store would also be a member of the council. Each member would be granted 1 vote on all matters on which members are authorized to vote. We would have the power to form, change or dissolve the advisory council in our discretion.

criteria.

Computer System (Section 12.5, 12.6, 12.7, 16.3 & 17.1)

Required Components

Computer System (§11.8, 11.9, 11.10, 15.3 & 16.1)

You must purchase and use all Technology Systems (as defined in Item 6) that we designate from time to time. One component of our Technology Systems is your "computer system,"", which is currently limited to the Toast POS System that must be purchased from a designated supplier. The Toast POS System hardware components include:

- 14" Toast Flex for Guest (Direct Attach)
- 14" Toast Printer (No Power Supply)
- Toast Printer (With Power Supply – Flex for Kitchen Printerwith Wall Mount (Optional)
- 22" Toast Flex Kiosk with Counter Stand and Toast Tap (Direct Attach)
- BBPOS Magnetic Stripe Reader
- Epson TM-L90 Thermal Label Printer (Optional)
- Meraki Z3 RouterToast Tap (On Counter)
- BBPOS Magnetic Strip Reader
-
- Toast Cash Drawer – TC200
- Toast Cash Drawer Under Counter Mounting Brackets – TC200/TC200W
- Meraki Z3 Router (Toast ProgrammedPrinter (Without Power Supply)

We may change the components of the Technology Systems from time to time, including your computer system.

How Computer System Is Used

- Toast Printer with Power Supply
- Toast Tap (On Counter)

The computer system will generally be used to processfor processing sales transactions, implementing our gift card program, financial accounting, inventory management,– preparing financial and other reports and communicating via e-mail.

Fees and Costs

We estimate the initial cost of your computer system (including hardware and implementation/installation costs) will range from $~~3,800~~4,300 to $~~4~~5,200.

You must pay the licensor of your POS system a monthly subscription fee that is currently $~~195~~309 to $~~225~~321 per month ($~~2,340~~3,708 to $~~2,700~~3,858 per year). The specific fee can vary depending on whether you choose to utilize certain optional features, such as a Kitchen Display Screen. This fee is subject to change. In addition to the monthly subscription fee, you must pay the licensor processing fees for credit card sales. The current processing fee is as follows:

Transaction Type	Visa/MasterCard/Discover	American Express*
Swiped	2.29% + $0.15 per transaction	2.79% + $0.15 per transaction
Keyed	3.00% + $0.15 per transaction	3.09% + $0.15 per transaction

* Acceptance of American Express cards is optional. If you choose to accept these cards, you must sign a separate merchant agreement with American Express.

As further detailed in Item 6, we may require that you pay us a technology fee for certain software, technology and related services that we provide. As of the issuance date of this Disclosure Document, we do not charge a technology fee.

Maintenance, Support, Updates and Upgrades

We are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to any component of your computer system. In exchange for the $~~195~~309 to $~~225~~321 monthly subscription fee described above, the licensor of the Toast POS system will provide ongoing support, maintenance and updates. Except as described in the preceding sentence, neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system.

Collection and Sharing of Data

Your computer system will collect sales data and information about your customers, including names, contact information and purchase history. We will have independent unlimited access to the data collected on your computer system and there are no contractual limits imposed on our access.

We ~~will~~ own all data ~~that you and/or we collect~~ relating to your operations and customers. We ~~will~~ grant you a license to use this data solely for purposes of operating your Store. You must protect all customer data with a level of control proportionate to the sensitivity of data. You must comply with all applicable data protection laws ~~as well as~~and our data processing and data privacy policies ~~set forth~~ in the Manual ~~from time to time~~. You must also comply with the standards established by PCI-DSS to protect the security of credit card information.

Computer System Maintenance and Changes

You must maintain the computer system in good working order at your cost. During the term of your franchise, you may be required to upgrade ~~or~~, update, change or replace your computer system and other Technology Systems to conform to our then-current specifications. You may also be required to purchase or license new Technology Systems. There are no contractual limitations on the frequency or cost of these updates ~~or~~, upgrades, changes, replacements or additions to your Technology Systems.

~~**Brand and System Development Fund** (Section 11.1)~~

~~We have established and administer a brand and system development fund to promote public awareness of our brand and to improve our System. We may use the fund to pay for any of the following in our discretion:~~

- ~~developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs~~

- ~~conducting and administering promotions, contests or giveaways~~
- ~~public awareness of any of the Marks~~
- ~~public and consumer relations and publicity~~
- ~~brand development~~
- ~~administering a call center for consumer inquires~~
- ~~research and development of technology, products and services~~
- ~~website development and search engine optimization~~
- ~~development and implementation of quality control programs, including the use of mystery shoppers or customer satisfaction surveys~~
- ~~conducting market research~~
- ~~changes and improvements to the System~~
- ~~the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts~~
- ~~collecting and accounting for contributions to the fund~~
- ~~preparing and distributing financial accountings of the fund~~
- ~~any other programs or activities that we deem necessary or appropriate to promote or improve the System~~
- ~~direct and indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates in relation to any of these activities (including salary, benefits and other compensation of any our or our affiliate's officers, directors, employees or independent contractors based upon time spent working on any brand fund matters described above)~~

~~We will direct and have complete control and discretion over all advertising programs paid for by the fund, including the creative concepts, content, materials, endorsements, media used, coverage and placement of the adverting. Currently, most advertising paid for by the fund is regional or national in coverage. Advertising may be conducted through any media, including digital, print, radio and television. The fund will not be used to pay for advertisements principally directed at selling additional franchises, although consumer advertising may include notations such as "franchises available" and one or more pages on our website may promote the franchise opportunity.~~

~~In terms of marketing activities paid for by the fund, we do not ensure that these expenditures in or affecting any geographic area are proportionate or equivalent to the fund contributions by franchisees operating in that geographic area or that any franchisee benefits directly or in proportion to their fund contributions. We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the fund. The fund will not be a trust and we will have no fiduciary obligations with respect to our administration of the fund. Once established, we reserve the right to discontinue the fund at any time in our sole discretion upon at least 30 days' prior notice.~~

~~On a weekly basis, you must contribute 2% of your Gross Sales to the fund. We will deposit into the fund all: (a) fund contributions paid by you and other franchisees; and (b) fines paid by you and other franchisees. Any Store owned by us or our affiliates will contribute to the fund on the same basis as our franchisees. However, if we modify the amount or timing of the contributions that must be made to the fund, any Store owned by us or our affiliates that is established or acquired after the modification may contribute to the fund utilizing the modified amount or timing. Except as stated in this paragraph, we have no obligation to expend our own funds or resources for any marketing activities in your area.~~

~~All monies deposited into the fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies in the fund may be invested and we may lend money to the fund if~~

~~there is a deficit. An unaudited financial accounting of the operations of the fund will be prepared annually and made available to you upon request. During the fiscal year ended December 31, 2022, we spent the marketing funds in the following manner:~~

~~Allocation of Marketing Expenditures (2022)~~				
~~Use of Funds~~	~~Production~~	~~Media Placement~~	~~Administrative Expenses~~	~~Other*~~
~~Percentage Allocation~~	~~13%~~	~~19%~~	~~41%~~	~~27%~~

~~* Other includes marketing & design related office supplies, and marketing & design related payroll reimbursements.~~

~~Local Advertising~~ ~~(Section 11.2 & 11.3)~~

~~You must participate at your own expense in all advertising, promotional and marketing programs that we require. At a minimum, you must obtain and maintain a bold listing in your local white pages directory and maintain a yellow pages advertisement in the form we specify. We may require other minimum advertising obligations in the Manual from time to time.~~

~~Except for your required contributions to the brand and system development fund, we do not require that you spend any minimum amount of money on marketing or advertising. However, you must comply with all mandatory advertising programs and other marketing requirements in the Manual at your expense.~~

~~We may create and make available to you advertising and marketing materials for your purchase. We may use the brand and system development fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third-party suppliers who will create the advertising or marketing materials for your purchase. We will provide reasonable marketing consulting, guidance and support throughout the franchise term on an as needed basis.~~

~~You will also have an opportunity to create advertising for your own use, provided we approve it in advance. You may not use any advertising materials that have not been approved by us. You must submit to us any advertising materials that you prepare or modify and we will have 10 business days to review and either approve or reject the materials. Our failure to approve any advertising materials within the 10 business day period will be deemed to be our disapproval of the materials.~~

~~You are encouraged to market your Store through approved social media channels in accordance with our social media policy. We may require that you utilize our designated supplier for social media marketing services. At all times you must comply with any social media policy that we develop.~~

~~At this time, we do not allow our franchisees to maintain their own websites or market their Stores on the Internet (except through approved social media channels). Therefore, you may not maintain a website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet or any other public computer network. If we change our policy at a later date to allow franchisees to maintain their own websites or market on the Internet, you may do so only if you comply with all of the website and Internet requirements that we specify.~~

~~You are not required to participate in an advertising cooperative.~~

~~Advisory Council~~ ~~(Section 13)~~

~~We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We would consider all suggestions from the advisory council in good faith, but we would not be bound by any such suggestions. The advisory council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of representatives of the advisory council to communicate with us~~

~~on matters raised by the advisory council. You would have the right to be a member of the advisory council as long as you are not in default under the Franchise Agreement and you do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other members of the council. Any Store operated by us or our affiliates would also be a member of the Advisory Council. Each member would be granted 1 vote on all matters on which members are authorized to vote. We would have the power to form, change or dissolve the advisory council in our discretion.~~

~~Opening Requirements~~ ~~(Section 7.4)~~

~~We anticipate that a typical franchisee will open his or her Store within 9 to 12 months after signing the Franchise Agreement. Some of the factors that may affect this time are identification of a suitable location, financing, the extent to which an existing location must be upgraded or remodeled, construction delays, delayed installation of equipment and fixtures, completion of training, obtaining insurance, and complying with local laws and regulations. Unless we agree to the contrary, your Store must be opened within 1 year after you sign the Franchise Agreement. Your failure to open within the 1-year period constitutes an event of default under your Franchise Agreement.~~

~~You may not open your Store prior to receipt of our written authorization to open. We will not issue our authorization to open until each of the following occur:~~

- ~~your Managing successfully completes our initial training program~~
- ~~you purchase all required insurance policies and provide us with evidence of coverage~~
- ~~you obtain all required licenses, permits and other governmental approvals~~
- ~~you pay us the initial franchise fee and all other amounts due to us and our affiliate~~
- ~~we review and approve the construction, build-out and layout of your Store as meeting our required standards and specifications~~

ITEM 12 TERRITORY

You will not receive an exclusive territory or development 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.

Location of Your ~~Business~~Store

~~Each~~The Franchise Agreement grants you the right to operate ~~a single Store at a single location that must be approved by us in advance.~~one Store from a site we approve. You must identify a ~~location~~site for your Store within the Site Selection Area described in ~~Part B of~~ ATTACHMENT "A" ~~to~~ your Franchise Agreement.

You may relocate your Store with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (a) obtain our approval of the new site for your ~~new~~ Store within the Site Selection Area (but outside any territory granted or reserved to us, our affiliate or any other franchisee); (b) comply with ~~all of~~ our then-current site selection and development requirements; ~~and (c~~(c) remove trade dress and alter the premises of the closed (i.e., former) Store to eliminate any resemblance to a Boba Time Store; (d) pay us a relocation fee of $3,000 at the time we approve your request to relocate; and (e) open your Store at the new ~~Store~~site and resume operations within 30 days* after closing your ~~prior store.~~Store at the former site.

~~Your~~* If your Store is destroyed, condemned or otherwise rendered unusable due to the physical condition of the premises, you will instead have 1 year to relocate and resume operations at the new site.

Description of Territory (Franchise Agreement)

~~You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.~~

We will provide you with a designated territory. Your territory will be identified either: (a) in Part D of

ATTACHMENT "A" to your Franchise Agreement (if we approve the site for your Store before signingyou sign the Franchise Agreement); or (b) in the Site Approval Notice that we send to you after we approve the site for your Store (if we havedo not approved the site for your Store before signingyou sign the Franchise Agreement). Your territory will be determined as follows:

- If your Store is located within a Captive Venue (defined further below in this Section), your territory will be limited to premises of your Store (and you will not receive any territory beyond your Store's premises)
- If your Store is located in an urban area (but not within a Captive Venue), your territory will consist of the geographic area within a ¼ ¼-mile radius from your Store
- If your Store is not located neither within a Captive Venue nor withinor in an urban area, your territory will consist of the geographic area within a 1--mile radius from your Store

The determination of whether an area qualifies as an "urban area" will be made as of the date the territory is determined by reference to the most recently issued publication by the US Census Bureau defining an "urban area" and identifying "urban areas" located within the United States. Upon renewal, we reserve the right to modify the boundaries of your territory in accordance with our then-current territory guidelines and criteria.

Although we do not grant exclusive territories, we do grant you certain territorial protections. Specifically, we will not operate or authorize a third party to operate a Store using our Marks that is physically located within your territory during the term of your Franchise Agreement except as otherwise permitted below with respect to Captive Venues and Acquisitions (each defined below).

Your Development Territory (ADA)

You will not receive an exclusive**Description of Development Territory (ADA)**

If you acquire area development territory. You may face competition from other franchisees, from outlets that we own, or from other channelsrights, we will identify the boundaries of distribution or competitive brands that we control.

If you sign an ADA, we will grant you a protected your development territory. All stores that you open under the ADA must be located within your development territory in Part D of ATTACHMENT "A" to your ADA. A development territory typically consists of a geographic area that coincides with the boundaries of a municipality, such as a city, county or state or may consist of a smaller designated market area. There is no specific minimum or maximum size for a development territory. In determining the size of your development territory, we primarily consider the number of stores we believe your development territory can sustainStores you commit to develop.

Although we do not grant exclusive development territories, we do grant you certain territorial protections. Specifically, we will not establish or grant rights to other persons to establish another Store in your development territory during the term of the ADA except: (a) for any Stores that areYou must sign a separate Franchise Agreement for each Store you develop. All Stores you develop must be located within your development territory. We must approve the site for each Store you develop under our then-current site selection criteria. We send you a complete execution copy of the ADA that includes your development territory, development fee and development schedule at least 7 days before you sign it.

Territorial Protections and Limitations

During the term of your Franchise Agreement we will not develop or operate, or license a third party to develop or operate, a Store using our Marks that is located within your territory except as otherwise permitted below with respect to Captive Venues and Acquisitions (each defined below).

During the term of the ADA (if applicable) we will not develop or operate, or license a third party to develop or operate, a Store using our Marks that is located within your development territory other than: (a) any Store that is located within your development territory as of the date you sign the ADA (either open, under construction or for

which a Franchise Agreement has been signed); and (b) as otherwise permitted below with respect to Captive Venues and Acquisitions.

~~You must sign a separate Franchise Agreement for each store that you establish under the ADA and you may only operate from the locations approved by us under the Franchise Agreements. We must approve the location of each store to be developed under our then-current site selection criteria. We identify your development territory, the development fee and the development schedule in the ADA before you sign it.~~

~~Limitations on Territorial Rights~~

We reserve the right to develop and operate~~ Stores, or~~, and license ~~others~~third parties to develop and operate, Stores~~,~~ that are located in Captive Venues~~.~~, including Captive Venues located within your territory and development territory, if applicable. A "Captive Venue" means a non-traditional outlet for a Store that is located within, or is a part of, another establishment or facility that consumers may visit for a purpose ~~other than visiting a Store. Examples include Stores that are located within hotels,~~ unrelated to the Store. Examples of Captive Venues include Stores that are located within:~~college campuses or universities, airports, train stations, stadiums or sporting arenas, bus stations, shopping malls, or within other similar types of establishments. Captive Venues are excluded from your territorial protections. This means that we may operate, or license or franchise a third party to operate, a Store within a Captive Venue that is located within your territory and development territory, if applicable.~~

- hotels or casinos
- college campuses or universities
- airports, train stations, bus stations or cruise terminals
- stadiums or sporting arenas
- shopping malls
- military bases
- concert venues
- amusement parks

We also reserve the right to acquire, or be acquired by, another business or chain that may sell competitive or identical goods or services, and those businesses may be converted into Stores operating under the Marks regardless of their location (an "Acquisition"). Any such acquired or converted ~~stores~~businesses may be located within your territory and development territory, if applicable.

Alternative Channels of Distribution

We reserve the right to sell~~ or~~, and license others to sell, competitive or identical goods ~~or~~and services (~~wh~~either under the Marks or ~~under~~ different trademarks) through Alternative Channels of Distribution, including within your territory and development territory, if applicable. An "Alternative Channel of Distribution" means any channel of distribution other than retail sales made to customers while present at a Store. Examples of Alternative Channels of Distribution include:

- sales through direct marketing, such as over the Internet or through catalogs or telemarketing
- sales through retail stores that do not operate under the Marks, such as grocery stores, convenience stores or department stores
- sales made at wholesale
- ~~on-site~~onsite sales to customers, such as sales to employee groups at a business site or sales to customers in their homes
- sales through catering or ~~other~~ delivery service~~s~~

- sales through kiosks or mobile trailers

~~We may sell or license a third party to sell competitive or identical goods or services through Alternative Channels of Distribution (whether under the Marks or different trademarks) anywhere within your territory and development territory, if applicable.~~ You are not entitled to any compensation for sales that take place through Alternative Channels of Distribution.

Restrictions on Your Sales and Marketing Activities

You can market and advertise outside of your territory and development territory, if applicable, as long as ~~you comply with all policies and procedures set forth in the Manual from time to time governing extra-territorial marketing. You are not permitted to market or sell through~~: (a) you comply with all policies and procedures in the Manual governing extra-territorial marketing; and (b) you do not engage in targeted marketing directed into any territory or development territory assigned to us, our affiliate or another franchisee. Marketing that is distributed, circulated or received both within your territory and within another territory is not considered "targeted marketing" if: (a) you use reasonable efforts to limit the circulation or distribution of the advertising to areas within your territory; and (b) the majority of the recipients of the advertising are located within your territory and there is only incidental circulation or distribution within a territory assigned to us, our affiliate or another franchisee. The meaning of "targeted marketing" that is "directed into a territory" may be further defined in the Manual, but examples include direct mail sent to addresses within a given territory, digital advertising sent to devices with IP addresses registered within a given territory and conducting promotional events within a given territory.

You may not market or sell using Alternative Channels of Distribution (such as the Internet, catalog sales, telemarketing or other direct marketing) either within or outside of your territory or development territory, if applicable, except ~~that~~ you may promote your Store through approved social media channels in accordance with our social media policy. Your marketing activities are also subject to the additional restrictions described in Item 11 under the Section entitled "~~Local Advertising.~~"Websites, Social Media and Digital Advertising". You must comply with any minimum advertised pricing policy that we establish from time to time. There are no other restrictions on your right to solicit customers, whether from inside or outside of your territory ~~and~~or development territory, if applicable.

Minimum Performance Requirements

Your territorial protections under your Franchise Agreement do not depend on achieving a certain sales volume, market penetration, or other contingency.

If you sign an ADA and fail to satisfy your development schedule by ~~establishing~~opening and operating the ~~minimum~~prescribed number of Stores within the required period of time, we may terminate your ADA and you will lose the territorial protections associated with your development territory.

Additional Franchises and Territories

You are not granted any options, rights of first refusal or similar rights to acquire additional territories or franchises, other than your right and obligation to develop ~~multiple~~the prescribed number of Stores within your development territory if you sign an ADA.

Competitive Businesses Under Different Marks

Currently, neither we nor any affiliate of ours intends to operate or franchise another business under a different trademark that sells products or services similar to the products or services offered at a Store. However, we reserve the right to do so in the future.

ITEM 13 TRADEMARKS

We grant you the right to operate a Store under the names BOBA TIME® and IT'S BOBA TIME® and the associated logos. By trademark, we mean trade names, trademarks, service marks and logos used to identify your Store or the products or services you sell. We may change the trademarks you may use from time to time, including by discontinuing use of the Marks listed in Item 13. If this happens, you must change to the new trademark at your expense.

~~Our affiliate, J & U Corporation ("J&U"), registered~~ We own the following ~~trademarks~~ Marks that have been registered on the Principal Register of the United States Patent and Trademark Office ~~principal register~~:

REGISTERED MARKS		
Mark	**Registration Number**	**Registration Date (Next Renewal Date)**
IT'S BOBA TIME	4273426	January 8, 2013 (January 8, 2033)
BOBA TIME	4229643	October 23, 2012
BOBA TIME	6952540	January 17, 2023 (January 17, 2033)
IT'S BOBA TIME	6952539	January 17, 2023 (January 17, 2033)
	6952541	January 17, 2023 (January 17, 2033)

We also applied to register the following Mark on the Principal Register of the United States Patent and Trademark Office based on actual use:

UNREGISTERED MARKS		
Mark	**Serial Number**	**Application Date**
it's bobatime	98082506	July 12, 2023

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

All required affidavits have been filed and all renewals will be filed when due.

~~On August 27, 2021, we entered into a License Agreement (the "License Agreement") with J&U. Under the terms of the License Agreement, J&U granted us the right to use the Marks and to sublicense the Marks to our franchisees. The term of the License Agreement automatically renews annually, unless it is terminated in accordance with its terms. J&U is permitted to terminate the License Agreement only if we declare bankruptcy or become insolvent, if we and J&U mutually agree to terminate the License Agreement or if we breach J&U's quality control standards and fail to cure the breach within a 60 day cure period. If the License Agreement is terminated, the agreement states that all sublicenses granted by us to our franchisees will continue in full force and effect until the expiration or termination of the applicable franchise agreement. Except as discussed above, no agreements limit our right to use or sublicense the use of the Marks.~~

~~We grant you the right to operate your Store under the names "Boba Time," "It's Boba Time" and logo shown on~~

~~the cover page of this Disclosure Document. By trademark, we mean trade names, trademarks, service marks, and logotypes used to identify your Store or the products or services sold at your Store. We may change the trademarks you may use from time to time (including by discontinuing use of the Marks listed in this Item 13). If this happens, you must change to the new trademark at your expense.~~

You must follow our rules when using the Marks. You cannot use ~~our name or mark~~the Marks as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You ~~may not~~cannot use the ~~Boba Time or It's Boba Time name~~Marks relating to the sale of any product or service ~~that is~~we have not ~~previously~~ authorized ~~by us in writing.~~.

You must notify us immediately ~~when~~if you ~~learn about~~discover an infringing ~~or challenging~~ use (or challenge to your use) of the Marks. We will take the action we ~~think~~deem appropriate~~, but we~~. We are not required to take any action if we do not feel it is warranted. We may require your assistance, but you ~~are~~may not ~~permitted to~~ control any proceeding or litigation relating to our Marks. You must not directly or indirectly contest our ~~or J&U's right~~rights to the Marks.

The Franchise Agreement does not require ~~us to~~that we: (a) protect your right to use the Marks ~~or~~; (b) protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (~~b~~c) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our ~~m~~Marks or if the proceeding is resolved in a manner ~~that is~~ unfavorable to you.

There are ~~no~~ currently no: (a) effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; ~~no~~(b) pending infringements, oppositions or cancellations; ~~and no~~(c) pending material litigation matters involving any of the Marks~~. We do not know of any~~; (d) infringing uses we are aware of that could materially affect your use of the Marks; or (e) agreements that limit our right to use or sublicense use of the Marks.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise. Although we have not filed an application for copyright registration for the Manual, our website or our marketing materials, we do claim a copyright to these items. ~~During the term of your Franchise Agreement, we will allow you to use our proprietary information relating to the development, marketing and operation of a Store, including, recipes, training materials, merchandise and vendor lists, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual. All ideas, improvements, inventions, marketing materials, and other concepts you develop relating to the operation of your Store will be owned by us. We will also own all data that you collect regarding your customers and business operations, but we will license you the right to utilize this data during the term of your Franchise Agreement.~~

~~You are required to maintain~~During the ~~confidentiality of all of our~~ term of the Franchise Agreement, we allow you to use certain confidential and proprietary information (some of which constitute "trade secrets") relating to the development, marketing and operation of a Store. Examples include:

- architectural plans, drawings and specifications for a prototype Store
- site selection criteria
- methods, techniques, policies, procedures, recipes, standards and specifications
- vendor lists and information
- marketing and merchandising strategies
- training materials
- information comprising the System~~and use it only~~

We will own all ideas, improvements, inventions, marketing materials and other concepts you develop relating to a Store. We will also own all operational and customer data relating to your Store. You must treat this data as

confidential and proprietary. We license you the right to use this data during the term of your Franchise Agreement.

We provide access to our confidential information through the Manual, training programs and other periodic support and guidance. You may use this information solely for purposes of developing, marketing and operating your Store in ~~strict accordance~~compliance with the ~~terms of the Franchise Agreement and the Manual. You must~~ Franchise Agreement and Manual. You may not disclose our confidential information to anyone other than your employees, on a need-to-know basis, without our prior permission. We consider all information in the Manual to be confidential. All of your employees, agents and representatives must sign the Confidentiality Agreement attached to the Franchise Agreement as ATTACHMENT "F" before you give them access to our confidential information.

You must promptly ~~tell~~notify us ~~when~~if you ~~learn about~~discover any unauthorized use of our proprietary information~~.~~ or copyrighted materials. We are not obligated to act, but will respond ~~to this information~~ as we deem appropriate. You ~~are~~may not ~~permitted to~~ control any proceeding or litigation ~~alleging the~~ involving allegations of unauthorized use of ~~any of~~ our proprietary information or copyrighted materials. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving our proprietary information~~.~~ or copyrighted materials. There are no infringements ~~that are~~ known ~~by~~to us at this time.

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

~~The Franchise Agreement requires that you~~ **Owner Participation**

You must designate an owner ~~who will be primarily responsible~~with overall responsibility for the ~~daily~~ management and ~~su~~oper~~v~~ati~~si~~on of ~~the~~your Store (the "Managing Owner"). ~~We must approve the owner that you appoint to serve as the Managing Owner.~~ The Managing Owner must: (a) be approved by us; (b) successfully complete all training programs we require; (c) dedicate full-time efforts to the Business; and (d) at all times hold at least a 20% ownership interest in the franchise (or the entity that is the franchisee under the Franchise Agreement~~). The Managing Owner must dedicate his or her full time efforts to your Business.~~) unless we waive this requirement.

The Managing Owner is not required to provide onsite management of your Store as long as a trained manager is onsite. Any new Managing Owner you appoint must successfully complete our then-current initial training program before assuming responsibility for the supervision, management or operation of the Store.

Any new Managing Owner must successfully complete the initial training program before becoming involved with the supervision, management or operation of the Business. The Managing Owner must also complete any mandatory refresher or advanced training courses that we require.

Except for the Managing Owner, we do not require that your owners be personally participate in the operation or management of the Store. If you are an entity, each owner (i.e., each person holding a direct or indirect ownership interest in the entity) and the spouse of each owner must sign the Franchise Owner Agreement attached to the Franchise Agreement as ATTACHMENT "D".

Managers

You may hire ~~a manager~~managers to ~~assume responsibility for~~assist the ~~daily on-site~~Managing Owner with onsite management and supervision of ~~your~~the Store~~, but only if: (~~. Any person you hire as a~~) the~~ manager must: (a) successfully ~~completes the initial~~ complete all training ~~program (and you pay us the associated training fee); (~~programs we require; and (b) ~~the manager signs~~sign a Confidentiality Agreement~~, the current form of which is attached to the Franchise Agreement as ATTACHMENT "F"); and (c) the Managing Owner agrees to assume responsibility for the~~ . At all times during normal business hours, either the Managing Owner or a trained manager must be present at the Store to provide onsite management and supervision~~ and operation of your Store if the~~

~~manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement manager.~~

~~At all times, the~~. The Managing Owner must monitor and supervise ~~the activities of~~ each manager to ensure the Store is operated in accordance with the Franchise Agreement and ~~the~~ Manual. We do not require that the manager own any equity interest in the franchise. ~~At all times during normal business hours, either the Managing Owner or a trained manager must be present at your Store to provide on-site supervision and management.~~

~~All of your employees and other agents or representatives who may have access to our confidential information must sign a Confidentiality Agreement, the current form of which is attached to the Franchise Agreement as ATTACHMENT "F". If you are an entity, each owner (i.e., each person holding an ownership interest in you) and the spouse of each owner must sign a Franchise Owner Agreement, the form of which is attached to the Franchise Agreement as ATTACHMENT "D".~~

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We must approve all goods and services ~~that~~ you sell ~~from or in connection with your Store.~~. You must offer all goods and services ~~that~~ we require. You may not sell any goods or services ~~that~~ we have disapproved. ~~We have the unrestricted right to~~ At any time, we may change the goods and ~~/or~~ services ~~that~~ you ~~are required to~~ sell ~~at any time in our sole discretion,~~ and you must comply with ~~any such~~the change.

We may require ~~that~~ you to participate in a gift card or other customer loyalty program ~~-~~in accordance with our policies and procedures. ~~You must follow all of our policies regarding any gift card or loyalty program that we establish.~~

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise agreement (FA), Area Development Agreement (ADA) and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
a. ~~–~~ Length of ~~the~~ franchise term	~~FA: Section 4.1~~FA: 1 (Definition of "Term") & 4.1	Term is equal to 10 years.
	~~ADA: Section 2~~ADA: 1 (Definition of "Term")	Term expires on the opening ~~of last franchise to be developed under~~date listed in the development schedule for the last Store you are required to develop.
b. ~~–~~ Renewal or extension of the term	~~FA: Section 4.1 & 4.2~~FA: 4	If you meet our conditions for renewal, you can enter into ~~2 consecutive~~2consecutive successor franchise agreements. Each renewal term will be 5 years~~, for a total maximum term of 20 years~~. The parties may mutually agree to further renewals but neither party is obligated to do so (subject to state law).
	ADA: ~~Section~~ 4.4	No renewal rights.
c. Requirements for you to renew or extend	~~FA: Section 4.1 & 4.2~~FA: 4.1 & 4.2	You must: not be in default; give us timely notice; sign ~~our~~ then-current form of franchise agreement ~~and related documents (e.g., Franchise Owner Agreement, etc.);~~; sign ~~a~~ general release (subject to state law); pay ~~the~~ renewal fee; remodel ~~or upgrade your~~ Store and ~~its~~upgrade furniture, fixtures and equipment to ~~comply with our then~~ current standards ~~and specifications; and maintain possession of your Store under your~~; and extend lease~~.~~ for duration of renewal term. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
	ADA: ~~Section~~ 4.4	You may not renew or extend the term of the ADA.
d.~~–~~ Termination by you	~~FA: Section 21.1~~FA: 20.1	You can terminate ~~only~~ if we default and fail to timely cure~~ a material default within the cure period~~.
	~~ADA: Section 8~~ADA: Not Applicable	You can terminate under any grounds permitted by law.
e.~~–~~ Termination by us without cause	~~FA: Section 21.4~~FA: 20.3	We can terminate without cause if you and we mutually agree to terminate.
	ADA: Not Applicable	Not applicable
f.~~–~~ Termination by us with cause	~~FA: Section 21.2 & 21.3~~FA: 20.2	We can terminate if you default.
	~~ADA: Section 8~~ADA: 8.2	We can terminate if you default.
g.~~–~~ "Cause" defined - curable defaults	~~FA: Section 21.2 & 21.3~~FA: 20.2	You have 10 days to cure any monetary default. You have 30 days to cure any other default~~(~~, other than defaults described below under "non-curable defaults~~").~~".
	~~ADA: Section 8~~ADA: 8.2	You have 30 days to cure any default, other than defaults described below under "non-curable defaults~~."~~".
h.~~-~~"Cause" defined - non-curable defaults	~~FA: Section 21.2~~FA: 20.2	The following defaults cannot be cured: insolvency, bankruptcy or seizure of assets; failure to successfully complete training; failure to find approved site or open in timely manner; ~~insolvency, bankruptcy or seizure of assets;~~ abandonment~~ of franchise~~; failure to maintain required license or permit; conviction of certain~~ types of~~ crimes or subject of certain administrative actions; failure to comply with material law; commission of act that may adversely affect reputation of System or Marks; health or safety hazards; material misrepresentations; 2nd underreporting of ~~any amount~~amounts due by at least 2%; unauthorized ~~t~~Transfers; unauthorized use of our intellectual property; violation of brand protection covenant; breach of Franchise Owner Agreement~~ by owner or spouse~~; breach of legal compliance representations; termination of ~~your~~ lease due to your default; 3 or more default notices in a 12-month period; or termination of any other agreement between you ~~and us~~ (or ~~an~~your affiliate) and us (or our affiliate) due to your default. However, ~~the~~ termination of an ADA due to ~~your default~~breach of the development schedule is not grounds for termination of any Franchise Agreement that is otherwise in good standing.
	~~ADA: Section 8~~ADA: 8.2	~~You cannot cure any default relating to the termination of~~ If we terminate a franchise agreement ~~based on~~due to your default~~. Any termination of a franchise agreement is a default under~~, we may terminate the ADA ~~allowing us to terminate~~ without opportunity to cure~~ period~~.
i.~~–~~ Your obligations on termination/ non-renewal	~~FA: Section 22.1~~FA: 21.1	Obligations include: ~~complete deidentification~~remove trade dress and alter premises to eliminate any resemblance to a Store; cease use of intellectual property; return ~~of Manuals~~Manual and ~~all~~ branded materials; ~~assignment of~~assign telephone numbers, listings and domain names; ~~cancellation of~~cancel fictitious names; ~~and payment of~~comply with data retention policies; and pay amounts due (also see "r", below).
	ADA: Not Applicable	The ADA does not impose any ~~specific~~post-term obligations on you ~~after it is terminated or expires~~.
j.~~–~~ Assignment of contract by us	~~FA: Section 20.1~~FA: 19.1	No restriction on our right to assign.
	ADA: ~~Section~~ 7.1	No restriction on our right to assign.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
k.~~–~~ "Transfer" by you – definition	FA: ~~Section 20.2 & ATTACHMENT "G"~~1 (definition of "Transfer") & 19.2	Includes ownership change or transfer of contract or assets~~, or ownership change~~.
	ADA: ~~Section~~ 1 (definition of "Transfer") & 7.2	Includes ownership change or transfer of contract or assets~~, or ownership change~~.
l.~~–~~Our approval of transfer by you	FA: ~~Section 20.2, 20.3 & ATTACHMENT "G"~~1 (definition of "Permitted Transfer~~")~~"), 19.2 & 19.3	~~If certain conditions are met, you~~You may ~~transfer to a newly formed entity owned by you, or~~engage in ~~certain instances, to an existing owner,~~a Permitted Transfer (defined in Note 2 in Item 6) without ~~our~~ approval. We ~~have the right to~~must approve ~~all~~ other ~~t~~Transfers but will not unreasonably withhold approval.
	ADA: ~~Section~~ 1 (definition of "Permitted Transfer"), 7.2 & 7.3	~~If certain conditions are met, you~~You may ~~transfer to a newly formed entity owned by you, or~~engage in ~~certain instances, to an existing owner,~~a Permitted Transfer without ~~our~~ approval. We ~~have the right to~~must approve ~~all~~ other ~~t~~Transfers but will not unreasonably withhold approval.
m.~~–~~Conditions for our approval of transfer	~~FA: Section 20.2~~FA: 19.2	Transferee must: meet our qualifications; successfully complete training (or ~~commit~~arrange to do so); obtain ~~all~~ required licenses and permits; agree in writing to assume ~~all of~~ your obligations under ~~any~~ agreements relating to the Business; ~~and~~ sign ~~a new~~ then-current form of franchise agreement for ~~the~~ remainder of ~~the~~ term ~~(~~or, at our option, ~~take assignment~~assume your Franchise Agreement; and remodel Store and upgrade furniture, fixtures and equipment to current standards within 12 months after Transfer or such shorter period of ~~existing franchise agreement).~~ time we specify. You must: notify ~~us~~ in advance if you intend to offer your ~~business~~Store for sale; be in compliance with Franchise Agreement; assign ~~your~~ lease~~,~~ (if applicable~~; remodel the Store and upgrade its furniture, fixtures and equipment to current standards (or get a commitment from transferee to do so~~); pay ~~us the~~ transfer fee; subordinate transferee's ongoing payments owed to you (if any) to transferee's financial obligations owed to us; provide 2 weeks of onsite training to transferee at no cost; and sign ~~a~~ general release (subject to state law~~); and provide 2 weeks of on-site training to transferee at no cost.~~). We must notify you that we ~~do~~will not ~~intend to~~ exercise our right of first refusal.
	ADA: ~~Section~~ 7.2	Transferee must: meet our qualifications~~,~~; successfully complete training (or ~~commit~~arrange to do so~~)~~); and sign ~~a new~~ then-current form of area development agreement for ~~the~~ remainder of ~~the~~ term ~~(~~or, at our option, ~~take assignment of existing~~assume your ADA~~).~~ . You must: be in compliance with all Franchise Agreements and ADA~~,~~; assign all Franchise Agreements to same purchaser unless we agree to contrary (or at our option, ~~purchaser~~transferee must sign ~~our~~ then-current form of franchise agreement~~),~~); comply with transfer provisions under Franchise Agreements~~,~~; pay ~~us the~~ transfer fee; and sign ~~a~~ general release (subject to state law). We must notify you that we ~~do~~will not ~~intend to~~ exercise our right of first refusal.
n.~~–~~Our right of first refusal to	~~FA: Section 20.5~~ FA: 19.5	We ~~have the right to~~can match any ~~bona fide, arms-length~~ offer for your business.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
acquire your business	ADA: ~~Section~~ 7.5	We ~~have the right to~~can match any ~~bona fide, arms-length~~ offer for your area development rights.
o.~~–~~ ___Our option to purchase your business	~~FA: Section 22.2~~ FA: 21.2	We have the option to purchase your ~~Business~~Store at the expiration or termination of the Franchise Agreement.
	ADA: Not Applicable	~~We do not have a right to purchase your area development rights unless you attempt to transfer your rights to a third-party purchaser.~~The ADA does not include a purchase option.
p.~~–~~ ___Your death or disability	~~FA: Section 20.4~~FA: 19.4	Within 1 year, ~~franchise~~interest must be assigned by estate to an assignee in compliance with conditions for other ~~t~~Transfers. We may designate manager to operate the ~~Business~~Store prior to ~~t~~Transfer.
	ADA: ~~Section~~ 7.4	Within 1 year, ~~franchise~~interest must be assigned by estate to an assignee in compliance with conditions for other ~~t~~Transfers.
q.~~–~~ ___Non-competition covenants during the term of the franchise	~~FA: Section 15.2 & 15.3~~FA: 14.3	No involvement in competing business~~; comply with non-disclosure covenants~~.
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
r.~~–~~ ___Non-competition covenants after the franchise is terminated or expires	~~FA: Section 15.2, 15.4 & 22.1~~FA: 14.3 & 21.1	No involvement for 2 years in competing business at your Store or within 25 miles of your Store or any other Store~~; comply with non-disclosure covenants; cease use of intellectual property~~.
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
s. ___Modification of the agreement	~~FA: Section 25.3 & 25.8~~FA: 24.3 & 24.8	Requires writing signed by both parties (except ~~for unilateral changes to~~we may unilaterally change Manual or ~~unilateral reduction of~~reduce scope of restrictive covenants~~ by us~~). Other modifications ~~primarily~~ to comply with ~~various states~~state laws.
	~~ADA: Section 11.6~~ADA: 11.7	Requires writing signed by both parties. Other modifications ~~primarily~~ to comply with ~~various states~~state laws.
t.~~–~~ Integration/ merger clause	~~FA: Section 25.8~~FA: 24.8	Only the terms of the Franchise Agreement and ADA (if applicable) and their attachments~~ to Franchise Agreement~~ are binding (subject to state law). Any representations or promises made outside the Disclosure Document~~ and~~, Franchise Agreement and ADA may not be enforceable. Nothing in the Franchise Agreement, ADA or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. 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~~a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (~~ii~~b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
	~~ADA: Section 11.6~~ADA: 11.7	~~Only the terms of the ADA and attachments to ADA are binding (subject to state law). Any representations or promises made outside the Disclosure Document and ADA may not be enforceable. Nothing in the ADA or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.~~
u. Dispute resolution by arbitration or mediation	~~FA: Section 23~~FA: 22	Subject to state law, all disputes must be mediated or arbitrated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants.
	~~ADA: Section 8.3~~ADA: 1.1	Subject to state law, all disputes must be mediated and then arbitrated before litigation.
v. Choice of forum	~~FA: Section 23~~FA: 22	Subject to state law, all mediation, arbitration and litigation must take place in county where we maintain our principal place of business at time dispute arises (currently, Los Angeles County, California).
	~~ADA: Section 8.3~~ADA: 1.1	Subject to state law, all mediation, arbitration and litigation must take place in county where we maintain our principal place of business at time dispute arises (currently, Los Angeles County, California).
w. Choice of law	~~FA: Section 25.1~~FA: 24.1	Subject to state law, California law governs, except laws and public policies of your state govern enforcement of the non-competition covenants.
	ADA: ~~Section~~ 11.1	Subject to state law, California law governs, except laws and public policies of your state govern enforcement of the non-competition covenants.

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the Federal Trade Commission, the appropriate state

regulatory agencies, and our management by contacting our President, Ms. Eunice Unmi Pak, at 3255 Wilshire Blvd., Ste. 1420, Los Angeles, California 90010 or by phone at (213) 251-0001.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 202~~0~~1 TO 202~~2~~3				
Outlet Type	**Year**	**Outlets at the Start of the Year**	**Outlets at the End of the Year**	**Net Change**
Franchised	202~~0~~1	~~41~~46	~~46~~47	+~~5~~1
	202~~1~~2	~~46~~47	~~47~~61	+~~1~~14
	202~~2~~3	~~47~~61	~~61~~76	+~~14~~15
Company-Owned	202~~0~~1	~~3~~6	6	~~+3~~0
	202~~1~~2	6	6	0
	202~~2~~3	6	~~6~~4	~~0~~ -2
Total Outlets	202~~0~~1	~~44~~52	~~52~~53	+~~8~~1
	202~~1~~2	~~52~~53	~~53~~67	+~~1~~14
	202~~2~~3	~~53~~67	~~67~~80	+~~14~~13

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 202~~0~~1 TO 202~~2~~3		
State	**Year**	**Number of Transfers**
California	202~~0~~1	5
	202~~1~~2	~~5~~6
	202~~2~~3	6
Total	202~~0~~1	5
	202~~1~~2	~~5~~6
	202~~2~~3	6

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 202~~0~~1 TO 202~~2~~3								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termin-ations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations - Other Reasons**	**Outlets at End of Year**
California	202~~0~~1	~~41~~46	~~7~~5	~~0~~4	0	~~2~~0	0	~~46~~47
	202~~1~~2	~~46~~47	~~5~~16	~~4~~1	0	~~0~~1	0	~~47~~61
	202~~2~~3	~~47~~61	~~16~~15	~~1~~0	0	~~1~~0	0	~~61~~76
Totals	202~~0~~1	~~41~~46	~~7~~5	~~0~~4	0	~~2~~0	0	~~46~~47
	202~~1~~2	~~46~~47	~~5~~16	~~4~~1	0	~~0~~1	0	~~47~~61
	202~~2~~3	~~47~~61	~~16~~15	~~1~~0	0	~~1~~0	0	~~61~~76

Notes:

1. In 2021, one franchisee in California terminated their Franchise Agreement prior to opening the outlet.

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 202~~0~~1 TO 202~~2~~3

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
California	202~~0~~1	~~3~~6	~~1~~0	~~2~~0	0	0	6
	202~~1~~2	6	0	~~0~~1	0	~~0~~1	6
	202~~2~~3	6	0	~~1~~0	0	~~1~~2	~~6~~4
Totals	202~~0~~1	~~3~~6	~~1~~0	~~2~~0	0	0	6
	202~~1~~2	6	0	~~0~~1	0	~~0~~1	6
	202~~2~~3	6	0	~~1~~0	0	~~1~~2	~~6~~4

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 202~~2~~3

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	~~3~~1	1	0
California	~~33~~27	~~16~~10	0
Florida	2	2	0
Nevada	~~3~~1	1	0
Total	~~39~~31	~~18~~14	0

Our fiscal year ends on December 31st. A list of all current franchisees is attached to this Disclosure Document as EXHIBIT "F" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 202~~2~~3. In addition, EXHIBIT "F" (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

In the last 3 fiscal years, some franchisees have signed confidentiality agreements with us. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no (a) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed or (b) independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Audited financial statements of Boba Time, Inc. for the fiscal years ended December 31, 202~~0~~1, December 31, 202~~1~~2 and December 31, 202~~2~~3 are attached to this Disclosure Document as EXHIBIT "G".

ITEM 22 CONTRACTS

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

Exhibits to Disclosure Document

EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Area Development Agreement
EXHIBIT "H"-1	State Addenda
EXHIBIT "H"-2	General Release

Attachments to Franchise Agreement

ATTACHMENT "B"	Form of Site Approval Notice
ATTACHMENT "C"	Lease Addendum
ATTACHMENT "D"	Franchise Owner Agreement
ATTACHMENT "E"	ACH Authorization Form
ATTACHMENT "F"	Confidentiality Agreement

ITEM 23 RECEIPT

EXHIBIT "J" to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

EXHIBIT "A"

TO DISCLOSURE DOCUMENT

STATE AGENCIES AND ADMINISTRATORS

CALIFORNIA
Commissioner of Financial Protection & Innovation
Department of Financial Protection & Innovation
320 West 4th Street, #750
Los Angeles, CA 90013
(213) 576-7500
1-866-275-2677
www.dfpi.ca.gov
Ask.DFPI@dfpi.ca.gov

HAWAII
Commissioner of Securities of the State of Hawaii
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722
Agents for Service of Process:
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS
Illinois Attorney General
Chief, Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA
Secretary of State
Securities Division
Room E-018
302 West Washington Street
Indianapolis, IN 46204
(317) 232-6681

MARYLAND
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-6360
Agent for Service of Process:
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN
Franchise Section
Consumer Protection Division
525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor
Lansing, MI 48913
(517) 335-7567

MINNESOTA
Commissioner of Commerce
Director of Registration
85 Seventh Place East, #280
St. Paul, Minnesota 55101-3165
(651) 539-1500

NEW YORK
NYS Department of Law
Investor Protection Bureau
28 Liberty St. 21st fl
New York, NY 10005
(212) 416-8285
Agents for Service of Process:
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, NY 12231

NORTH DAKOTA
North Dakota Securities Department
State Capitol, 5th Floor, Dept 414
600 East Boulevard Avenue
Bismarck, North Dakota 58505
(701) 328-4712

RHODE ISLAND
Department of Franchise Regulation
1511 Pontiac Avenue, John O. Pastore Complex, Bldg 69-1
Cranston, Rhode Island 02920
(401) 462-9527

SOUTH DAKOTA
Department of Labor and Regulation
Division of Insurance Securities Regulation
124 S Euclid, 2nd Floor
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051
Agents for Service of Process:
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

WASHINGTON
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501
(360) 902-8760
Mailing Address:
Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507

WISCONSIN
Department of Financial Institutions
Division of Securities
201 W Washington Avenue, Suite 500, Madison, WI 53703
(608) 261-9555

EXHIBIT "B"

TO DISCLOSURE DOCUMENT

FRANCHISOR'S AGENT FOR SERVICE OF PROCESS

Eunice Unmi Pak
3255 Wilshire Blvd., Ste. 1420
Los Angeles, California 90010

In states listed in EXHIBIT "A", the additional agent
for Service of Process is listed in EXHIBIT "A"

EXHIBIT "C"

TO DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

[See Attached]

FRANCHISE AGREEMENT

FRANCHISEE: _____
DATE: _____

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ATTACHMENTS

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ATTACHMENT "D" Franchise Owner Agreement
ATTACHMENT "E" ACH Authorization Form
ATTACHMENT "F" Confidentiality Agreement
~~ATTACHMENT "G" Definitions~~

IT'S BOBA TIME FRANCHISE AGREEMENT

This It's Boba Time Franchise Agreement (this "Agreement") is entered into as of _____, 202__ (the "Effective Date") between Boba Time, Inc., a California corporation ("we" or "us") and _____, a(n) _____ ("you").

1. DEFINITIONS. ~~Capitalized terms used in this Agreement are defined either in the body of this Agreement or in ATTACHMENT "G". For capitalized terms that are defined in the body of this Agreement, ATTACHMENT "G" lists the Sections of this Agreement in which such terms are defined.~~ Capitalized terms used in this Agreement have the meanings given to them below:

"*Account*" means the checking account you designate from which we deduct fees and other amounts owed to us and our affiliates in accordance with §13.5.

"*ACH Agreement*" means the ACH Authorization Agreement attached as ATTACHMENT "E", which authorizes us to electronically debit your Account for amounts owed to us and our affiliates.

"*Acquisition*" means either: (a) a competitive or non-competitive company, franchise system, network or chain directly or indirectly acquiring us, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise; or (b) us directly or indirectly acquiring another competitive or non-competitive company, franchise system, network or chain, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise.

"*Acquired Assets*" means any assets associated with your Store that we elect to purchase upon termination or expiration of this Agreement, as further described in §21.2(a).

"*Agreement*" is defined in the Introductory Paragraph.

"*Alternative Channels of Distribution*" means any channel of distribution other than retail sales made to customers while present at a Store, including, but not limited to:

(i) sales through direct marketing, such as over the Internet or through catalogs or telemarketing;

(ii) sales through retail stores that do not operate under the Marks, such as grocery stores, convenience stores or department stores;

(iii) sales made at wholesale;

(iv) onsite sales to customers, such as sales to employee groups at a business site or sales to customers in their homes;

(v) sales through catering or delivery service; and

(vi) sales through kiosks or mobile trailers.

"*Anti-Terrorism Law*" means Executive Order 13224 issued by the President of the United States of America (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future federal, state and local Laws, ordinances, regulations, policies, lists, orders and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war.

"*Appraised Value*" means the fair market value of the Acquired Assets as determined by independent appraisers in accordance with §21.2(b).

"*Business*" means the franchised business you operate pursuant to this Agreement.

"*Business Data*" means, collectively or individually, Customer Data and Operational Data.

"*Captive Venue*" means a non-traditional outlet for a Store that is located within, or is a part of, another establishment or facility that consumers may visit for a purpose unrelated to the Store. Examples of Captive Venues include Stores that are located within hotels, casinos, college campuses, universities, airports, train stations, bus stations, cruise terminals, stadiums, sporting arenas, shopping malls, military bases, concert venues, amusement parks or similar types of establishments.

"*Claim*" means any action, allegation, assessment, claim, demand, litigation, proceeding or regulatory procedure, investigation or inquiry.

"*Competing Business*" means any business that meets at least one of the following criteria: (a) any business that derives at least 50% of its revenue from the sale of pre-made and/or made-to-order boba, milk tea, smoothies, slushies, and/or other beverages that are the same as or substantially similar to those offered at IT'S BOBA TIME® Stores; (b) any business that solicits, offers or sells franchises or licenses for a business that meets the criteria in clause (a) of this definition; and/or (c) any business that services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business that meets the criteria in clause (a) of this definition. A Competing Business does not include any IT'S BOBA TIME® Store operated pursuant to a valid franchise agreement or license agreement with us or our affiliate.

"*Confidential Information*" means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Definitive Agreements and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you or your Owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.

"*Confidentiality Agreement*" means the Confidentiality Agreement that must be signed by certain of your employees pursuant to §14.5, the current form of which is attached as ATTACHMENT "F".

"*Copyrighted Materials*" means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Store.

"*Customer Data*" means and includes any and all data that pertains to a Store customer, including name, address, contact information, date of birth, purchase history and any information collected in connection with any loyalty program or for any other purpose.

"*Definitive Agreements*" means, collectively: (a) this Agreement; (b) the Area Development Agreement pursuant to which this Agreement is executed (if applicable); (c) any other Franchise Agreement between you (or your affiliate) and us (or our affiliate) for a Store or any other franchised concept; and (d) all ancillary agreements executed in connection with any of the foregoing, including Franchise Owner Agreements.

"*Dispute*" means any Claim, dispute or disagreement between the parties, including any matter pertaining to: (a) the interpretation or enforcement of this Agreement; (b) the offer or sale of the franchise; or (c) the relationship between the parties.

"*Effective Date*" is defined in the Introductory Paragraph.

"*Entity*" means a corporation, partnership, limited liability company or other form of association.

"*Equity Interest*" means a direct or indirect ownership or beneficial interest in the capital stock of, partnership or membership interest in, or other equity, ownership or beneficial interest in an Entity (including voting rights).

"*Excluded Claim*" means any Claim that, according to §22, is not subject to mandatory mediation or

arbitration.

"*Force Majeure*" means acts or circumstances that are beyond a party's control, including fire, storm, flood, earthquake, explosion or accident, acts of war or terrorism, rebellion, insurrection, sabotage, epidemic, failures or delays of transportation and strikes, provided that: (a) the non-performing party promptly provides written notice to the other party of the Force Majeure event; (b) the non-performing party is without fault and the delay or failure could not have been prevented by reasonable precautions by the non-performing party; (c) nothing herein shall excuse or permit any delay or failure to pay fees or other amounts owed on the applicable due date; (d) insolvency, lack of required funds or financing, currency fluctuations, currency devaluations, foreign exchange controls or inflation shall never be deemed Force Majeure; and (e) an epidemic or pandemic of a contagious illness or disease, or economic or financial changes caused by an epidemic or pandemic of a contagious illness or disease, shall never be deemed Force Majeure except to the extent a Governmental Authority mandates closure (or prevents the opening) of the Store as a result of such epidemic or pandemic.

"*Franchise Owner Agreement*" means the Franchise Owner Agreement that must be signed by the Owners and their spouses pursuant to §9, the current form of which is attached as ATTACHMENT "D".

"*Franchisee Entity*" means the Entity, if applicable, that: (a) signs this Agreement as the franchisee (if this Agreement is signed by an Entity); or (b) assumes this Agreement subsequent to its execution by the original Owners.

"*General Release*" means our then-current form of Waiver and Release of Claims that you and your Owners must sign pursuant to §4.2 (in connection with a renewal of your franchise rights) or §19.2 (in connection with a Transfer).

"*Government Official*" means any: (a) officer or employee of a Governmental Authority; (b) commercial or similar entity owned or controlled by a Governmental Authority, including state-owned and state-operated companies or enterprises; (c) public international organization (e.g., United Nations, World Bank); (d) political party or official thereof; or (e) candidate for political office.

"*Governmental Authority*" means any national, provincial, state, county, local, municipal or other government, or any ministry, department, agency or subdivision thereof, whether administrative or regulatory, or any other body that exercises similar functions, and including any court or taxing authority.

"*Gross Sales*" means the total gross sums generated from all goods and services sold from or in connection with your Store (including from on-premises dining, take-out, delivery and catering) together with all other revenues and monies derived in connection with your Store, including advertising revenues, sponsorship fees and business interruption insurance proceeds. In calculating Gross Sales, you must include the full retail value of meals furnished to your employees as in incident to their employment. However, the value of any such discounts may be credited against Gross Sales for purposes of determining the amount of Gross Sales upon which the royalty fee and brand fund contribution is due. If you utilize a third-party delivery service to deliver orders to customers, Gross Sales includes the entire sale price paid by the customer, regardless of any fee deduction made by the delivery service provider prior to remittance of the net proceeds to you. In other words, any service fee deducted by the third-party delivery service provider from the proceeds paid by the customer must be included in Gross Sales, even if not collected by you. Gross Sales excludes: (a) sales or use taxes you pay to a Governmental Authority; (b) revenue you collect from a customer and later refund to that customer in a bona fide refund transaction; (c) revenue derived from the sale of furniture, fixtures or equipment in the ordinary course of business; (d) revenue from vending machines located at your Store (but Gross Sales includes your share of any such revenue); and (e) tips paid to and retained by staff members as a gratuity. The Manual may include policies governing the manner in which proceeds from the sale of gift cards are treated for purposes of calculating Gross Sales. The Manual may also provide details on the calculation of Gross Sales relating to qualifying purchases and redemptions by members under a loyalty program.

"*Improvement*" means any idea, addition, modification or improvement to the (a) goods or services offered or sold at a Store, including, without limitation, any new or modified recipes or menu items, (b) method of operation of a Store, (c) processes, systems or procedures utilized by a Store, (d) marketing, advertising or promotional materials, programs or strategies utilized by a Store or (e) trademarks, service marks, logos or

other intellectual property utilized by a Store, whether developed by you, your Owners, your employees or any other Person.

"*Indemnified Party*" or "*Indemnified Parties*" means us and each of our past, present and future owners, members, officers, directors, employees and agents, as well as our parents, subsidiaries and affiliates, and each of their past, present and future owners, members, officers, directors, employees and agents.

"*Intellectual Property*" means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks and System.

"*Interim Manager*" means the Person we designate to temporarily manage your Store under the circumstances described in §8.4.

"*Interim Term*" means a month-to-month extension of the Term under the circumstances described in §4.3.

"*IP Dispute*" means any: (a) apparent infringement of the Intellectual Property; (b) challenge to your use of the Intellectual Property; or (c) claim by any Person, other than us or our affiliate, of any rights in or to the Intellectual Property.

"*Know-how*" means and includes our (and our affiliates') trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a Store including, but not limited to: architectural plans, drawings and specifications for a prototype Store; site selection criteria; recipes; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; training materials; and information comprising the System or included in the Manual.

"*Law*" means and includes all laws, judgments, decrees, orders, rules, regulations, ordinances, advisory opinions or official legal interpretations of any Governmental Authority.

"*Losses and Expenses*" means and includes any of the following: compensatory, exemplary and 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 reputation or goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or otherwise incurred by an Indemnified Party.

"*Managing Owner*" means the Owner you designate and we approve with primary responsibility for the overall management and supervision of your Store in accordance with §8.1.

"*Manual*" means our confidential Brand Standards Manual for the operation of a Store, as further described in §11.2. The Manual may consist of written text as well as videos, tutorials, training modules, recordings and/or other means of communication.

"*Marks*" means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Stores to use, including BOBA TIME®, IT'S BOBA TIME® and the associated logos. The Marks also include any distinctive trade dress used to identify a Store or the products it sells.

"*Operational Data*" means and includes all data and information pertaining to the operation of your Business including employee data, expense data, financial accounting data and Gross Sales data.

"*Owner*" means a Person who either: (a) directly signs this Agreement as the franchisee, either alone or in conjunction with one or more other Persons; or (b) directly or indirectly through one or more intermediaries owns any Equity Interest in the Franchisee Entity (if the franchisee under this Agreement is an Entity).

"*PCI-DSS*" means the payment card industry data security standard, which is a set of security requirements established by the following major credit card brands from time to time: American Express, Discover Financial Services, JCB International, MasterCard Worldwide, and Visa Inc., which standards are set forth at https://www.pcisecuritystandards.org as of the Effective Date.

"*Permitted Transfer*" means: (a) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer that results in the Managing Owner owning less than 20% of the ownership interests in the Business or 20% of the Equity Interests in the Franchisee Entity, as applicable; and/or (b) a Transfer by the Owners to a newly established Franchisee Entity for which such Owners collectively own and control 100% of the Equity Interests.

"*Person*" means an individual, Entity, unincorporated organization, joint venture, Governmental Authority, estate (or executor thereof) or trust (or trustee thereof).

"*Post-Term Restricted Period*" means, with respect to you: a period of two (2) years after the termination, expiration or Transfer of this Agreement; *provided, however*, that if a court of competent jurisdiction determines the two-year Post-Term Restricted Period is too long to be enforceable, then Post-Term Restricted Period means: a period of one (1) year after the termination, expiration or Transfer of this Agreement.

"*Post-Term Restricted Period*" means, with respect to an Owner: a period of two (2) years after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the Owner's Transfer of his or her entire ownership interest in the Store or Franchisee Entity, as applicable; *provided, however*, that if a court of competent jurisdiction determines the two-year Post-Term Restricted Period is too long to be enforceable, then Post-Term Restricted Period means: a period of one (1) year after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the Owner's Transfer of his or her entire ownership interest in the Store or Franchisee Entity, as applicable.

"*Program Participation Rules*" means the policies, procedures, fees and other requirements pertaining to any gift card, loyalty, membership or other system-wide program we implement pursuant to §11.12.

"*Prohibited Activities*" means and includes any of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competing Business, other than owning an interest of 5% or less in a publicly traded company that is a Competing Business; (b) disparaging or otherwise making negative comments about us, our affiliate, the System and/or any Store; (c) diverting or attempting to divert any business from us, our affiliate or another franchisee; and/or (d) inducing any Person to transfer their business from a Store to a competitor.

"*Restricted Territory*" means: the geographic area within: (a) a 25-mile radius from your Store (and including your Store's premises itself); and (b) a 25-mile radius from all other Stores that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period; *provided, however*, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then Restricted Territory means: the geographic area within a 5-mile radius from your Store (and including your Store's premises itself).

"*Site Approval Notice*" means the Site Approval Notice attached as ATTACHMENT "B" that we may issue to you in accordance with §3 and §7.1 to identify the approved site for your Store and designate the boundaries of your Territory.

"*Site Selection Area*" means the geographic area described in Part B of ATTACHMENT "A" and within which you must find a site we approve for your Store.

"*Store*" means any IT'S BOBA TIME® Store that is authorized to operate under our Marks and use our System. A Store may refer to a IT'S BOBA TIME® Store operated by us, our affiliate, you or another franchisee, as the context may require.

"*Successor Agreement*" means our then-current form of IT'S BOBA TIME® Franchise Agreement you must sign pursuant to §4.2 in order to renew your franchise rights.

"*System*" means our system developed for the operation of a Store, the distinctive characteristics of which include: proprietary recipes; specially formulated ingredients; distinctive interior and exterior design, décor, signage, color scheme and other trade dress elements; comprehensive training programs; advertising and marketing strategies; merchandising strategies; and operating system.

"*Technology Systems*" means and includes all information and communication technology systems we specify from time to time, including, without limitation, computer systems, point-of-sale systems, webcam systems, telecommunications systems, security systems, music systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps, and third-party services relating to the establishment, use, maintenance,

monitoring, security or improvement of these systems.

"*Term*" means the period of time beginning on the Effective Date and expiring on the earlier to occur of: (a) the 10th anniversary of the Effective Date; or (b) the date this Agreement is effectively terminated.

"*Territory*" means the protected territory for your Store, as further described in §3.

"*Transfer*" means any direct or indirect, voluntary or involuntary, assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of:

(a) this Agreement (or any interest therein);

(b) the franchise or intellectual property rights granted by this Agreement (or any interest therein);

(c) the Business you conduct pursuant to this Agreement (or any interest therein);

(d) the Store's assets, other than the sale of fixtures or equipment in the ordinary course of business; or

(e) an Equity Interest in the Franchisee Entity;

including by: merger or consolidation; judicial award, order or decree; issuance of additional Equity Interests in the Franchisee Entity; foreclosure of a security interest by a lender; or operation of Law, will or a trust upon the death of an Owner, including the Laws of intestate succession.

"*Travel Expenses*" means and includes all travel, meals, lodging, local transportation and other living expenses and costs incurred: (a) by us and our trainers, field support personnel, auditors and/or other representatives to visit your Store; or (b) by you and your personnel to attend training programs or conferences. It also includes the hourly wage of any representative we send to your Store to provide onsite training or assistance.

"*We*" or "*us*" is defined in the Introductory Paragraph.

"*You*" is defined in the Introductory Paragraph.

2. GRANT OF FRANCHISE. We hereby grant you ~~a~~the right, license and obligation to own and operate ~~an It's Boba Time store (your "Business" or your "~~one (1) Store~~")~~ using our Intellectual Property from ~~a single location that~~the site we approve. As a franchisee, you will establish and operate a specialty juice and snack bar that operates under ~~name "It's Boba Time®"~~names BOBA TIME® and IT'S BOBA TIME® and features premium freshly made smoothies, snacks, desserts and beverages for dine-in and take-out service. We reserve all rights not expressly granted to you.

3. TERRITORIAL RIGHT~~S~~ AND LIMITATIONS. We ~~will~~ grant you a territory (your "Territory") that will be determined as follows:

(i) if your Store is located within a Captive Venue, your Territory will be limited to premises of your Store (you will not receive any territory beyond your Store's premises);

(ii) if your Store is located in an urban area (but not within a Captive Venue), your Territory will consist of the geographic area within a ~~¼~~ ¼-mile radius from your Store; or

(iii) if your Store is not located ~~neither~~ within a Captive Venue ~~nor within~~or in an urban area, your Territory will consist of the geographic area within a one (1~~)~~)-mile radius from your Store.

The determination of whether an area qualifies as an "urban area" will be made as of the date the Territory is determined by reference to the most recently issued publication by the US Census Bureau defining an "urban area" and identifying "urban areas" located within the United States. If we approve~~d~~ the site for your Store prior to execution of this Agreement, then Part D of ATTACHMENT "A" shall identify the geographic area that comprises your Territory. ~~If we have not approved the site for your Store prior to execution of this Agreement, then within 15 days after we approve the site for your Store~~Otherwise, we will ~~send you a written notice (the "Site Approval Notice") that will~~ identify~~: (a) the approved site for your Store; and (b)~~ the geographic area that comprises your Territory~~, as determined by us~~ in ~~our sole discretion (but subject to the minimum population specified above). Your Territory will be protected, meaning~~the Site

Approval Notice we send to you after we approve your site. During the Term we will not develop or operate, or ~~grant a franchise or~~ license ~~to~~ a third party to develop or operate, ~~an It's Boba Time store~~a Store that ~~is physically~~ located within ~~your~~the Territory ~~during the Term,~~ except as otherwise provided in this Section with respect to Captive Venues and Acquisitions. ~~We~~At any time during the Term we reserve the right to: (a) develop and operate, ~~or grant franchises or licenses to~~and license third parties to develop and operate, ~~It's Boba Time stores~~Stores in Captive Venues that are located within your Territory; and (b) engage in Acquisitions, even if as a result of an Acquisition one or more competitive businesses of the acquired or acquiring company begin using our Intellectual Property (including our Marks) and are located within ~~your~~the Territory. We reserve the right to sell, ~~or grant franchises or licenses to~~and license third parties to sell, competitive or identical goods ~~or~~and services (including under the Marks) within the Territory through Alternative Channels of Distribution~~, irrespective of whether the sales take place in your Territory~~.

4. TERM AND RENEWAL.

4.1. Generally. ~~The term of this~~This Agreement ~~will begin on~~ grants you the ~~Effective Date and expire 10 years thereafter (the "Term"). If this Agreement is the initial franchise agreement for~~right to operate your Store only during the Term. Provided that you satisfy all conditions for renewal specified below, you may enter into a maximum of two (2) ~~successor franchise agreements (each, a "~~Successor ~~Agreement") as long as you meet the conditions for renewal specified below.~~Agreements following the expiration of the Term. The Successor Agreement shall be the current form of franchise agreement ~~that~~ we use in granting ~~It's Boba Time~~ franchises as of the expiration of the Term or renewal term, as applicable~~.~~, ~~T~~the terms ~~and conditions~~ of ~~the Successor Agreement~~which may vary materially and substantially from the terms ~~and conditions~~ of this Agreement. Upon renewal, we ~~also~~ reserve the right to modify the boundaries of your Territory in accordance with our then-current territory guidelines and criteria. Each renewal term will be five (5) years~~, for a maximum total term of 20 years. You will have no~~. The parties may agree to further ~~right to operate your Store following the~~renewals after expiration of the ~~final~~second (2nd) renewal term~~-~~, but neither party is obligated to do so (unless ~~we grant you another franchise~~required by applicable state Law, in ~~our sole discretion.~~which case the same renewal terms and conditions set forth in this Agreement shall apply to subsequent renewals). If this Agreement is a Successor Agreement, the renewal provisions in your original franchise agreement will dictate the length of the Term of this Agreement ~~as well as~~and your remaining renewal rights, if any.

4.2. Renewal Requirements. In order to enter into a Successor Agreement, you and the Owners (as applicable) must:

(i) notify us in writing of your desire to enter into a Successor Agreement not less than ~~180~~270 days nor more than ~~270 days~~one (1) year before the expiration of the Term or renewal term, as applicable;

(ii) not be in default under ~~this~~any Definitive Agreement ~~or any other agreement with us or any affiliate of ours at the time~~when you send the renewal notice or ~~the time you~~ sign the Successor Agreement;

(iii) sign the Successor Agreement and all ancillary documents ~~that~~ we require franchisees to sign;

(iv) sign a General Release;

(v) pay us a $10,000 renewal fee;

(vi) remodel ~~your~~the Store (these remodeling costs will not exceed $80,000, subject to CPI adjustments~~)~~ in accordance with §13.6) and upgrade ~~your~~all furniture, fixtures and equipment to ~~comply with~~conform to our then-current standards and specifications; and

(vii) ~~have the right under your lease to maintain possession~~extend the term of your ~~premises~~lease for the duration of the renewal term~~; and~~.

~~(viii) take any additional action that we reasonably require.~~

If we elect not to renew or offer you the right to renew, we will send you a written notice of non-renewal at least 180 days prior to the expiration date, which shall set forth the basis for our decision not to renew or offer you the right to renew. Our failure to send you a notice of non-renewal at least 180 days prior to the expiration date shall constitute our offer to renew your franchise in accordance with, and subject to, the renewal terms and conditions set forth above. If you have any objections to our notice of non-renewal, including any dispute as to the basis for our decision not to renew, you must send us a written notice of objection that sets forth the basis for your objections. Your notice of objection must be sent to us no later than 30 days after you receive our notice of non-renewal. Your failure to send us a written notice of objection during such 30-day period shall constitute your agreement to the non-renewal of your franchise.

4.3. **Interim Term.** If you do not sign a Successor Agreement but continue to operate your Store after the expiration of the Term~~ and you continue to accept the benefits of~~, we may either treat this Agreement~~, then at our option, this Agreement may be treated either~~ as: (a) expired as of the ~~date of the~~Term expiration date with you ~~then~~ operating~~ without a franchise to do so and~~ in violation of our rights; or (b) continued on a month-to-month basis (the "Interim Term") until either party provides the other party with 30 days' prior written notice of the party's intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.

5. TRAINING AND CONFERENCES

5.1. Initial Training Program. ~~In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.~~

~~Except as otherwise permitted by this Section 4, you have no right to continue to operate your Business following the expiration of the Term.~~

~~**5.1. TRAINING AND CONFERENCES**~~

5.1.~~**1.1. Initial Training Program.**~~ The Managing Owner and up to one (1) additional ~~person~~manager must attend and successfully complete our initial training program ~~to our satisfaction~~ before you open your Store.

~~Initial Training For New Owners/**Managers**~~

~~.~~If you hire a new manager or appoint a new Managing Owner after we conduct our ~~pre-opening~~preopening initial training program, the new manager or Managing Owner, as applicable, must attend and successfully complete our then-current initial training program before assuming responsibility for the management of your Store.

5.2. ~~**Periodic**~~**Onsite Training & Opening Assistance.** We will send a representative to your Store for up to 10 days to provide onsite training and assist you with the opening of your Store. We will not charge a fee for this assistance, but you must reimburse us for all Travel Expenses we incur in accordance with §5.5. We need not provide any opening assistance for your second or subsequent Stores.

5.2.~~**5.3.**~~ **Ongoing Training Programs.** We may offer periodic refresher or ~~additional~~supplemental training courses for your Owners and managers. ~~Attendance at these training programs is mandatory unless we~~We may designate ~~the program~~each course as mandatory or optional.

5.3. ~~**Additional Training Upon Request.** Upon your written request, we may, but need not, provide additional assistance or training to you at a mutually convenient time.~~

5.4. ~~**Remedial Training.**~~ If we ~~conduct an inspection of your Store and~~ determine ~~that you are not operating~~ your Store is not being operated in full compliance with this Agreement and/or the Manual, we may~~, at our option,~~ require that your Managing Owner and managers attend remedial training ~~that is~~ relevant to your operational deficiencies. Upon your written request, we may, but need not, provide additional assistance or training to you at a mutually convenient time.

5.4. Training Locations. Our training programs may take place at any location we designate. We reserve the right to conduct training programs virtually.

5.5. Training Fees and Expenses.

We provide our preopening initial training program at no additional charge. You must pay us a training fee of up to $350 per Person per day (for a maximum of six (6) hours of training per day) for any Person who: (a) attends our initial training program after you open your Store; (b) retakes training after failing a prior attempt; (c) attends a remedial training program; (d) attends additional training requested by you; (e) attends a refresher or supplemental training program we conduct; or (f) attends our preopening initial training program for your second or subsequent Store (preopening initial training is optional for your second and subsequent Stores). If we provide onsite training or assistance, you must also reimburse us for all Travel Expenses we incur. You are responsible for all wages and Travel Expenses you and your personnel incur to attend training programs.

5.5.5.6. Conferences. We may hold periodic ~~national or regional~~ conferences to discuss ~~various~~ business ~~issues~~ and operational ~~and general business concerns affecting It's Boba Time stores.~~matters relevant to Stores. Attendance ~~at these conferences~~ is mandatory unless: (a) we designate attendance as optional; or (b) we waive your obligation to attend based on showing of good cause. Each conference will not exceed three (3) days in duration, and we will not require attendance at more than two (2) conferences during any calendar year.

5.6.~~**1.1. Training Fees and Expenses.**~~ ~~If this Agreement is for your first (1st) Store, we will provide our pre-opening initial training program at no additional charge (the training fee is included as part of the initial franchise fee). You must pay us a training fee of up to $350 per day (for a maximum of 6 hours of training per day) for:~~

~~(i) each person that attends our initial training program after you open your Store (such as new Managing Owners or managers);~~

~~(ii) any person who must retake training after failing to successfully complete training on a prior attempt;~~

~~(iii) any remedial training that we require based on your operational deficiencies;~~

~~(iv) each person you send to our pre-opening initial training program in connection with your second (2nd) or subsequent Store (pre-opening training is provided as part of the initial franchise fee for your first (1st) Store; pre-opening initial training is optional for your second (2nd) and subsequent Stores);~~

~~(v) each person to whom we provide additional training that you request; and~~

~~(vi) each person who attends any system-wide or additional training that we conduct (although we generally do not charge for this training unless conducted by a third party such as a vendor or manufacturer).~~

We may charge you a conference registration fee of up to $400 per ~~person per day. If we agree to provide onsite training or assistance, you must also reimburse us for all costs incurred by our representative for meals, travel and lodging. You are responsible for all expenses and costs that your trainees incur for training or attending conferences, including wages, travel and living expenses. If you transfer your franchise, we may charge the new franchisee a $2,000 initial training fee to attend our initial training program. All training fees and expense reimbursements are due 10 days after~~

invoicing.

6.1. OTHER FRANCHISOR ASSISTANCE.

6.1. 1.1. **Manual**. During the Term, Person per day. If you fail to attend a required conference without a waiver from us, then you must pay us the conference registration fee despite your non-attendance (we will provide you with a copy of any written materials distributed at the conference). You are responsible for all wages and Travel Expenses you and your personnel incur to attend conferences.

6. OTHER FRANCHISOR ASSISTANCE.

6.1. Manual. We provide you with access to our confidential Brand Standards Manual (during the "Manual") in text or electronic formTerm. The Manual will help you establishdevelop and operate your BusinessStore. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.

6.2. **Opening Assistance**. If this Agreement is for your first Store, we will send a corporate trainer to your Store for up to 10 days to provide on-site training and assistance relating to the opening of your Store. This on-site assistance is an informal training program where our corporate trainer provides on-site training, assists in coordinating your opening activities, monitors your operations, and assist you with the opening of your Store. You must reimburse us for all expenses we incur in sending our corporate trainer to your Store, including hourly rates charged by the trainer and reasonable travel, meals, lodging and other expenses that our corporate trainer incurs. You agree to reimburse us for these amounts within 10 days after invoicing. We need not provide any opening assistance for your second or subsequent Stores.

6.3. 6.2. **General Guidance**. Based upon our periodic inspections ofWe will periodically review and evaluate your Store orand reports that you submit to us, we will and provide our guidance and recommendations on ways to improve the marketing and/or operation of your Store. operation of your Store. We will be available to render advice, discuss problems and offer general guidance to you during normal business hours by phone, email or other means of communication.

6.3. Field Visits. We have the right, but not the obligation, to conduct periodic field visits for purposes of providing onsite consultation, assistance and guidance pertaining to the operation and management of your Store. We will provide a report detailing any problems or concerns observed during the field visit together with our instructions to address or resolve such problems or concerns. You must implement all required corrective measures in the time and manner we specify.

6.4. **Marketing Assistance.** As further described in Section 11.1 and Section 11.2§10, we will administer the brand and system development fund and provide you with other marketing assistance during the Term.

6.5. **Website.** We willcurrently maintain a corporate website for our brand that. We will also develop and host a local webpage for your Store that will be linked to our corporate website. Your webpage will include thelocalized information about your Store that we deem appropriate. We may modify the content of and/, such as address, contact information and hours of operation. We must approve all content on your webpage but will consider information you suggest in good faith. We will own the website (including your webpage) and domain name at all times. We may change or discontinue the website and/or your local webpage at any time in our sole discretion. .

6.6. Purchase Agreements. We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for Purchase Agreements. We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for us and our franchisees. If we succeed in negotiating a purchase agreement, weWe will arrange for you to be able to purchase the goods or services directly from the supplier at the discounted prices that we negotiate (subject to any rebates the supplier pays to us). We may also purchase certain itemsgoods from suppliers in bulk and resell them to you at our cost plus shipping fees and a reasonable markup.

6.7. **New ~~Merchandise and Menu Items~~Developments**. We may, but need not, ~~develop~~create new ~~recipes,~~ menu items ~~and/or~~ , recipes, retail products, merchandise or other goods or services for sale at your Store. ~~If we develop any merchandise, you must at all times maintain a reasonable supply of such merchandise at your Store.~~You must comply with any minimum inventory stocking requirements in the Manual.

7. ESTABLISHING YOUR ~~STORE~~BUSINESS

7.1. **Site Selection**. You ~~agree to~~must locate and obtain our approval of the ~~premises from which you will operate~~site for your Store within 180 days after the Effective Date. The premises must be located within the Site Selection Area ~~identified in Part B of ATTACHMENT "A" (the "Site Selection Area") and must~~ and conform to our minimum site selection criteria. You must send us a complete site report ~~(containing the demographic, commercial and other~~that includes all documents, information, photo~~graph~~s and video ~~tapes that~~ we ~~may reasonably~~ require~~) for your proposed site.~~. We ~~have the right to~~may accept or reject ~~all proposed sites~~each site you propose in our commercially reasonable judgment. We will use ~~our~~ best efforts to ~~approve or disapprove a proposed site~~issue our approval or disapproval within 15 business days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our ~~written~~ approval within the 15 business~~-~~day period. If we ~~have approved~~approve the site for your Store prior to execution of this Agreement, then the address of the approved site will be listed in Part C of ATTACHMENT "A". If we ~~have~~do not ~~approved your~~approve the site for your Store prior to execution of this Agreement, then within 15 days after we approve your site we will send you ~~the~~a Site Approval Notice that ~~will identify: (a)~~identifies the address of your approved site~~ for your Store; and (b) the geographic area that comprises your Territory~~. Within five (5) business days after we send you the Site Approval Notice, you must sign and date the franchisee acknowledgment section ~~of the Site Approval Notice~~ and send us a copy for our records. Our approval of the site~~, and our designation of your Territory, in the Site Approval Notice~~ shall be deemed immediately effective and binding on you at the time we issue ~~such notice,~~ the Site Approval Notice, regardless of whether you ~~sign and/or~~ send us the signed acknowledgment. ~~You understand that our~~Our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for ~~an It's Boba Time store. Our approval of the site~~ a Store. It indicates only that we believe the site meets our minimum criteria.

7.2. **Lease**. If you lease the premises for your Store, we must review and approve the lease before you sign it. The scope of our review is limited to ensuring that it meets our minimum brand compliance standards (we do not review or provide feedback on the business terms, such as the reasonableness of the rent charged). ~~If you will lease the premises for your Store, we must review and approve the lease before you sign it. The scope of our review is limited to ensuring that it meets our minimum brand compliance standards (we do not review or provide feedback on the business terms, such as the reasonableness of the rent charged).~~ You must use ~~your~~ best efforts to ensure your landlord signs the Lease Addendum ~~that is~~ attached to this Agreement as ATTACHMENT "C". If your landlord refuses to sign the Lease Addendum in substantially the form attached to this Agreement~~, we have the right to disapprove of your lease in our commercially reasonable judgment, in which case you must~~ we may either: (a) waive the Lease Addendum requirement (or the provisions disapproved by the landlord); or (b) require you to find a new site for your Store. You must promptly send us a copy of your fully executed lease and Lease Addendum for our records.

7.3. Construction. ~~You must promptly send us a copy of your fully executed lease and Lease Addendum for our records.~~

7.3.~~1.1. Construction.~~ ~~We will provide you with~~The Manual includes generic prototype plans for a Store, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment and color scheme. ~~You must utilize the~~You must hire a licensed and bonded architect to prepare the design plans for the construction of your Store and leasehold improvements. We may require you to contract with a supplier ~~that~~ we designate to provide architectural and interior design services~~ relating to the development of your Store. Our designated~~. Your architect must prepare detailed construction plans ~~and ensure these~~that: (a) are consistent with our prototype plans; (b)

satisfy all required standards and specifications in the Manual; and (c) comply with all ~~federal, state and local laws, regulations and ordinances~~Laws (including~~, without limitation,~~ the Americans with Disabilities Act), building codes, permits ~~requirements,~~ and lease requirements and restrictions applicable to the premises. You must submit the final construction plans to us for approval. The limited purpose of our review is to verify the construction plans are consistent with our system standards. Once approved, you must, at your sole expense, construct and equip the premises according to the approved construction plans and the specifications ~~contained~~ in the Manual~~ and~~. You must also purchase (or lease) and install ~~the~~all equipment, fixtures, signs and other items ~~that~~ we require. We will assist you with the purchase of required equipment, signs, fixtures, opening inventory and supplies by helping you set up accounts with approved suppliers. At all times during the construction process, you must maintain the minimum general liability and property damage insurance required by the Manual.

7.4. **Opening**. You must open your Store to the public within one (1) year after the Effective Date. You may not open your Store prior to receipt of ~~a~~our written authorization to open~~ issued by us.~~. We will not issue ~~an~~our authorization to open before:

(i) ~~your~~the Managing Owner ~~and initial manager have~~ successfully complete~~d~~s our initial training program;

(ii) you obtain all required licenses, permits and approvals from Governmental Authorities;

~~(ii)~~(iii) you purchase all required insurance policies and provide ~~us with~~ evidence of coverage;

~~(iii) you obtain all required licenses, permits and other governmental approvals;~~

~~(iv) you have paid us the initial franchise fee and all other amounts due to us and our affiliates; and~~

(iv) we ~~have reviewed~~review and approve~~d~~ the construction, build-out and layout of your Store~~ as meeting our required standards and specifications~~; and

(v) you fulfill all of your other preopening obligations under this Agreement and the Manual.

You must send us a written notice identifying your proposed opening date at least 30 days before opening. We may conduct a ~~pre-opening~~preopening inspection of your Store~~ and you agree to~~. You must make ~~any~~all changes and modifications we require before ~~opening. BY VIRTUE OF OPENING YOUR BUSINESS, YOU ACKNOWLEDGE THAT WE HAVE FULFILLED ALL OF OUR PRE-OPENING OBLIGATIONS TO YOU~~you may open.

7.5. **Relocation.** You may relocate your Store with our prior~~ written~~ approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (a) locate your new Store within the Site Selection Area (but outside any territory granted to us, our affiliate or any other franchisee); (b) comply with ~~Sections 7.1~~§7.1 through ~~Section 7.4 of this Agreement~~§7.4 with respect to your new Store (excluding the one~~-~~-year opening period); (c) comply with the de-identification obligations set forth §21.1(vii) with respect to your former Store; (d) pay us a $3,000 relocation fee at the time we approve your request to relocate; and (~~c~~e) open your Store at the new ~~Store~~site and resume operations within 30 days after closing your ~~prior Store~~Store at the former site; *provided, however*, that if you relocate because your Store is destroyed, condemned or otherwise rendered unusable due to the physical condition of the premises, then you have one (1) year after closing to reopen at the new site.

8. MANAGEMENT AND STAFFING.

8.1. **Owner Participation.** You ~~acknowledge that a major requirement~~must designate an Owner who will have overall responsibility for the ~~success~~management and operation of your Store ~~is~~ (the ~~active, continuing, and substantial personal involvement and hands-on supervision by your Managing~~

~~Owner.~~"Managing Owner"). The Managing Owner must: (a) be approved by us; (b) successfully complete all training programs we require; (c) dedicate full~~-~~-time efforts to the ~~management and operation of your Business~~Business; and (d) at all times own at least 20% of the ownership interests in the Business or 20% of the Equity Interests in the Franchisee Entity, as applicable, unless we waive this requirement. We recommend, but do not require, that your Managing Owner also serve as the on-premises manager of the Store. Any new Managing Owner ~~that we approve~~you appoint must successfully complete ~~the~~ our then-current initial training program~~. At all times during~~ before assuming responsibility for the supervision, management or operation of the ~~Term, the Managing Owner must hold at least a 20% ownership interest in the franchise or the Entity that is the franchisee under this Agreement, as applicable.~~Store.

8.2. **Managers.** You may hire a manager to ~~assume responsibility for the daily on-site~~assist the Managing Owner with the onsite management and supervision of ~~your~~the Store~~, but only if: (~~. Any Person you hire as a~~) the~~ manager must: (a) successfully ~~completes the initial~~ complete all training ~~program at your expense; (~~programs we require; and (b) ~~the manager signs~~sign a Confidentiality Agreement~~; and (c) the Managing Owner agrees to assume responsibility for the on-site management and supervision of your Store if the manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement manager. At all times, the Managing Owner must dedicate commercially reasonable efforts to monitoring and supervising the activities of each manager to ensure the Store is managed and operated in accordance with this Agreement and the Manual.~~ . At all times during normal business hours, either the Managing Owner or a trained manager must be present at your Store to provide ~~on-site supervision and management.~~onsite management and supervision. The Managing Owner must monitor and supervise the manager to ensure the Store is operated in accordance with this Agreement and the Manual.

8.3. **Employees.** You must determine appropriate staffing levels for ~~your Business~~the Store to ensure full compliance with this Agreement and our system standards. You may hire, train and supervise employees to assist you with the proper operation of the Store. You must pay all wages, commissions, fringe benefits, worker's compensation premiums and payroll taxes (and other withholdings required by ~~l~~Law) due for your employees. These employees will be employees of yours and not of ours. We do not control the day~~-~~-to~~-~~-day activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use your legal business ~~e~~Entity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, time cards, and similar items. We also do not control the hiring or firing of your employees. You have sole responsibility and authority for all employment ~~-~~related decisions, including employee selection and promotion, hours worked, rates of pay~~ and other~~, benefits, work assignments, training and working conditions. We will not provide~~ you~~ any advice or guidance on these matters. You must require that your employees review and sign the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer. You must also post a conspicuous notice for employees in the back-of-~~the~~-house area explaining your franchise relationship with us and that you (and not we) are the employee's sole employer. We may prescribe the form and content of this notice.

8.4. **Interim Manager.** We have the right, but not the obligation, to designate ~~an individual~~a Person of our choosing (an "Interim Manager") to manage your Store if either: (a)~~ your Managing Owner ceases to perform the responsibilities of a Managing Owner (whether due to retirement, death, disability, or for any other reason) and~~ you fail to appoint an approved replacement Managing Owner, who has successfully completed all training we require, within 30 days after your Managing Owner ceases to perform the responsibilities of a Managing Owner for any reason; or (b) you ~~are in~~fail to cure a material breach ~~and fail to cure the breach~~ before the expiration of the ~~applicable~~ cure period ~~(if any).~~. The Interim Manager will cease to manage your Store at such time that you appoint an approved replacement Managing Owner who has completed training or you cure the material breach, as applicable. If we appoint an Interim Manager, you agree to: (a) pay us a commercially reasonable

management fee (not to exceed 10% of Gross Sales) generated during the period of time that the Interim Manager manages your Store, which shall be in addition to all other fees owed under this Agreement. You must also); and (b) reimburse us for all travel and living expensesTravel Expenses incurred by the Interim Manager. The Interim Manager will havehas no liability to you except for gross negligence or willful misconduct. We will have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager.

9. FRANCHISEE AS ENTITY. If you are an Entity, youYou represent that Part A of ATTACHMENT "A" includes a complete and accurate list of all of your Owners. Upon our request, you must providesend us with a resolution of the Franchisee Entity authorizing the execution of this Agreement, a copy of the Franchisee Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). All Owners of the Franchisee Entity and their spouses must sign a Franchise Owner Agreement.

10. FRANCHISE OWNER AGREEMENT. If you are an Entity, all Owners (whether direct or indirect) and their spouses must sign a Franchise Owner Agreement, the current form of which is attached as ATTACHMENT "D".

11.10. ADVERTISING & MARKETING.

11.1.10.1. Brand and System Development Fund.

(a) Administration. We have established and administer a brand and system development fund to promote public awareness of our brand and to improve our System. On each royalty payment due date, you must pay us a brand fund fee equal to 2% of Gross Sales generated during the immediately preceding reporting period. We will deposit into the fund all brand fund fees and noncompliance fees we collect from you and other franchisees. We may use the fund to pay for any of the following in our sole discretion:

(i) developing, maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs;

(ii) conducting and administering promotions, contests or giveaways;

(iii) improving public awareness of any of the Marks;

(iv) public and consumer relations and publicity;

(v) brand development;

(vi) administering a call center for consumer inquires;

(vii) sponsorships;

(viii) charitable and non-profit donations and events;

(vii)(ix) research and development of technology, products and services;

(viii)(x) website development and search engine optimization;

(xi) development and maintenance of an ecommerce platform;

(ix)(xii) development and implementation of quality control programs, including the use of mystery shoppers or customer satisfaction surveys;

(x)(xiii) conducting market research;

(xi)(xiv) changes and improvements to the System;

(xii)(xv) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts;

~~(xiii)~~(xvi) collecting and accounting for contributions to the fund;

~~(xiv)~~(xvii) preparing and distributing financial accountings of the fund;

~~(xv)~~(xviii) any other programs or activities ~~that~~ we deem ~~necessary or~~ appropriate to promote or improve the System; and

~~(xvi)~~(xix) direct or indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates ~~in relation~~relating to any of these activities ~~(~~, including salary, benefits and other compensation of any of our ~~or~~(and any of our affiliate's) officers, ~~directors,~~ employees or independent contractors based ~~up~~on time spent working on any brand fund matters described above~~)~~.

We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to ~~any of the foregoing~~marketing or advertising activities. Any surplus ~~of monies~~ in the fund may be invested and we may lend money to the fund if there is a deficit. The fund is not a trust and we have no fiduciary obligations to you with respect to our administration of the fund. ~~A financial accounting~~We will prepare, and make available to you upon request, an annual statement of ~~the~~fund operations ~~of the fund~~, including deposits ~~into~~ and disbursements ~~from the fund, will be prepared annually and made available to you upon request.~~. In terms of marketing activities paid for by the fund, we do not ensure that ~~these~~: (a) expenditures in (or affecting ~~any~~) a given geographic area are proportionate or equivalent to the brand fund ~~contributions~~fees paid by franchisees ~~operating~~ in that geographic area; or ~~that any franchisee benefits~~(b) franchisees benefit directly or in proportion to their brand fund ~~contributions.~~fees. We ~~reserve the right to~~may suspend or discontinue the fund at any time in our sole discretion upon ~~at least~~ 30 days' prior notice.

(b) ~~Contributions. On each royalty payment due date, you must pay us a brand and system development fund fee equal to 2% of your Gross Sales generated during the immediately preceding reporting period. We will deposit into the fund all: (i) fund contributions paid by you and other franchisees; and (ii) fines paid by you and other franchisees.~~

11.2.10.2. Marketing Assistance From Us. We may create and make available to you advertising and other marketing materials for your purchase. We may: (a) use the brand ~~and system development~~ fund to pay for the creation and distribution of these materials, in which case there will be no additional charge~~. We may make~~; (b) provide online access to these materials ~~available over the Internet (~~, in which case you must ~~arrange for printing~~print the materials at your expense; and ~~paying all printing costs). Alternatively, we may enter into relationships~~/or (c) contract with third-party suppliers ~~who will~~to create ~~the advertising or marketing~~and sell these materials ~~for your purchase~~to you. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis.

11.3.10.3. Your Marketing Activities.

(a) Marketing Obligations. We encourage~~Generally: Although~~ you ~~are encouraged~~ to engage in local advertising~~, you are~~ to promote your Store. We do not ~~required~~require you to spend any minimum amount of money on local advertising ~~to promote your Store. However,~~, but you ~~agree to~~must participate at your own expense in all advertising, promotional and marketing programs ~~that~~ we require, including obtaining and maintaining a bold listing in your local white pages directory and maintain a yellow pages advertisement in the form we specify. ~~We may require other minimum advertising obligations in the Manual from time to time. You also agree to comply with any gift card program that we establish, the specific terms of which may be set forth in the Manual.~~

(b) Standards for Advertising. All advertisements and promotions ~~that~~ you create or use must be completely factual ~~and~~, conform to the highest standards of ethical advertising and comply with all ~~federal, state and local laws.~~Laws. You must ensure ~~that~~ your advertisements and

promotional materials do not infringe upon the intellectual property rights of others. ~~We reserve the right to require that you~~ You must comply with any minimum advertised pricing policy ~~that~~ we establish from time to time. ~~You must follow any policies that we establish from time to time governing a franchisee's right to engage in marketing or advertising outside of the franchisee's territory.~~

(c) Extraterritorial Advertising. You may advertise and market outside your Territory as long as you: (i) comply with all policies and procedures in the Manual governing extra-territorial marketing; and (ii) do not engage in targeted marketing directed into any territory or development territory assigned to us, our affiliate or another franchisee (unless the marketing is conducted as part of an advertising cooperative that includes the affected territory). Marketing that is distributed, circulated or received both within your Territory and within another territory is not deemed to be "targeted marketing" if: (i) you use reasonable efforts to limit the circulation or distribution of the advertising to areas within your Territory; and (ii) the majority of the recipients of the advertising are located within your Territory and there is only incidental circulation or distribution within a territory assigned to us, our affiliate or another franchisee. The meaning of "targeted marketing" that is "directed into a territory" may be further defined in the Manual, but examples include direct mail sent to addresses within a given territory, digital advertising sent to devices with IP addresses registered within a given territory and conducting promotional events within a given territory.

(c)(d) Approval of Advertising. ~~Before you~~Prior to use ~~them~~, we must approve all advertising and ~~promotional~~marketing materials ~~that~~ and programs you intend to use, including: (i) all advertising and marketing materials we did not prepare or previously approve ~~(including~~; and (ii) any materials ~~that~~ we prepare~~d~~ or approve~~d~~ and you modify~~). We will be deemed to have disapproved the materials if we fail~~. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that: (i) we have not approved; or (ii) we approve and later disapprove. We have 10 business days to review and approve or disapprove advertising and marketing materials and programs you submit. Our failure to issue our approval within ~~10 days after receipt. You may not use any advertising or promotional materials that we have disapproved (including materials that we previously approved and later disapprove).~~ the 10 business-day period constitutes our disapproval. Any advertising you propose and we approve will be deemed an "Improvement" for purposes of §17.5.

(e) Social Media. You may promote your Store using social media provided that:

(i) you only utilize social media platforms we approve;

(ii) you strictly comply with our social media policy, as revised from time to time;

(iii) you immediately remove any post we disapprove;

(iv) you contract with and exclusively utilize any social media company we designate;

(v) you provide us with full administrative rights to your social media accounts; and

(vi) we retain ownership of all social media accounts relating to your Store.

(d) Internet and Websites~~. You may market your Store through approved social media channels in accordance with our social media policy. We may require that you utilize our designated supplier for social media marketing services. At this time, we do not allow our franchisees to maintain their own websites (other than the localized webpage that we provide) or market their stores on the Internet (other than through approved social media outlets). Accordingly, you may not maintain a website, conduct e-commerce,~~. Without our prior approval, which we may withhold in our sole discretion, you may not: (i) develop, host or otherwise maintain a website or other online or digital presence ~~or advertise on the Internet or any other public computer network in~~ in connection with your Store~~. If we change our policy at a later date to allow~~

franchisees to maintain their own websites or market on the Internet, you may do so only if you comply with all of the website and Internet requirements that we specify, including any website bearing our Marks; (ii) conduct digital or online advertising or marketing; or (iii) engage in ecommerce.

12.11. OPERATING STANDARDS.

12.1.11.1. Generally. You agree tomust operate your Store: (a) in a manner that will promote the goodwill of the Marks; and (b) in full compliance with our standards and all other terms of this Agreement and, the Manual and our standards in order to maintain the goodwill associated with the Marks.

12.2.11.2. Brand Standards Manual. You agree to establishmust develop and operate your Store in accordancestrict compliance with the Manual. The Manual may contain, among other things:

(i) architectural plans and specifications for the design, dimensions, layout, equipping and trade dress for a prototype Store;

(ii) a list of (a) goods and services (or specifications for goods and services) you must purchase to develop and operate your Store and (b) designated and approved suppliers;

(i)(iii) a description of the menu items, beverages, merchandise, retail items and other authorized goods and services that you may offer at your Storesell;

(ii)(iv) mandatory and suggested specifications, techniques, methods, operating procedures, and quality standards for products, services and procedures that we prescribe for It's Boba Time stores; ; and

(iii) mandatory reporting and insurance requirements;

(iv) mandatory and suggested specifications for your Store's facility;

(v) policies and procedures pertaining to any gift card or loyalty program that we establish;

(vi) policies and procedures pertaining to: (a) reporting; (b) insurance; (c) marketing and advertising;

(vii)(v) policies relating to(d) gift card or loyalty programs; (e) catering and/or delivery services; (f) data ownership, protection, sharing and use; and (g) any other matters we deem appropriate.

(viii) a written list of goods and services (or specifications for goods and services) you must purchase for the development and operation of your Store and a list of any designated or approved suppliers for these goods or services.

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees.Stores. We can modify the Manual at any time. The modifications will becomeModifications are binding at the time we notify you of the modification (change, subject to any "grace period" we provide to implement the change). All mandatory provisions contained in the Manual (whether they are included now or in the future) are binding on you.

12.3.11.3. Authorized Goods and Services. You agree tomust offer all goods and services that we require from time to time in our commercially reasonable discretion. You may not offer any other goods or services at or in connection with your Store without our prior written permission.approval. You may not use your Store, or permit your Store to be used, for any purpose other than offering the goods and services that we authorize. We may, without obligation to do so, add, modify or delete change authorized goods and services, at any time and you must do thecomply with our instructions

regarding same upon notice from us. Our addition, modification or deletion of one or more goods or services. Any such change shall not constitute a termination of the franchise or this Agreement.

11.4. Preparation of Menu Items. All menu items, beverages and food products must be prepared only by properly trained personnel and strictly in accordance with our recipes, techniques and processes (including the handling and storage of both ingredients and fully prepared menu items). These requirements are integral to the System and necessary in order to: (a) ensure all menu items prepared at your Store meet our high standards for health and wellness, taste, texture, appearance and freshness; and (b) protect the goodwill associated with our Marks. Your failure to adhere to these requirements will be detrimental to the System and the Marks.

11.5. Sales Restrictions. You may only sell to retail customers while they are present at the Store. Unless you receive our prior approval, you may not: (a) offer or sell food, beverage, merchandise or other goods or services from any location other than your Store's premises; (b) produce, sell or provide food, beverage, merchandise or other goods or services through any other channel of distribution, including via catering or delivery service, utilizing the services of a ghost kitchen or through an ecommerce site; (c) sell food, beverage, merchandise or other goods or services to any Person for purposes of resale; or (d) use, or allow any other Person to use, the kitchen in your Store as a ghost kitchen (or in any similar capacity) for purposes of preparing menu items for other brands or culinary concepts. If we authorize you to provide catering and/or delivery services, you must strictly comply with all associated policies and procedures in the Manual, including, without limitation, use of designated third-party delivery service providers, pricing policies and restrictions on delivery service areas.

12.4.11.6. Pricing. We will provide you with our suggested retail pricing. You may deviate from our suggested retail pricing inat your discretion. However,; *provided, however*, that: (a) you must obtain our approval of any deviation that is more than 5% higher or lower than our suggested retail pricing, unless such pricing is part of a temporary advertising campaign that we require or approve or the discount is part of our loyalty programwe approved; and (b). To the extent permitted by applicable law, we may set maximum or minimum prices on the goods and services you offersell to the extent permitted by applicable Law.

11.7. Customer Payments. You must, at your expense, lease or purchase the necessary equipment and/or software and have arrangements in place with Visa, MasterCard, American Express and all other credit card issuers we designate, in order for you to be able to accept such methods of payment from customers. You must accept debit cards, credit cards, stored value cards, and other non-cash systems (including, for example, APPLE PAY and/or GOOGLE WALLET) that we specify. You must acquire and install all necessary hardware and/or software used in connection with these non-cash systems.

12.5.11.8. Suppliers and Purchasing. You agree tomust purchase or lease all products, supplies, equipment, services and other items specified in the Manual from time to time. If required by the. The Manual, may require that you agree to purchase certain goods and services only from suppliers designatedwe designate or approved by us (whichapprove. These suppliers may include, (or be limited exclusively to,) us or our affiliate). You acknowledge that our. Our right to specify the suppliers that you may use is necessary and desirable so thatso we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and ongoing operation of It's Boba Time stores, maintain the confidentiality of our Stores, protect our trade secrets, obtain discounted prices for our franchisees if we choose to do sonegotiate bulk purchase discounts, and protect the reputation and goodwill associated with the System and the Marks. We have no liability to you for the acts, errors or omissions of, or any defective goods or services supplied by, any third-party supplier we designate or approve, provided that we exercise our discretion in good faith in designating or approving such supplier. If we receive rebates or other financial consideration from these suppliers based upon franchisee on your purchases, we have no obligation to pass these amounts onthem through to you or to use them for your benefit.any particular purpose. If you wantwish for us to approve a supplier that you propose, you must send us a written

~~notice~~ request for approval specifying the supplier's name and qualifications and provide ~~any~~all additional information ~~that~~ we request. We will approve or reject your request within 30 days after we receive your ~~notice~~request and all ~~additional~~ information ~~(~~and samples~~) that~~ we require. We ~~shall be~~are deemed to have rejected your request if we fail to issue our approval within the 30-day period. You must reimburse us for all costs and expenses ~~that~~ we incur ~~in reviewing a proposed supplier within 10 days after invoicing~~to review suppliers or products you propose.

12.6.11.9. Equipment Maintenance and Changes. You ~~agree to~~must maintain ~~all of~~ your equipment in good condition and promptly replace or repair any equipment that is damaged, worn-out or obsolete. We may require that you change your equipment~~, which may~~. Our right to require ~~you to make additional investments. You acknowledge that our ability to require franchisees to make~~ significant ~~changes to their~~ equipment changes is critical to our ability to administer and change the System and you ~~agree to~~must comply with ~~any such required change~~these changes within the time period ~~that~~ we reasonably ~~prescribe.~~ specify.

12.7.11.10. Technology Systems.

(a) Generally. ~~You must acquire and utilize all information and communication technology systems that we specify from time to time, including, without limitation, computer systems, point-of-sale system, webcam systems, telecommunications systems, security systems, music systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps, and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems (collectively referred to as the "Technology Systems"). The~~You must acquire and utilize all Technology Systems we require from time to time. Technology Systems may relate to matters such as purchasing, pricing, accounting, order entry, inventory control, security, information storage, retrieval and transmission, customer information, customer loyalty, marketing, communications, copying, printing and scanning, or any other business purpose ~~that~~ we deem appropriate. We may require that you~~, at your expense,~~ acquire new or substitute Technology Systems~~,~~ and/or replace, upgrade or update existing Technology Systems~~,~~ at your expense upon reasonable prior notice. You are solely responsible for: (i) the acquisition, operation, maintenance, updating and upgrading of your Technology Systems; (ii) the manner in which your Technology Systems integrate and interface with our computer system and those of third parties; and (iii) any consequences resulting from improper use or operation, or failure to properly maintain, update or upgrade, Technology Systems.

(b) Use and Access. You must utilize your Technology Systems in accordance with the Manual and comply with all associated data entry policies. You may not load or permit any unauthorized programs or games on your Technology Systems. You must ensure ~~that~~ your employees are adequately trained in the use of the Technology Systems. You agree to take all steps necessary to ~~enable~~provide us ~~to have~~with independent and unlimited access to ~~the operational~~ data collected through your Technology Systems, including ~~information regarding your~~ Gross Sales data for purposes of calculating fees owed. Upon ~~our~~ request, including upon termination or expiration of this Agreement, you ~~agree to~~must provide us with the user IDs and passwords for your Technology Systems~~, including upon termination or expiration of this Agreement~~.

(c) Disruptions. You are solely responsible for protecting against computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Upon ~~our~~ request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions.

(d) Fees and Costs. You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading the Technology Systems. Certain components of the Technology Systems must be purchased or licensed from third-party suppliers. We and/or

our affiliate may develop proprietary software, technology or other components of the Technology Systems that will become part of our System. If this occurs~~: (i)~~, you agree to: (i) pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon ~~our~~ request, ~~you agree to~~ enter into a license agreement with us (or our affiliate) in a form ~~that~~ we prescribe governing your use of the proprietary software, technology or other component of the Technology Systems. ~~We also reserve the right to~~We may enter into master agreements with third-party suppliers relating to any components of the Technology Systems and ~~then~~ charge you for all amounts ~~that~~ we ~~must~~ pay to these suppliers based ~~up~~on your use of their software, technology, equipment, or services~~ provided by the suppliers.~~. The "technology fee" includes all amounts ~~that~~ you ~~must~~ pay us and/or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts~~ that~~ we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based ~~up~~on changes to the Technology Systems or ~~the~~ prices charged by third-party suppliers with whom we enter into master agreements. We may include within the technology fee a commercially reasonable administrative fee to compensate us for the time, money and resources we invest in administering the technology platform and associated components, negotiating and managing contracts with third-party licensors, and collecting and remitting technology fees owed to third-party licensors on behalf of franchisees under master license arrangements. The technology fee does not include any amounts ~~that~~ you pay directly ~~pay~~ to third-party suppliers ~~for any component of the Technology Systems.~~. The technology fee is due 10 days after invoicing or as we otherwise ~~specified by us from time to time~~specify. We will list the current technology fee in the Manual.

12.8.11.11. Remodeling and Maintenance. As a condition to ~~you renewing~~a Transfer or ~~transferring~~ the renewal of your franchise~~,~~ rights, we may require you ~~agree~~ to remodel, renovate and make all improvements ~~and alterations~~ to your Store that we reasonably require to ~~reflect~~conform to our then-current ~~design, image~~standards and specifications. The cost of th~~i~~ese remodeling obligations will not exceed: (a) $80,000 ~~(~~for remodeling required as a condition to renewal~~)~~; or (b) $50,000 ~~(~~for remodeling required as a condition to ~~transfer).~~Transfer; *provided, however*, that we reserve the right to increase these caps on remodeling expenses based on CPI increases in accordance with §13.6. You may not remodel or significantly alter your premises without our prior ~~written~~ approval~~, which~~. We will not ~~be unreasonably withheld. However we will not be required to~~ approve any proposed remodeling or alteration ~~if the same would not conform to~~that is inconsistent with our then-current standards and specifications~~, standards or image requirements~~. You ~~agree to~~must maintain your Store in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals and alterations, at your sole expense, to ~~comply with~~conform to our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your ~~sole~~ expense: (a) thorough cleaning, repainting, redecorating of the interior and exterior of the ~~Store~~Store's premises at the intervals we~~ may~~ prescribe (or at such earlier times that such actions are required or advisable); and (b) interior and exterior repair of the ~~Store~~Store's premises as needed. You ~~agree to~~must comply with any maintenance, cleaning or facility upkeep schedule ~~that~~ we prescribe~~ from time to time~~.

12.9.11.12. ~~Gift Card and Loyalty~~ System Programs.

(a) Generally. We may ~~require that you~~ periodically develop and implement membership programs, loyalty programs, gift card programs and other system-wide programs. You must fully participate in ~~a gift card or other customer loyalty program in accordance with our policies and procedures.~~all programs we designate as mandatory. In order to participate~~, you may be required~~ you must: (i) comply with all policies and procedures we establish for participation in the program; (ii) purchase (or license) and utilize all equipment, software, mobile applications (Apps), technology and others items we designate as being necessary for participation in the program, and pay all associated fees and costs; and (iii) pay us, our affiliate, or a third party we designate, all program fees and other amounts we specify as being necessary

for participation in the program (collectively, "Program Participation Rules"). Program Participation Rules may be set forth in the Manual. We may change Program Participation Rules at any time and you must comply with these changes. We may develop and implement new or successor programs and/or modify or terminate existing programs at any time in our discretion.

(b) Loyalty Program. You must fully participate and implement all required customer loyalty, rewards and other affinity programs designed to ~~purchase and utilize additional equipment, software and/or Apps and pay fees relating to the use of that equipment, software and/or Apps. If we establish a~~increase customer loyalty, generate new customers or improve overall demand for Stores.

(c) Gift Card Program. You must participate in any gift card program~~,~~ we establish and honor all gift cards, even if purchased from us or another Store. You may not offer or sell any gift cards we have not approved. We have the right to: (i) determine how ~~the~~gift card proceeds ~~from the sale of gift cards will be~~ are divided or otherwise accounted for~~, and we reserve the right~~; (ii) require that gift card proceeds be paid to us or deposited into a trust account we control for subsequent disbursement to the Store(s) where the gift card is redeemed; and (iii) retain ~~the amount of any~~ proceeds from unredeemed gift cards. ~~You agree to comply with all policies and procedures that we specify from time to time relating to customers who purchase a gift card at one store and redeem products or services from one or more other stores. We may implement new software and/or Apps to monitor sales and allocate payments to the store where goods or services are redeemed (either in whole or on a percentage basis), in which case we may require that the proceeds from gift card sales be deposited into a trust account that we control. You agree to comply with all policies and procedures that we specify and we may modify these policies and procedures at any time.~~

12.10.11.13. Hours of Operation. Your Store must be open for business a minimum of 10 hours per day, seven (7) days a week, subject to any conflicting requirements in your lease ~~restrictions~~ or ~~applicable laws (we~~imposed by Law. We may change these minimum days and hours of operation ~~through updates to~~in the Manual~~)~~. You must establish specific days and hours of operation and submit ~~those hours~~them to us for approval.

12.11.11.14. Customer ~~Complaints~~Service~~.~~. You and your staff must at all times provide prompt, courteous, friendly and efficient service to all customers. If you receive a customer complaint, you must follow the complaint resolution process ~~that~~ we specify to protect the goodwill associated with the Marks. You must also treat your employees with honesty and respect.

11.15. Quality Assurance Programs. For quality control purposes we may: (a) periodically inspect your Store in accordance with §6.3 and §16.1; and/or (b) engage the services of a "mystery shopper" or quality assurance firm to inspect your Store. Inspections may address a variety of issues, including customer service, food safety, sanitation, inventory rotation, etc. You must fully cooperate with all inspections. If we engage a mystery shopper or quality assurance firm, we may require that you directly pay the mystery shopper or firm for the cost of the inspection. Alternatively, we may pay for the cost of the inspection, in which case you must reimburse us. We may implement a scoring system pursuant to which each Store receives a "grade" or "score" based on the inspection results. Your failure to achieve a passing grade or score constitutes a default under this Agreement. You must implement all corrective measures we require within the time period we specify to rectify any noncompliance issues revealed by an inspection.

12.12.11.16. Failure to Comply with Standards. You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks. If we notify you of a ~~failure to comply with~~ breach of our standards or operating procedures (including~~, without limitation,~~ failure to ~~provide~~submit required reports in a timely manner) and you fail to correct the ~~non-compliance~~noncompliance within the period of time ~~that~~ we ~~require~~prescribe, then, in addition to any other remedies available to us under this Agreement,

we may impose a ~~fine~~noncompliance fee of ~~up to~~ $500 per occurrence. We may impose an additional ~~fine for~~$500 fee every ~~24~~48 hours ~~that~~ the same ~~non-compliance~~noncompliance issue remains uncured ~~following our imposition of~~after we impose the initial ~~fine.~~fee. Any noncompliance fees we collect are paid in consideration of us refraining from exercising our contractual right to terminate this Agreement. If we take steps to cure a default committed by you after the expiration of any applicable cure period, including, without limitation, obtaining required insurance coverage on your behalf or paying amounts you owe to approved or designated suppliers, then you must reimburse us for all costs and expenses we directly or indirectly incur in connection with our efforts to cure the default. Our acceptance of noncompliance fees and default expense reimbursements shall not be construed as a waiver of any of our rights or remedies under this Agreement and we retain the right to terminate this Agreement in accordance with §20 should the default continue after we collect these amounts.

13.12. FRANCHISE ADVISORY COUNCIL. We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We ~~will~~ consider all suggestions ~~from the advisory council~~ in good faith~~,~~ but ~~we~~ are not bound by ~~any such suggestions.~~them. The ~~advisory~~ council ~~will~~would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of council representatives ~~of the advisory council who will~~to communicate with us on matters raised by the ~~advisory~~ council. You ~~will~~would have the right to be a ~~member of the advisory~~ council member as long as you ~~are not in default under~~comply with this Agreement and ~~you~~ do not act in a disruptive, abusive or counter-productive manner~~, as determined by us in our discretion.~~. As a member, you ~~will~~would be entitled to all voting rights and privileges granted to other council members ~~of the council.~~. Each member ~~will be granted~~would have one vote on all matters on which members are authorized to vote.

~~14.~~13. FEES

14.1.13.1. Initial Franchise Fee. You agree to pay us a $45,000 initial franchise fee (reduced to $30,000 if this Agreement is for your second or subsequent Store) in one lump sum at the time you sign this Agreement (or, if applicable, any discounted initial franchise fee specified in an area development agreement signed by you and us). The initial franchise fee is fully earned by us and ~~non-refundable~~nonrefundable once this Agreement ~~has been~~is signed.

14.2.13.2. Royalty Fee. On the day of each week ~~that~~ we specify ~~from time to time (referred to as~~ (the "royalty ~~payment~~fee due date"), you ~~agree to~~must pay us a royalty fee equal to 5% of ~~your~~ Gross Sales generated during the immediately preceding reporting period. The current reporting period runs from the opening of business on Monday through the close of business on Sunday and the current royalty payment due date is the Wednesday immediately following the end of the prior reporting period. ~~From time to time, we~~We may periodically change the reporting period and weekly royalty payment due date through updates to the Manual.

14.3.13.3. Other Fees and Payments. You ~~agree to~~must pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in ~~this Section 14.~~§13. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based ~~up~~on goods or services ~~that~~ you sell or ~~based upon~~ goods or services ~~that~~ we furnish to you ~~(other than~~, excluding income taxes ~~that we pay~~imposed on us based on ~~amounts that~~fees you pay us under this Agreement~~)~~.

14.4.13.4. Due Date & Late Fee~~.~~. Payments are due 10 days after invoicing unless otherwise specified. If any sum~~s~~ due under this Agreement ha~~ve~~s not been received by us when due ~~(~~or there are insufficient funds in your Account to cover ~~any sums owed to us~~the sum when due~~)~~, then~~,~~ in addition to ~~those sums,~~this sum you must pay us ~~a late fee of~~ $100 plus default interest on the amount~~s~~ past due at ~~the~~a rate equal to the lesser of 18% per annum (pro-rated on a daily basis~~)~~,) or the highest rate permitted by ~~your State's law. If no due date has been specified by us, then interest begins to run 10 days after we bill you.~~ applicable Law. We will not impose a late fee for any amount~~s~~ paid pursuant to ~~Section 14.5~~§13.5 if, but only to the extent that, sufficient funds were available in your Account

to be applied towards the ~~payments at the time the payments became~~payment when due~~ and payable. However, we may impose a late fee for any amounts~~; *provided, however*, that if we are unable to ~~reasonably~~ determine the amount due ~~to~~because of your failure to ~~furnish us with a report required by Section 16.3 within the required period of time or~~ record sales or submit Gross Sales reports in a timely manner, ~~in which case~~ we may assess a late fee on the entire amount that was due~~ and payable. You acknowledge that this Section 14.4~~. This §13.4 shall not constitute our agreement to accept ~~the~~ late payments ~~after same are due,~~ or ~~a commitment by us to~~ extend credit to ~~or otherwise finance the operation of your Business.~~ you.

14.5.13.5. Method of Payment. ~~Prior to opening your Store~~No later than 15 days after the Effective Date, you must ~~complete and~~ send us ~~an~~a completed and executed ACH ~~Authorization Form allowing~~Agreement authorizing us to electronically debit ~~a banking account that you designate (your "~~"your designated Account"~~)~~ for~~: (a)~~ all ~~fees payable~~amounts owed to us ~~pursuant to this Agreement (other than amounts paid prior to opening);~~ and ~~(b) any amounts that you owe to us or any of~~ our affiliates ~~for the purchase of goods or services after opening. We will debit your Account for these payments~~ on ~~or~~the applicable due date, excluding any amounts due within 15 days after the ~~due date. Our current form of ACH Authorization Form is attached to this Agreement as ATTACHMENT "E".~~Effective Date. You must sign ~~and deliver to us any~~ all other documents ~~that we~~required by us or your bank ~~may require~~ to ~~authorize~~enable us to debit your Account for ~~these~~ amounts owed. You must deposit all Gross Sales into the Account ~~all revenues that you generate from the operation of your Business. You must make~~and ensure sufficient funds are available for withdrawal ~~by electronic transfer~~ before each payment due date. If there are insufficient funds in your Account~~ to cover all amounts that you owe~~, any excess amounts ~~that~~ you owe will be payable upon demand, together with any late ~~charge~~fee imposed pursuant to ~~Section 14.4.~~§13.4. We may also impose a $50 NSF fee for each instance where either: (a) there are insufficient funds in your Account to cover amounts owed when due; or (b) a check you issue to us is returned due to insufficient funds.

13.6. ~~Application of~~CPI Adjustments. We reserve the right to periodically adjust all fees (including minimum fees) expressed as a fixed dollar amount based on changes to the Consumer Price Index in the United States (CPI). We may periodically review and increase these fees based on CPI changes, but only if the then-current CPI ("Current CPI") is more than 5% higher than the corresponding CPI in effect on: (a) the Effective Date of this Agreement (for the initial fee adjustments); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments) ("Baseline CPI"). The adjusted fee shall be calculated by multiplying the current fee by a fraction: (a) the numerator of which is an amount calculated as the product of (i) 100 and (ii) the difference of Current CPI minus Baseline CPI; and (b) the denominator of which is Baseline CPI. We may utilize any CPI index series published by the U.S. Department of Labor or any comparable Governmental Authority that we deem appropriate. We currently use the following index: All Urban Wage Earners and Clerical Workers (CPI-W), U.S. City Average (1982-84 = 100), "All Items". We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We may implement no more than one (1) fee adjustment during any five (5) year period. If we decline to exercise our right to increase the fees in a given five (5) year period despite a 5% or greater CPI increase, that potential fee increase will accumulate and may be carried forward and applied in connection with a subsequent fee adjustment. We also reserve the right to adjust the caps on required remodeling expenses set forth in §4.2(vi) and §11.11 at the same time, and in the same manner, as we adjust fees based on CPI increases in accordance with the above.

14.6.~~1.1. Payments.~~ ~~We have sole discretion to apply any payments from you to any past due indebtedness of yours or in any other manner we feel appropriate.~~

~~15.~~14. BRAND PROTECTION COVENANTS.

15.1.14.1. Reason for Covenants. ~~You acknowledge that the~~The Intellectual Property~~ and the~~, training and assistance ~~that~~ we provide would not be acquired except through implementation of this Agreement. You ~~also acknowledge~~agree that competition by you, the Owners or ~~p~~Persons associated with you or the Owners (including family members) could seriously jeopardize ~~the entire~~our

franchise system because you and the Owners ~~have~~ received an advantage through knowledge of our day-to-day operations and Know-how~~ related to the System. Accordingly, you~~. You and the Owners agree to comply with the covenants ~~described~~ in ~~this Section~~§14 to protect the Intellectual Property and our franchise system.

15.2.~~ Our Know-how~~Intellectual Property and Confidential Information. You and the Owners agree to:

(i) ~~neither you nor~~ refrain from using any ~~Owner will use the Know-how~~Intellectual Property or Confidential Information in any business or ~~capacity~~for any purpose other than the operation of your ~~Business~~Store pursuant to this Agreement;

(ii) ~~you and the Owners will~~ maintain the confidentiality of ~~the Know-how~~all Confidential Information at all times;

(iii) ~~neither you nor any Owner will make~~refrain from making unauthorized copies of documents containing ~~any Know-how~~Confidential Information;

(iv) ~~you and the Owners will~~ take all ~~reasonable~~ steps ~~that~~ we reasonably require ~~from time to time~~ to prevent unauthorized use or disclosure of ~~the Know-how~~Confidential Information; and

(v) ~~you and the Owners will~~ stop using the ~~Know-how~~Intellectual Property and Confidential Information immediately upon the expiration, termination or Transfer of this Agreement~~,~~ (and any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement ~~will~~must stop using the ~~Know-how~~Intellectual Property and Confidential Information immediately at the time he or she ceases to be an Owner~~.~~).

15.3.14.3. Unfair Competition~~ During Term~~. You and ~~your~~the Owners ~~agree~~may not ~~to unfairly compete with us~~engage in any Prohibited Activities during the Term ~~by engaging in any of the following activities ("Prohibited Activities"): (a) owning, operating~~ or ~~having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competitive Business, other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business; or (b) diverting or attempting to divert any business from us (or one of our affiliates or franchisees).~~

15.4.~~ Unfair Competition After Term~~. ~~During the~~ Post-Term Restricted Period~~, you and your Owners agree not to engage in any Prohibited Activities.~~. Notwithstanding the foregoing, you and ~~your~~the Owners may have an interest in a Competi~~tive~~ng Business during the Post-Term Restricted Period as long as the Competi~~tive~~ng Business is not located within the Restricted Territory. If you or an Owner engages in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competi~~tive~~ng Business ~~that is~~ permitted ~~under~~by this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.

15.5.14.4. ~~Immediate~~ Family Members~~. The Owners acknowledge that they~~. Because (a) an Owner could circumvent the ~~purpose~~intent of ~~Section 15~~§14 by disclosing ~~Know-how~~Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild~~). The Owners also acknowledge that~~) and (b) it would be difficult for us to prove whether the Owner~~s~~ disclosed Confidential Information to the ~~Know-how to~~ family ~~members. Therefore~~member, each Owner agrees that he or she will be presumed to have violated the terms of ~~Section 15~~§14 if any member of his or her immediate family engages in any Prohibited Activities during the Term or Post-Term Restricted Period or uses or discloses ~~the Know-how.~~Confidential Information. However, the Owner may rebut this presumption ~~by furnishing~~with evidence conclusively showing ~~that the Owner~~he or she did not disclose ~~the Know-how~~Confidential Information to the family member.

15.6.14.5. Employees~~ and Others Associated with You~~. You must ensure ~~that~~ all~~ of your~~ employees, officers, directors, partners, members, independent contractors and other ~~p~~Persons associated with you or your ~~Business who may have access to our Know-how~~Store sign and send us a Confidentiality Agreement before ~~having~~they are given access to ~~our Know-how~~any Confidential Information. You must: (a) use ~~your~~ best efforts to ensure ~~that~~ these individuals comply with the ~~terms of the~~ Confidentiality Agreements~~ and you must~~; (b) immediately notify us of any breach that comes to your attention~~. You agree to~~; and (c) reimburse us for all ~~reasonable~~ expenses ~~that~~ we incur ~~in enforcing~~to enforce a Confidentiality Agreement, including ~~reasonable~~ attorneys' fees and court costs.

15.7.14.6. Covenants Reasonable. You and the Owners ~~acknowledge and~~ agree that: (a) the ~~terms of this Agreement~~covenants in §14 are reasonable both in ~~time~~duration and ~~in scope of~~ geographic ~~area~~scope; (b) our use and enforcement of ~~covenants~~ similar ~~to those described above~~covenants with respect to other franchisees benefits you and the Owners ~~in that it prevents~~by preventing others from unfairly competing with your ~~Business~~Store; and (c) you and the Owners have sufficient resources ~~and~~, business experience and opportunities to earn an adequate living while complying with the ~~terms of this Agreement. YOU AND THE OWNERS HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS SECTION 15 AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.~~covenants in §14.

15.8.14.7. Breach of Covenants. You and the Owners agree that: (a) any failure to comply with ~~the terms of this Section 15 will~~§14 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at ~~law. Therefore, you~~Law; and ~~the Owners agree that any violation of the terms of this Section 15 will entitle us~~ (b) we are entitled to injunctive relief~~. We may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be~~ if you or an Owner breaches §14, together with any other relief available at equity or ~~law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby).~~Law. We will notify you if we intend to seek injunctive relief, but we need not post a bond. If a court requires ~~the filing of~~that we post a bond ~~notwithstanding~~despite our mutual agreement to the ~~preceding sentence~~contrary, the ~~parties agree that the~~required amount of the bond ~~shall~~may not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at ~~law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense~~Law or ~~cause of action that you or an Owner may have against us, regardless of cause or origin, cannot be used as a defense against our enforcement of this Section 15.~~in equity, including injunctive relief, specific performance and recovery of monetary damages.

~~16.~~15. YOUR OTHER RESPONSIBILITIES

16.1.15.1. Insurance. For your protection and ours, you agree to maintain the following insurance policies:

(i) "all risk" property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of your Store, which must include coverage for fire, vandalism and malicious mischief and have coverage limits of at least full replacement cost;

(ii) broad form comprehensive general liability insurance with limits of not less than $2,000,000 in case of damage or injury to one or more persons, including indemnification coverage and property damage insurance of $500,000, both of which shall be considered primary policies;

(iii) products liability insurance in an amount not less than $2,000,000, which policy shall be considered primary;

(iv) business interruption insurance in amounts not less than is sufficient to meet the co-insurance

requirements of your policies, and which covers at least six (6) months of rent, royalties and brand fund contributions, and contains a replacement value endorsement in an amount not less than 90% of the replacement value thereof, and any loss shall be payable to us and you as our and your interests may appear;

(v) worker's compensation and disability insurance as required by ~~l~~Law;

(vi) any insurance required ~~by~~under your lease or by ~~l~~Law; and

(vii) any other insurance ~~that~~ we specify in the Manual from time to time.

You ~~agree to~~must provide us with proof of coverage: (a) prior to opening~~,~~; (b) within 10 days ~~of any~~after the renewal of a policy~~,~~; and (c) at any other time on demand. You ~~agree to~~must obtain these ~~insurance~~ policies from licensed insurance carriers ~~that are~~ rated A or better by Alfred M. Best & Company, Inc. ~~and that are licensed and admitted in the state in which you operate your Business. All insurance policies must provide coverage on an "occurrence basis" and~~Each policy must be endorsed to: (a) name us ~~(~~and our members, officers, directors, and employees~~)~~ as additional insureds; (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide that we receive at least 10 days' prior written notice of the termination, expiration, cancellation or modification of the policy. If any ~~of your policies fail~~policy fails to meet th~~i~~ese criteria, ~~then~~ we may disapprove the policy and you must immediately ~~find additional coverage with an alternative carrier satisfactory to us.~~secure a new policy meeting our criteria. Upon 10 days' notice ~~to you~~, we may increase the minimum liability ~~protection requirement~~coverage amount of any policy~~,~~ and/or require different or additional types of insurance, including excess liability (umbrella) insurance, due to ~~reflect~~ inflation, ~~identification of~~ special risks, changes in ~~l~~Law or standards ~~or~~of liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain ~~any~~a required ~~insurance coverage~~policy, we ~~have the right to~~may, at our option, obtain the ~~coverage~~policy on your behalf ~~(which right shall be at our option and in addition to our other rights and remedies in this Agreement), and~~. If we do so, you must promptly sign ~~all applications and~~any application or other ~~forms and instruments~~form required to obtain the ~~insurance~~policy and ~~pay to~~reimburse us~~, within 10 days after invoicing,~~ for all premiums and other costs ~~and premiums that~~ we incur.

16.2.15.2. Books and Records. You ~~agree to prepare and maintain at your Store for at least five (5) years after their preparation,~~must prepare complete and accurate books, records, accounts and tax returns pertaining to your Business and keep copies for at least five (5) years after their preparation. You must send us copies of your books and records within seven (7) days of our request.

16.3.15.3. Reports. ~~On each royalty payment due date, you must send us a signed and verified statement of Gross Sales in the format we require.~~

(a) Generally. You ~~also agree to~~ must prepare all ~~other~~ reports ~~that we require~~ we require including, without limitation, the reports described below. Reports must be prepared in the form and manner ~~that~~ we ~~require~~specify. You ~~agree to~~must send us a copy of any report ~~required by this Section~~ we require upon request. We also have the right to independently access your Technology Systems to retrieve and compile Business Data and generate any reports we deem appropriate, including Gross Sales reports.

(b) Report of Initial Investment Costs. To assist us in updating our Franchise Disclosure Document, you must complete and send us a report, in the form we designate, listing all expenses you incur in connection with the development and opening of your Store. You must send us the completed report within 60 days after the opening date of your Store.

(c) Gross Sales Reports. No later than each royalty payment due date, you must prepare and send us a statement of your Gross Sales for the immediately preceding reporting period. If you miscalculate Gross Sales, you must notify us of the error no later than the end of the next Gross Sales reporting period. Otherwise, you will not be entitled to any refund or credit of any fees

paid to us based ~~upon the Gross Sales previously reported. If we require that you purchase a computer and/or automated cash management system that allows us to electronically retrieve information concerning your sales transactions, you agree that we will have the right to electronically poll your computer and/or automated cash management system to retrieve and compile information regarding the operation of your Business~~on previously reported Gross Sales.

16.4.15.4. Financial Statements~~.~~. No later than the 15th day of each month, you must prepare and send us a monthly balance sheet and profit and loss statement for your Business in the format we prescribe. Within 60 days after the end of each calendar year, you must prepare and send us a balance sheet ~~for your Business~~ (as of the end of the calendar year) and ~~an annual statement of~~ profit and loss ~~and source and application of funds. All financial~~statement for the prior calendar year. Financial statements must be: (a) verified and signed by you certifying to us that the information is true, complete, and accurate; (b) prepared on an accrual basis in compliance with Generally Accepted Accounting Principles; ~~and~~ (c) submitted in any format ~~that~~ we reasonably require~~;~~ (including using any software that we designate); and (d) reviewed by an independent certified public account~~a~~in~~t~~g. We ~~have the right to~~may require that your financial statements be audited by a certified public accountant if you ~~have previously submitted to us~~submit materially inaccurate financial statements~~.~~ on a prior occasion. You ~~agree to~~must send us a copy of any financial statement required by this Section upon request. You hereby authorize us to disclose ~~the financial statements, reports, and operating data~~Operational Data to prospective franchisees, ~~regulatory agencies and others at our discretion~~Governmental Authorities and other Persons for any reasonable business purpose, provided the disclosure is not prohibited by applicable ~~l~~Law.

16.5.15.5. Legal Compliance. You must: (a) secure and maintain ~~in force~~ all required licenses, permits and regulatory approvals ~~for the operation of your Business and~~ ; (b) operate ~~and manage~~ your ~~Business~~Store in ~~full~~ compliance with all applicable ~~laws, ordinances, rules and regulations. You must~~Laws; (c) notify us in writing within two (2) business days ~~of the beginning~~after you become aware of any ~~action, suit, investigation~~Claim, or ~~proceeding, or of the issuance of~~ any order, ~~writ, injunction,~~ demand or disciplinary action~~, award or decree of any court, agency or other governmental instrumentality, which~~ issued by a Governmental Authority, that may adversely affect the operation of your ~~Business or your financial condition. You must~~Store; and (d) immediately ~~deliver to~~send us a copy of any inspection report~~, warning, certificate or rating by any governmental agency involving any~~ or other communication from a Governmental Authority alleging violation of a health or safety ~~law, rule or regulation that reflects your failure to fully comply with the law, rule or regulation.~~ Law.

16.6.15.6. Ownership and Protection of Data. We are the exclusive owner of all Business Data collected ~~data relating to your customers.~~by you, us or any other Person. We hereby grant you a license to utilize ~~such data~~the Business Data solely for purposes of operating your ~~Business~~Store in compliance with this Agreement. You must protect all ~~customer data~~Customer Data with a level of control proportionate to the sensitivity of data. You must adhere to applicable privacy ~~l~~Laws with respect to data~~,~~ which, if compromised, could have a negative impact on our image or consumer confidence. You agree to: (a) ~~to~~ comply with all applicable data protection ~~laws as well as~~ Laws and our data processing and data privacy policies ~~as set forth~~ in the ~~Manuals from time to time;~~Manual (if any); and (b) upon ~~our~~ request, ~~to~~ sign any data processing ~~and/~~or data privacy agreement required by ~~any applicable data protection law or otherwise required by us (including, but not limited to, any Joint Controllers Data Processing Agreement).~~us or by Law. You further agree to:

(i) obtain, maintain and adhere to all applicable compliance standards established by PCI-DSS;

(ii) establish appropriate administrative, technical and physical controls consistent with ~~l~~Law and PCI-DSS to preserve the security and confidentiality of any credit card information, in any form whatsoever, that ~~it stores, processes, transmits, or comes~~you store, process, transmit or come in contact with;

(iii) promptly notify us if you suspect that there is, or has been, a security breach or potential compromise of any such credit card information;

(iv) provide us with updates regarding the status of PCI-DSS, which update may be through a completed PCI AOC (Attestation of Compliance), PCI-DSS SAQ (Self-Assessment Questionnaire) or other method mutually agreed; and

(v) promptly notify us of any noncompliance with PCI-DSS requirements to discuss your remediation efforts and timeline.

17.16. INSPECTION AND AUDIT

17.1.16.1. Inspections. ToFor quality control purposes and to ensure compliance with this Agreement, we (or our representatives will have the right torepresentative) may enter your Store, evaluate your operations and inspect or examine your books, records, accounts and tax returns. Our evaluationWe will determine the scope of the inspection, which may includesampling and testing your beverages and, among other menu items and contacting your landlord, customers and/or employees. We may conduct our evaluation at any time and without prior notice. During the course of our inspections, we and our representatives will use reasonable efforts to minimize our interference with the operation of your Business, and you and your employees will cooperate and not interfere with our inspection. You consent to us accessing your computer system and retrieving any information that we deem appropriate in conducting the inspection.things:

(i) evaluating the physical condition of your Store for cleanliness, sanitation and state of repair;

(ii) examining and copying your books, records, accounts and tax returns;

(iii) inspecting and testing your equipment;

(iv) sampling and testing your beverages and other menu items;

(v) removing samples of inventory for testing purposes;

(vi) monitoring and speaking with your staff; and

(vii) contacting your landlord and customers.

We may conduct inspections at any time without prior notice. During the inspection, we (or our representative) will use reasonable efforts to minimize any interference with the operation of your Store. You and your employees must cooperate and not interfere with the inspection. You consent to us accessing your Technology Systems and retrieving any Business Data we deem appropriate. You must reimburse us for all Travel Expenses and other costs we incur to conduct an inspection to determine if you remedied: (a) a health or safety issue identified by a Governmental Authority; or (b) a breach of our system standards we brought to your attention. We bear the cost of all other inspections.

17.2.16.2. Audit. We have the right, at any time, to have an independentmay audit made of your books and financial records at any time. You agree tomust fully cooperate with us and any third parties thatPerson we hire to conduct the audit. If an audit reveals an understatement of your Gross Sales or any amount that, you owe us, you agree tomust immediately pay to us anyall additional fees that you owe us together with any late fee payableimposed pursuant to Section 14.4§13.4. Any You must reimburse us for the cost of any audit will be performed at our cost (including reasonable accounting and expense unless attorneys' fees and Travel Expenses incurred by us or the auditauditor) that: (a) is necessitated by required due to your failure to provide the information requested or towe request, preserve records or file reports as required by this Agreement; or (b) reveals an understatement of any amount due to us by at least two percent (2%), in which case you agree to reimburse us for the cost of the audit or inspection, including without limitation, reasonable accounting and attorneys' fees and travel and lodging expenses that we or our representatives incur. The audit cost reimbursements will be due 10 days after invoicing.Gross Sales by at least 2%. We bear the cost of

all other audits. We shall not be deemed to have waived our right to terminate this Agreement by accepting reimbursement~~s~~ of our audit costs.

~~18.~~17. INTELLECTUAL PROPERTY

18.1.17.1. Ownership and Use~~ of Intellectual Property~~. You acknowledge that: (a) we are (or our affiliate is) the~~ sole and~~ exclusive owner of the Intellectual Property and the ~~goodwill~~ associated ~~with the Marks~~goodwill; (b) your right to use the Intellectual Property is derived solely from this Agreement; and (c) your right to use the Intellectual Property is limited to a license ~~granted by us~~ to operate your Store during the Term pursuant to, and only in compliance with, this Agreement~~,~~ and the Manual~~, and all applicable standards, specifications and operating procedures that we prescribe from time to time.~~. You may not use~~ any of~~ the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You ~~agree to~~must comply with all provisions ~~of~~in the Manual governing ~~your~~ use of the Intellectual Property. ~~This Agreement does~~You will not ~~confer to you~~acquire any goodwill, title or interest in ~~any of~~or to the Intellectual Property.

18.2.17.2. Changes to Intellectual Property. We ~~have the right to modify~~may change the Intellectual Property at any time in our sole ~~and absolute~~ discretion, including by changing the Copyrighted Materials, Know-how, Marks~~, the~~ and/or System~~, the Copyrights or the Know-how. If we modify or discontinue use of any of the~~. You must, at your expense, implement all Intellectual Property~~, then you must comply~~ changes we require in accordance with ~~any such~~our instructions~~ from us within 30 days at your expense.~~. We ~~will~~are not ~~be~~ liable ~~to you~~ for any expenses, losses or damages ~~that~~ you incur (including the loss of any goodwill associated with a Mark) ~~because of any addition, modification, substitution or discontinuation of~~ as a result of any change to the Intellectual Property.

18.3.17.3. Use of Marks. You agree to: (a) use the Marks as the sole identification of your ~~Business~~Store; *provided, however*, that you must identify yourself as the independent owner of your ~~Business~~Store in the manner ~~that~~ we prescribe~~. You may not use any Marks in any modified form or as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed to you by this Agreement). You agree to: (a)~~ ; (b) prominently display the Marks in the manner we prescribe on or in connection with any ~~media~~ advertising, promotional materials, ~~posters and~~ displays, receipts, stationery and forms ~~that~~ we designate ~~and in the manner that we prescribe~~ to give notice of trademark and service mark registrations and copyrights; and (~~b~~c) obtain any fictitious or assumed name registrations required ~~under~~by applicable ~~l~~Law. You may not: (a) use the Marks in any modified form or as part of a corporate or trade name or with any prefix, suffix, or other modifying words, designs or symbols (other than logos we license to you); (b) use the Marks when signing ~~any~~a contract, lease, ~~mortgage,~~ check~~, purchase agreement, negotiable instrument~~ or other ~~legal obligation~~agreement or in any other manner that ~~is likely to confuse~~may cause confusion or ~~result in liability to us~~imply we are liable for ~~any indebtedness~~your obligations; (c) register or ~~obligation~~attempt to register any Marks, or any other trademarks confusingly similar to the Marks, with any Governmental Authority; or (d) challenge or contest the validity or ownership of ~~yours~~our Marks.

18.4.17.4. Use of Know-how. We ~~will~~ disclose ~~the~~ our proprietary Know-how to you ~~in the initial~~ during training ~~program,~~programs, in the Manual~~,~~ and ~~in~~through other guidance furnished ~~to you~~ during the Term. You ~~agree that you will~~do not acquire any interest in the Know-how other than the right to utilize it~~ in strict accordance~~, during the Term, solely for purposes of developing and operating your Store in compliance with ~~the terms of~~ this Agreement ~~in the development and operation of your Business. You acknowledge that the Know-how is proprietary~~ and ~~is disclosed to you solely for use in the development and operation of your Business during the Term~~the Manual.

18.5.17.5. Improvements. If you~~ conceive~~, an Owner or your employee conceives of or ~~develop any improvements or additions to the marketing, method of operation or the services or products offered by an It's Boba Time business (collectively, "Improvements"),~~develops an Improvement, you ~~agree~~

~~to promptly and fully disclose the Improvements to us without disclosing the Improvements to others.~~must send us a written notice describing the Improvement. You must obtain our approval prior to using any such Improvement~~s~~. Any Improvement ~~that~~ we approve may be used by us and any third parties ~~that~~ we authorize to operate ~~an It's Boba Time store~~a Store, without any obligation to pay ~~you~~ royalties or other fees~~. You~~ to you or any other Person. You or your Owner or employee, as applicable, must assign to us or our designee, without charge, all rights to ~~any such~~the Improvement, including the right to grant sublicenses. In return, we will authorize you to use ~~any~~ Improvements developed by other Persons that we ~~or other franchisees develop that we authorize~~approve for ~~general~~ use in connection with the operation of ~~an It's Boba Time business~~a Store.

18.6. ~~**Notification of Infringements and Claims**~~**IP Disputes**. You must immediately notify us of any~~: (a) apparent infringement of any of the Intellectual Property; (b) challenge to your use of any of the Intellectual Property; or (c) claim by any person of any rights in any of the Intellectual Property.~~ IP Dispute. You may not communicate with any ~~p~~Person other than us and our counsel in connection with any ~~such infringement, challenge or claim.~~IP Dispute. We ~~will~~ have sole discretion in deciding what action, if any, to take ~~such action as we deem appropriate.~~in response to the IP Dispute. We ~~have the right to~~may exclusively control any litigation~~, Patent and Trademark Office proceeding,~~ or other proceeding ~~arising out of any such infringement, challenge or claim~~relating to the IP Dispute. You ~~agree to~~must execute ~~any and~~ all ~~instruments and~~ documents, render ~~such~~all assistance, and ~~do such~~perform all acts ~~and things as may~~that are, in ~~the~~our counsel's opinion~~ of our counsel, be~~, necessary or advisable to protect ~~and maintain our interest in any such litigation, Patent and Trademark Office proceeding or other proceeding, or to otherwise protect and~~ or maintain our interest in the litigation or proceeding and/or protect the Intellectual Property.

19.18. INDEMNITY. You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses ~~incurred by any of them~~they incur as a result of or in connection with~~ any of the following~~:

(i) the marketing, use or operation of your ~~Business or your performance and/or~~ Store;

~~(i)~~(ii) the breach of ~~any of your obligations under this~~a Definitive Agreement~~;~~ committed by you or your Owners or affiliates;

(iii) the breach of an agreement with a third party committed by you or your Owners or affiliates;

~~(ii)~~(iv) any Claim relating to taxes or penalties ~~assessed by any governmental entity~~a Governmental Authority assesses against us ~~that are directly related to~~as a direct result of your failure to pay or perform functions required of you under this Agreement;

(v) libel, slander or disparaging comments made by you or your Owners, officers, employees or independent contractors regarding the System, a Store or an Indemnified Party;

~~(iii)~~(vi) any labor, employment or similar type of Claim pertaining to your employees~~,~~ (including ~~c~~Claims alleging ~~that~~ we are a joint employer of your employees~~;~~) or our relationship with you or your Owners (including Claims alleging we are an employer of you and/or any of your Owners); or

~~(iv)~~(vii) any actions, investigations, rulings or proceedings conducted by any ~~state or federal agency relating to your employees, including, without limitation,~~ Governmental Authority (including the United States Department of Labor, ~~the~~ Equal Employment Opportunity Commission ~~and the~~or National Labor Relations Board~~; and~~) relating to your employees.

~~(v) any labor, employment or similar type of Claim pertaining to our relationship with you or your Owners, including claims alleging that we are an employer of you and/or any of your Owners.~~

You and your Owners ~~agree to give~~must immediately notify us ~~notice~~ of any ~~action, suit,~~Claim or proceeding~~, claim, demand, inquiry or investigation~~ described above. The Indemnified Parties shall have the right, in their sole discretion, to: (a) retain counsel of their ~~own~~ choosing to represent them with respect to any Claim; and (b) control the response thereto and the defense thereof, including the right to enter into

an agreement to settle ~~such~~the Claim. You may participate in such defense at your ~~own~~ expense. You ~~agree to give your full cooperation to the Indemnified Parties in assisting~~must fully cooperate and assist the Indemnified Parties with the defense of ~~any such~~the Claim~~, and to~~. You must reimburse the Indemnified Parties for all of their costs and expenses in defending ~~any such~~the Claim, including~~ court costs and reasonable attorneys' fees, within 10 days of the date of each invoice delivered~~, without limitation, Travel Expenses incurred by ~~such Indemnified Party to you enumerating such costs, expenses and attorneys' fees~~attorneys or expert witnesses to attend mediation, arbitration or legal or administrative proceedings or hearings relating to the matter.

~~20.~~19. TRANSFERS

20.1.19.1. By Us. This Agreement~~ and the franchise~~ is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for ~~the performance of our~~any obligations ~~under this Agreement up~~incurred by us prior to the effective date of the assignment. We may also delegate ~~some or all of~~ our obligations under this Agreement to one or more ~~p~~Persons without assigning the Agreement.

20.2.19.2. By You~~. You understand that the~~. The rights and duties created by this Agreement are personal to you and the Owners~~ and that we have granted the~~. We are granting you franchise rights in reliance upon the ~~individual or collective~~ character, skill, ~~aptitude,~~ attitude, business ability and financial ~~capacity~~resources of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in ~~any~~a Transfer (other than a Permitted Transfer) without our prior ~~written~~ approval. Any Transfer (other than a Permitted Transfer) without our approval ~~shall be~~is void and constitutes a breach of this Agreement. ~~If you intend to offer your Business for sale, you must notify us in writing prior to listing your Business for sale or otherwise soliciting prospective buyers.~~ At the time you ~~submit the Transfer~~ request approval of a Transfer, you ~~or the transferee~~ must pay us a $10,000 transfer fee to defray expenses ~~that~~ we incur~~ in connection with the proposed Transfer~~, including reviewing the qualifications of the proposed transferee. ~~We have no obligation to refund the~~The transfer fee is nonrefundable, even if we deny ~~the~~your Transfer request~~ for Transfer.~~. We will not unreasonably withhold ~~our~~ approval if all of ~~any proposed Transfer, provided that~~ the following conditions are ~~all~~ satisfied:

(i) we believe the proposed transferee~~ is, in our opinion, an individual of good moral character, who~~ has sufficient business experience, aptitude and financial resources to own and operate ~~an It's Boba Time business and otherwise~~ a Store and meets ~~all of our then applicable standards~~our minimum criteria for franchisees;

(ii) you and your affiliates and ~~your~~ Owners are in full compliance with ~~the terms of this Agreement and all other agreements with us or our affiliate;~~all Definitive Agreements;

(iii) ~~all of~~ the transferee's owners ~~of the transferee have~~ successfully complete~~d~~, or ma~~d~~ke arrangements to attend, the initial training program ~~(~~and the transferee ~~has paid~~pays us ~~the~~a $2,000 initial training fee~~ which covers up to two (2) attendees);~~ ;

~~(iv) your landlord consents to your assignment of the lease to the transferee, or the transferee is diligently pursuing an approved substitute location within the Site Selection Area;~~

~~(v) the transferee and its owners, to the extent necessary, have obtained all licenses and permits required by applicable law in order to own and operate the Business;~~

~~(vi)~~(iv) you ~~shall have provided~~provide the transferee (and if requested certain of transferee's management personnel) with a minimum of 14 days of onsite training at your Store (minimum of eight hours per day) at no charge in compliance with the Manual (training must be provided by the Managing Owner and/or a high level manager and must cover all material aspects of operating the Store);

(v) your landlord consents to the assignment of your lease to the transferee, or the transferee is diligently pursuing an approved substitute location within the Site Selection Area;

(vi) the transferee and its owners obtain all licenses and permits required by applicable Law to own and operate the Store;

(vii) the transferee: (a) agrees to discharge and guarantee your obligations under this Agreement and any other agreement relating to the Business; and (b) signs any agreement we require to confirm the foregoing;

~~(vii)~~(viii) the transferee and its owners sign our then-current form of franchise agreement (unless we~~, in our sole discretion,~~ instruct you to assign this Agreement to the transferee~~),~~) except that: (a) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement; and (b) the transferee need not pay a separate initial franchise fee;

~~(viii)~~(ix) ~~you~~ the transferee agrees to remodel ~~your~~the Store and upgrade ~~your~~all furniture, fixtures and equipment to ~~comply with~~conform to our then-current standards and specifications~~ or you obtain a commitment from the transferee to do so~~, subject to the cap on remodeling expenses set forth in §11.11 (these changes must be completed within ~~the~~ 12 months after the Transfer or such shorter period of time ~~that~~ we ~~prescribe;~~ specify);

~~(ix)~~(x)~~you or~~if the transferee ~~have paid~~is found by a broker we engage, you must reimburse us ~~the $10,000~~ for all commissions we pay the broker, which amount shall be in addition to the transfer fee;

~~(x)~~(xi)you and your Owners sign a General Release~~ for all claims arising before or contemporaneously with the Transfer;~~ ;

~~(xi)~~(xii) you ~~enter into an agreement with us~~agree to subordinate the transferee's financial obligations to you to the transferee's financial obligations owed to us pursuant to the franchise agreement~~;~~ (we may require you to enter into a written subordination agreement);

~~(xii)~~(xiii) we ~~do~~choose not~~ elect~~ to exercise our right of first refusal described in ~~Section 20.5~~§19.5; and

~~(xiii)~~(xiv) you or the transferring Owner, as applicable, and the transferee ~~have satisfied any~~satisfy all other conditions we reasonably require as a condition to ~~our~~ approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of: (a) any ~~c~~Claims we ~~may~~ have against the transferor~~, nor shall it be deemed a waiver of~~; or (b) our right to demand ~~exact compliance~~the transferee comply with ~~any of the~~all terms ~~or conditions~~ of the franchise ~~by the transferee~~agreement.

20.3.19.3. Permitted Transfers. You may engage in a Permitted Transfer without our prior approval, but you must: (a) give us at least 10 days' prior written notice~~.~~; and (b) upon our request, cause any Entity that was the Franchisee Entity immediately prior to the Permitted Transfer to sign a corporate guarantee in the format we require to secure performance of the new Franchisee Entity's financial obligations under all Definitive Agreements. You and the Owners (and the transferee) ~~agree to~~must sign all documents ~~that~~ we reasonably request to effectuate and document the Permitted Transfer.

20.4.19.4. Owner Death or Disability~~ of an Owner~~. ~~Upon~~. Within one (1) year after the death or permanent disability of an Owner, the Owner's ownership interest ~~in you or the franchise, as applicable,~~ must be assigned to another Owner or to a third party ~~approved by us within one (1) year.~~we approve. Any assignment to a third party will be subject to all ~~of the~~ terms and conditions of ~~Section 20.2~~§19.2 unless the assignment qualifies as a Permitted Transfer. ~~For purposes of this Section, an~~An Owner is deemed to have a "permanent disability" only if ~~the person~~he/she has a medical or mental problem ~~that prevents the person~~ preventing him/her from substantially complying with his~~ or~~/her obligations under this Agreement or~~ otherwise~~ operating the Business in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.

20.5.19.5. Our Right of First Refusal. If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain and send us a bona-fide, signed written offer fromexecuted by the fully disclosed purchaser and submit an exact copyafter completion of the offer to us.due diligence. We will have 30 days after receipt ofreceiving the offer to decide whether we willto purchase the interest in your Business or the ownership interest in you for the same price and upon the same terms contained in the offer (however,, except we may substitute cash for any non-cash form of payment proposed in the offer).. If we notify you within the 30-day period that we intend to purchase the interest within the 30-day period, you or the Owner, as applicable, must sell the interest to us. We will have at least an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you (as the seller of the assets) or the Owner (as the seller of the ownership interest) or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of Section 20.2 (§19.2, including our approval of the transferee).. However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to us, or there is a material change intto the terms of the sale, we will again have the right of first refusal specified in this Section. Our right of first refusal in this Section shall not apply to anya Permitted Transfer.

21.20. TERMINATION

21.1.20.1. By You. You may terminate this Agreement if we materially commit a material breach this Agreement and fail to cure the breach within 90 days after you send usreceipt of a writtendefault notice specifying the nature of the breach. If you terminate this Agreement, pursuant to §20.1, you must still comply with your post-terminationterm obligations described in Section 22§21 and all other obligations that survive the expiration or termination of this Agreement.

21.2.20.2. Termination By Us Without Cure Period. We may, in our sole discretion, terminate this Agreement, effective upon five (5) days'delivery of a written notice, without opportunity of termination to cureyou, for any of the following reasons, all of which constitute material events of default under this Agreement:

(i) if the Managing Owner fails to satisfactorily complete the initial training program in the manner required by Section 5.1;

if you fail to obtain our approval of your site within the timeand "good cause" for termination, and without opportunity to cure except for any cure period required by Sections 7.1;expressly set forth below:

(ii) if you fail to open your Store within the time period required by Section 7.4;

(i) if you become insolvent by reason of your inability to pay your debts as they become due or;

(iii)(ii) if you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any lLaw, or you are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);

(iv)(iii) if your BusinessStore, or a substantial portion of the assets associated with your BusinessStore, are seized, taken over or foreclosed by a government officialGovernment Official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor; or a final judgment against you remains unsatisfied for 30 days (unless a supersedes or other appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in your Business, and it is not discharged within five (5) days of the levy;

(iv) if a final judgment against you remains unsatisfied for 30 days unless a supersedes or other appeal bond has been filed;

(v) if a levy of execution has been made upon the license granted by this Agreement or any property used in your Business and is not discharged within five (5) days of the levy;

(vi) if the Managing Owner fails to satisfactorily complete initial training as required by §5.1;

(vii) if you fail to obtain our approval of your site within the time period required by §7.1;

(viii) if you fail to open your Store within the time period required by §7.4;

~~(v)~~(ix) if you abandon or fail to operate your Store for three (3) consecutive business days, unless the failure is due to ~~an event of force majeure~~Force Majeure (in which case §24.6 governs) or another reason ~~that~~ we approve;

~~(vi)~~(x) if a ~~regulatory authority~~Governmental Authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Store~~,~~ even if you or the Owner ~~still maintain~~have appeal rights;

~~(vii)~~(xi) if you or an Owner (a) is convicted of or pleads no contest to a felony~~, a crime involving moral turpitude~~ or ~~any~~ other material crime ~~or~~, (b) is subject to ~~any~~a material administrative disciplinary action or (c) fails to comply with ~~any~~a material ~~federal, state or local law or regulation~~Law applicable to your ~~Business~~Store;

~~(viii)~~(xii) if you or an Owner commits an act that can reasonably be expected to materially and adversely affect the reputation of the System or the goodwill associated with the Marks;

~~(ix)~~(xiii) if you manage or operate your Store in a manner that presents a health or safety hazard to your customers, employees or the public;

~~(x)~~(xiv) if you or an Owner makes any material misrepresentation to us, whether occurring before or after being granted the franchise;

~~(xi)~~(xv) if you fail to pay any amount owed to us ~~or an~~, our affiliate ~~of ours~~or an approved or designated supplier within ~~ten (~~10~~)~~ days after ~~receipt of a~~ demand for payment;

~~(xii)~~(xvi) if you underreport ~~any amount owed to us~~Gross Sales by at least 2% on two ~~percent (2%), after having already committed a similar breach that had been cured in accordance with Section 21.3;~~(2) or more occasions;

~~(xiii)~~(xvii) if you make an unauthorized Transfer;

~~(xiv)~~(xviii) if you ~~make an unauthorized~~ use ~~of~~ the Intellectual Property~~;~~ in an unauthorized manner;

~~(xv)~~(xix) if you breach any ~~of the~~ brand protection covenants described in ~~Section 15~~§14;

(xx) if ~~any~~you or an Owner~~,~~ breaches any representations in §23.4;

~~(xvi)~~(xxi) if an Owner or the spouse of an~~y~~ Owner~~,~~ breaches a Franchise Owner Agreement;

~~(xvii)~~(xxii) if the lease for your premises is terminated due to your default; ~~or~~

(xxiii) if we ~~terminate any other agreement between you and us~~send you three (3) or ~~if any~~ more valid default notices within any 12-month period, regardless of whether you cure the defaults;

~~(xviii)~~(xxiv) if we or our affiliate ~~of ours~~ terminates ~~any agreement between you and the affiliate because of your default~~ a Definitive Agreement (other than an area development agreement~~).~~) due to a default by you or your affiliate; or

21.3. ~~**Additional Conditions of Termination**. In addition to our termination rights in Section 21.2, we may, in our sole discretion, terminate this Agreement upon 30 days' written notice if you or an Owner fail to comply with~~if you or an Owner breaches any other provision of this Agreement (including

any mandatory provision in the Manual) ~~or any other agreement with us, unless such default is cured, as determined by us in our sole discretion, within such 30-day~~and fails to cure the breach within 30 days after receipt of a default notice from us.

If we send you a default notice ~~period. If we deliver a notice of default to you~~ pursuant to ~~this Section 21.3,~~§20.2 we may ~~suspend performance of any of~~cease to perform our obligations under this Agreement until you ~~fully~~ cure the breach.

21.4.20.3. Mutual Agreement to Terminate. ~~If you~~You and we may mutually agree in writing to terminate this Agreement, in which case you and we ~~will be~~are deemed to have waived any required notice period.

~~22.~~21. POST-TERM OBLIGATIONS.

22.1.21.1. Obligations of You and the Owners. After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

(i) immediately cease ~~to~~ use of the Intellectual Property;

(ii) pay us all amounts ~~that~~ you owe ~~us~~;

(iii) comply with all covenants ~~described~~ in ~~Section 15~~§14 that apply after the expiration, termination or Transfer of this Agreement or the disposal of an ownership interest by an Owner;

(iv) comply with our instructions to return or destroy all copies of the Manual~~, or any portions thereof, as well as~~ and Copyrighted Materials and all signs, ~~sign faces~~menus, recipes, brochures, advertising and promotional materials, forms~~,~~ and ~~any~~ other materials bearing the Marks or containing ~~any of the Marks, Copyrights or other identification relating to an It's Boba Time store, unless we allow you~~Confidential Information;

~~(iv)~~(v)comply with our data retention policies pertaining to ~~transfer such items to an approved transferee~~the Business Data;

~~(v)~~(vi)~~take such action as may be required to~~ cancel all fictitious or assumed ~~names or equivalent~~ name registrations relating to your use of ~~any of~~ the Marks;

~~(vi)~~(vii) ~~make such modifications~~alter the interior and ~~alterations to~~exterior of the ~~Store~~ premises ~~that are~~to the extent necessary, or ~~that~~to the extent we require, to prevent any ~~association between us or the~~ further resemblance to or connection with a Store or our System, including, without limitation, repainting the exterior and ~~any business subsequently operated by you or any third party at the premises; provided, however, that this subsection shall not apply if your franchise is transferred to an approved transferee or if we exercise our right to purchase your entire Business;~~interior with new colors and removing trade dress, fixtures and décor items associated with a Store as well as exterior and interior signage (including window decals);

~~(vii)~~(viii) notify all telephone ~~companies~~, listing ~~agencies~~ and domain name registration companies ~~(collectively, the "Agencies")~~ of the termination or expiration of your right to use: (a) ~~the~~any telephone numbers and/or domain names~~, if applicable, related to the operation of your Business~~ associated with your Store; and (b) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the ~~Agencies~~foregoing companies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct ~~the Agencies~~these companies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and

~~(viii)~~(ix) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this

Agreement.

22.2. ~~**Right to Purchase Facility and Assets**~~Subsections (iv) and (vii) above shall not apply if you Transfer your Store to an approved transferee or we exercise our right to purchase your Store.

21.2. Purchase Option.

(a) Generally. Upon the termination or expiration of this Agreement~~,~~ we ~~shall~~ have the ~~right, but not the obligation,~~option to purchase your Store and/or its assets~~ at fair market value as ascertained by an independent business appraiser.~~. If we ~~elect~~choose to exercise ~~this option, the date of determination of the fair market value shall be the effective date of the termination or expiration of the Agreement (the "Appraisal Date"). We~~ our purchase option, we will notify you of the ~~specific items that~~assets we wish to purchase (the "Acquired Assets~~"). We may also~~") within 20 days after the termination or expiration date. If we exercise our purchase option, we may require that you assign your lease to us at no additional charge.

(b) ~~Selecting Qualified Appraisers. You and we each shall appoint an appraiser with experience appraising businesses comparable to your Business in the United States (a "Qualified Appraiser"). This appointment of the appraisers shall be made within 30 days after the Appraisal Date by giving written notice to the other party of the name and address of the Qualified Appraiser. If either of us fails to appoint a Qualified Appraiser within the 30-day period, the appraisal shall be made by the sole Qualified Appraiser appointed within that period. If each of us shall have appointed a Qualified Appraiser within the 30-day period, then within 30 days after that the two (2) Qualified Appraisers shall appoint a third (3rd) Qualified Appraiser. If the two (2) Qualified Appraisers fail to agree on the appointment of a third (3rd) Qualified Appraiser within the 30-day period, then a third (3rd) Qualified Appraiser shall be appointed by the American~~ The purchase price~~Arbitration~~ ~~Association (acting through its office located closest to our corporate headquarters) as promptly as possible after that, upon application by either us or you. Nothing in this provision shall prohibit us and you from jointly approving a single appraiser, nor shall it obligate us or you to do so.~~

(c) ~~Information~~ for ~~Appraisal. You must furnish to the Qualified Appraisers a copy of your current financial statements, as well as your financial statements for the prior three (3) years (or the period of time that you have operated your Business,~~ the Acquired Assets will be: (i) the purchase price established by the parties (if ~~less than three (3) years), together with the work papers and other financial information or other documents or information that the Qualified Appraisers~~ mutually agreed upon); or (ii) the Appraised Value established in accordance with §21.2(b) below. We may~~ request. The Qualified Appraisers shall take into account the other information and factors that they deem relevant, but the Qualified Appraisers shall be instructed that there shall be no consideration of goodwill in the determination of fair market value.~~, at our option, assign our purchase option to a designee of our choosing.

(d)(b) Appraisal Process~~. Within 60 days after the appointment of the third Qualified Appraiser, the three (3) Qualified Appraisers shall appraise the Appraised Assets at fair market value without taking into account any value for goodwill (the "Appraised Value"). If the three (3) Qualified Appraisers agree on a single value, then they shall issue a joint report and the Appraised Value shall be the value determined by the agreement of the three (3) Qualified Appraisers. If two (2) of the three (3) Qualified Appraisers agree on a single value, these two (2) Qualified Appraisers shall issue a joint report, and the dissenting Qualified Appraiser may (but need not) issue a separate report, and the value determined by agreement of the two (2) Qualified Appraisers who shall agree shall be the Appraised Value. If none of the Qualified Appraisers are able to agree on a single value, each Qualified Appraiser shall issue a report setting forth the value determined by him or her, and the average of the two values that are closest to each other shall be the Appraised Value. Before the issuance of a report by any Qualified Appraiser, each Qualified Appraiser shall advise the others of the value that will appear in his or her report to ensure that the determination of value made by any Qualified Appraiser is made with~~

knowledge of the values determined by the other Qualified Appraisers. If there shall be only a single Qualified Appraiser (because you or we failed to appoint a Qualified Appraiser within the time provided), then the Appraised Value shall be the value determined by the single Qualified Appraiser.

(e) Cost of Appraisal. You and we shall equally bear the cost of the appraisal.

. If the parties cannot agree on the purchase price, the purchase price shall be the Appraised Value established in accordance with this Section. "Appraised Value" means the fair market value of the Acquired Assets as of the date this Agreement is terminated or expires, as applicable; *provided, however*, that fair market value shall not include any value for goodwill and/or the franchise rights granted by this Agreement. The parties shall attempt to mutually agree upon a single independent appraiser. If they fail to do so, either party may demand the appointment of three (3) appraisers in accordance with the following: (i) no later than 15 days after the party demands the appointment of three (3) appraisers, each party shall appoint one (1) appraiser and notify the other party of appointed appraiser's name and contact information; and (ii) no later than than 30 days after the party demands the appointment of three (3) appraisers, the two (2) appraisers appointed by the parties will jointly appoint a third (3rd) appraiser. If either party fails to appoint an appraiser within the 15-day period, then the appraiser appointed by the other party shall be deemed the single appraiser approved by the parties. You must promptly provide any documents or information requested by the appraisers. If a single appraiser is appointed, the purchase price shall be the Appraised Value established by the appraiser. If three (3) appraisers are appointed, the purchase price shall be: (i) the Appraised Value agreed upon by at least two (2) of the appraisers; or (ii) the average of the two (2) Appraised Values that are closest to each other if none of the appraisers agreed upon the Appraised Value. Each party shall promptly pay 50% of the cost of the appraisal.

(f)(c) Closing. OnceThe parties shall memorialize the Appraised Value has been determined, we will have at least 60 daysacquisition by executing an Asset Purchase Agreement, in a form reasonably prescribed by us. You agree to prepare for the closing. We will be entitled to receive from youprovide us with all customary representations and warranties given by you, as the seller of the Acquired Assets and. At closing: (i) you must transfer good and clean title to the Acquired Assets, subject to any exceptions agreed to by us. set forth in the Asset Purchase Agreement; and (ii) we must pay you the purchase price. We may deduct from the Appraised Value all purchase price any amounts owedyou owe to us andor to our affiliates under any Definitive Agreements including, if applicable, damages owed as a result of our termination of this Agreement, any promissory note, and any other agreement between you and us or between you and our affiliates. due to your breach.

23.22. DISPUTE RESOLUTION.

22.1. Negotiation and Mediation. Except as otherwise provided below with respect to Excluded Claims, the parties shall attempt in good faith to resolve any Dispute through informal discussions and negotiations. If these efforts are unsuccessful, the parties agree to submit the Dispute to mediation before a mutually-agreeable mediator prior to arbitration. All negotiations and mediation proceedings (including all discovery conducted therein and statements and settlement offers made by either party or the mediator in connection with the mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. Any Dispute involving claims alleging a breach of §14 and/or §17 (referred to as "Excluded Claims") will not be subject to mandatory negotiation or mediation.

22.2. Arbitration. Except as otherwise provided below, the parties agree to submit all claims, disputes and disagreements, including any matter pertaining to the interpretation of this Agreement or issues relating to the offer and sale of the franchise or the relationship between the parties (a "Dispute") to

~~mediation before a mutually agreeable mediator prior to arbitration. If~~. If either the Dispute is not resolved by mediation within 60 days after either party makes a demand for mediation, the parties will submit the ~~d~~Dispute to mandatory and binding arbitration conducted pursuant to the Commercial Arbitration Rules of the American Arbitration Association~~ (the "AAA Rules").~~. The party filing the arbitration must initially bear the cost of any arbitration fees or costs. The arbitrators will not have authority to award exemplary or punitive damages. ~~Notwithstanding the foregoing, any~~ Any Dispute involving ~~claims alleging a breach of Section 15 and/or Section 18 (referred to as "Excluded Claims")~~an Excluded Claim will not be subject to ~~mediation or~~mandatory arbitration~~ unless otherwise agreed to by both parties. Either~~.

22.3. Litigation. If a Dispute involves an Excluded Claim, then either party may ~~immediately~~ file a lawsuit in any state or federal court of general jurisdiction in accordance ~~with this Section with respect to any Excluded Claim. Notwithstanding this Section's incorporation~~the choice of ~~the AAA Rules, the~~venue provision set forth below. The parties hereby express their clear and unequivocal intent that a court, rather than ~~an~~a mediator or arbitrator, shall have exclusive jurisdiction to decide the threshold issue of whether a Dispute involves an alleged Excluded Claim (i.e., whether there are any claims alleging a breach of §14 and/or §17).

22.4. Venue~~Section 15 and/or Section 18).~~. All mediation, arbitration and litigation shall take place in the county in which we maintain our principal place of business at the time the Dispute arises (currently, Los Angeles County, California~~) and the~~).The parties irrevocably waive any objection to such venue and, with respect to litigation proceedings, submit to the jurisdiction of such courts.

22.5. Attorney's Fees and Costs. If ~~we or you~~either party must enforce this Agreement in a judicial or arbitration proceeding, the substantially prevailing party ~~will be~~is entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees~~.~~ and arbitration costs. In addition, if you ~~breach~~or an Owner breaches any term of ~~this~~a Definitive Agreement~~ or any other agreement with us or an affiliate of ours~~, you ~~agree to~~must reimburse us for all reasonable legal fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to ~~the~~ commencement of ~~any~~formal dispute resolution proceedings.

22.6. Waivers. UNLESS PROHIBITED BY APPLICABLE LAW, ANY DISPUTE (OTHER THAN FOR PAYMENT OF MONIES OWED OR A VIOLATION OF ~~SECTION 15~~§14 OR ~~SECTION 18~~§17) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR ~~ARBITRATION (OR IF PERMITTED, LITIGATION)~~MEDIATION WITHIN ONE (1) YEAR FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR ~~OCCURRENCE GIVING RISE TO~~OCCURRENCE GIVING RISE TO THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (~~i~~a) TRIAL BY JURY; AND (~~ii~~b) THE RIGHT TO ARBITRATE OR LITIGATE ON A CLASS ACTION BASIS~~,~~ IN ANY ACTION, PROCEEDING OR COUNTERCLAIM~~, WHETHER AT LAW OR IN EQUITY,~~ BROUGHT BY ~~EITHER OF THE PARTIES.~~ A PARTY.

24.23. ~~YOUR~~ REPRESENTATIONS.

24.1.23.1. Corporate Representations. You and the Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any other agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets may be bound; (b) violate any order, writ, injunction, decree, judgment or ruling of any Governmental Authority; or (c) violate any applicable Law. If the franchisee is an Entity, you and the Owners also jointly and severally represent and warrant to us that: (a) the Franchisee Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and ~~to~~ perform each of its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement shall constitute the legal, valid and binding obligation of the Franchisee Entity and shall be enforceable against the Franchisee Entity in accordance with its terms.

24.2.23.2. Franchise Compliance Representations. You and the Owners jointly and severally represent and warrant to us that you received: (a) an exact copy of this Agreement and its attachments, with all material terms filled in, at least seven (7) calendar days before you signed this Agreement; and (b) our Franchise Disclosure Document at the earlier of (i) 14 calendar days before you signed a binding agreement or paid any money to us or our affiliates in connection with this franchise or (ii) such earlier time in the sales process that you requested a copy.

24.3.23.3. General Representations. You and the Owners jointly and severally represent and warrant to us that you and the Owners are aware that: (a) other franchisees may operate under different forms of agreement and our obligations and rights with respect to franchisees differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other franchisees and we have no obligation to offer you the same or similar negotiated terms or concessions.

23.4. Anti-Terrorism Compliance. You and the Owners jointly and severally represent and warrant to us that, to the best of your and their knowledge: (a) no property or interest owned by you or any Owner is subject to being "blocked" under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of any Equity Interest in you) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name (or alias, pseudonym or nickname) or address on any Terrorist List, including on the list of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at www.home.treasury.gov); and (c) you and the Owners are in compliance with, and shall continue to comply with, the Anti-Terrorism Law and all other Laws (either currently in effect or enacted in the future) prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government that are in effect within the United States of America. The foregoing representations and warranties are 'continuing' representations and warranties for the duration of the franchise relationship. Accordingly, you agree to notify us immediately in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

25.24. GENERAL PROVISIONS

25.1.24.1. Governing Law. Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship shall beare governed by the lLaws of the State of California (without reference to its principles of conflicts of law),, but any lLaw of the State of California thatCaliforniathat regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section. NotwithstandingIf your Store is located outside of California, the foregoing, the laws and public policies of the state in which theyour Store is located shall govern enforcementthe enforceability of the non-competition covenants imposed under this Agreement. notwithstanding the California choice of law provision set forth above.

25.2.24.2. Relationship of the Parties. You understand and agree that nothingNothing in this Agreement creates a fiduciary relationship between you and usthe parties or is intended to make either party a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose. DuringThroughout the Term, you must conspicuously identify yourself at your base of operations, and, in all dealings with third parties, conspicuously identify yourself as a franchisee of ours and the independent owner of your Business. You agree to place such other noticesStore. We may require that you display a written notice of independent ownership, in the form we prescribe, at any location within your Store that we specify. You must also include a written indication of independent ownership on suchall agreements, forms, stationeryletterhead, advertising materials, business cards and other materials asthat we may require from time to timespecify. Neither we nor you are permitted toparty may: (a) make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other,; or (b) represent that our

relationship is other than franchisor and franchisee. In addition, neither ~~we nor you~~party will be obligated by~~ or have any liability under~~ any agreements or representations made by the other that are not expressly authorized by this Agreement.

25.3.24.3. Severability and Substitution. Each section~~, subsection, term and provision~~ of this Agreement~~,~~ (and ~~any~~each portion thereof~~,~~) shall be ~~considered~~ severable. If ~~any~~ applicable ~~and binding law~~Law imposes mandatory~~,~~ non-waivable terms ~~or conditions~~ that conflict with a provision of this Agreement, the terms ~~or conditions~~ required by such ~~l~~Law shall govern to the extent of the inconsistency~~ and supersede the conflicting provision of this Agreement.~~. If a court or arbitrator concludes that any promise or covenant in this Agreement is unreasonable ~~and~~or unenforceable: (a) the court or arbitrator may modify such promise or covenant to the minimum extent necessary to make ~~such promise or covenant~~it enforceable; or (b) we may unilaterally modify such promise or covenant to the minimum extent necessary to make ~~such promise or covenant~~it enforceable.

25.4.24.4. Waivers. ~~We and you~~Each party may ~~by written instrument unilaterally~~ waive ~~or reduce~~ any obligation ~~of or restriction upon~~imposed on the other~~. Any waiver granted by us~~ party in writing. Neither party shall be ~~without prejudice to any other rights we may have. We and you shall not be~~ deemed to have waived or impaired any ~~right, power or option reserved by~~of its contractual rights under this Agreement~~(~~, including the right to ~~demand exact~~require strict compliance with ~~every term, condition and covenant in this Agreement or to declare any breach~~all terms of this Agreement ~~to be a default and to~~ or terminate this Agreement due to the ~~franchise before the expiration of its term)~~other party's failure to comply with such terms, by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect ~~of us or you~~by either party to exercise any right under this Agreement or ~~to insist upon exact compliance by~~ require the other party to strictly comply with its obligations under this Agreement~~, including any mandatory specification, standard, or operating procedure~~; (c) ~~any~~our waiver, ~~forbearance, delay,~~ failure or ~~omission by us~~refusal to exercise any ~~right, power or option, whether of the same, similar or different nature, relating~~of our rights with respect to other franchisees; or (d) ~~the~~our acceptance ~~by us~~ of ~~any~~ payments ~~due~~ from you after your breach~~ of this Agreement~~.

25.5.24.5. Approvals. Whenever this Agreement requires our approval, you must make a timely written request for approval~~, and the~~. Our approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request. ~~If we deny approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our approval. You are not entitled to any other relief or damages for our denial of approval.~~

25.6.24.6. Force Majeure. Neither ~~we nor you~~party shall be liable for loss or damage or deemed to be in breach of this Agreement if ~~our or your~~such party's failure to perform ~~our or your~~its obligations results from an~~y~~ event of ~~force majeure. Any delay resulting from~~Force Majeure; *provided, however*, that an event of ~~force majeure will extend performance accordingly or~~Force Majeure shall not excuse ~~performance, in whole or in part, as may be reasonable under~~or permit any failure to perform for more than 180 days. If the ~~circumstances. Notwithstanding the foregoing, "force majeure" will not: (a) relieve you~~period of ~~any payment obligations under~~non-performance exceeds 180 days from receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may immediately terminate this Agreement~~; or (b) excuse, or apply with respect to, any breaches resulting from an epidemic or pandemic of a contagious illness or disease or resulting from any economic or financial changes caused~~ by ~~such epidemic or pandemic~~giving written notice of termination to the other party.

25.7.24.7. Binding Effect. This Agreement is binding ~~up~~on the parties ~~to this Agreement~~hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any ~~person or legal entity~~Person not a party to this Agreement; *provided, however*, that the additional insureds listed in ~~Section 16.1~~§15.1 and the Indemnified Parties are intended third-party beneficiaries under this Agreement with respect to ~~Section 16.1 and Section 19~~§15.1 and §18, respectively.

25.8.24.8. Integration. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY SECTION 12.2 AND SECTION 25.3§11.2 AND §24.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. In addition, our issuance of the Site Approval Notice attached hereto as ATTACHMENT "B" shall be deemed to amend this Agreement to identify the approved site and Territory for your Store, regardless of whether you countersign and/or return the Site Approval Notice. Any email correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communicationit is signed by both parties and specifically states that it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

25.9.24.9. Covenant of Good Faith Covenant. If applicable lLaw implies into this Agreement a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the express terms of thishereof. This Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (a) this Agreement (, and the relationship of the parties that is inherent in this Agreement), grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may affect favorably or adversely affect your interests; (b) we. We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (c) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (d) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised., but without considering the individual interests of you or any other franchisee.

25.10.24.10. Rights of Parties are Cumulative. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by lLaw.

25.11.24.11. Survival. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement (, or the Transfer of an ownership interest in the franchise)Store or Franchisee Entity, shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, Section 14, Section 15, Section 17, Section 19, Section 22, Section 23 and Section 25.§13, §14, §16, §18, §21, §22 and §24.

25.12.24.12. Construction. The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term "you" as used in this

Agreement is applicable to one or more ~~persons or an Entity~~Persons, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

25.13.24.13. Time of Essence. Time is of the essence in this Agreement and every term thereof.

25.14.~~1.1. Counterparts.~~ ~~This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.~~

25.15.24.14. Notice. All notices given under this Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient) or first class mail, to the following addresses (which may be changed upon 10 business days' prior written notice):

YOU:	As set forth in Part A of ATTACHMENT "A"
US:	Boba Time, Inc. 3255 Wilshire Blvd., Ste. 1420 Los Angeles, California 90010 Attention: Daniel S. Heo Email: daniel@itsbobatime.com

Notice shall be considered given ~~at~~on: (a) the dat~~im~~e delivered by hand~~,~~ or ~~one (1) business day after sending~~sent by email or comparable electronic system~~,~~ (including any notice that is also sent by mail); or (b) three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

24.15. Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

[Signature Page Follows]

The parties ~~to this Agreement~~below have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

Boba Time, Inc., a California corporation

By:_____
Name:_____
~~Its~~Title:_____

YOU (If you are an ~~e~~Entity):

_____,
a(n)_____

By~~:_____~~:_____
Name:_____
~~Its:_____~~Title:

YOU (If you are not an ~~e~~Entity):

~~Name:_____~~

~~Name:_____~~

~~Name:_____~~

~~Name:_____~~

Name:_____

Name:_____

Name:_____

Name:_____

ATTACHMENT "A"

TO FRANCHISE AGREEMENT

DEAL TERMS

A. Franchisee Details.

Name of Franchisee: [_____]

Is the franchisee one or more natural persons signing in their individual capacity? **Yes**: _____ **No**: _____

Type of Entity and State of Formation* (if applicable): [_____]

* *If the franchisee is a business ~~e~~Entity, each ~~natural person~~Person holding a direct or indirect ~~ownership interest~~Equity Interest in the ~~business entity~~Franchisee Entity, and spouse of each such ~~person~~Person who is a natural Person, must sign the Franchise Owner Agreement concurrently with the execution of this Agreement.*

The following table includes the full name of each ~~natural person~~Person holding a direct or indirect ownership interest in the ~~franchise~~Business (or the ~~franchisee business entity~~Franchisee Entity if applicable) along with a description of their ownership interest.

Owner's Name	% Ownership Interest	Direct or Indirect (if indirect, describe nature of interest)

Notice Address: ~~[_____]~~

_____

_____

_____

Attention: _____

Email: _____

B. Site Selection Area.

The Site Selection Area referenced in the Franchise Agreement shall consist of the following geographic area: [_____]

* *The Site Selection Area is not your territory and there are no protections associated with this area.*

C. Approved Site.

We hereby approve the site listed below for ~~the operation of~~ your Store.

Approved Address: [_____]

* *If the site for your Store has not been approved by us at the time ~~the Franchise~~this Agreement is signed, ~~then~~ we will send you a Site Approval Notice in accordance with ~~Section 7.1~~§7.1 listing the address of your approved site.*

~~D. Territory~~.

~~The Territory referenced in the Franchise Agreement shall consist of the following (franchisor to place check by appropriate box at least seven (7) days prior to execution of this Agreement):~~

_____ ~~Your Store is located within a Captive Venue and your Territory is limited to the premises of your Store.~~

_____ ~~Your Store is located within an urban area and your Territory consists of the geographic area within a ¼ mile radius from your Store.~~

_____ ~~Your Store is located neither within a Captive Venue nor an urban area and your Territory consists of the geographic area within a one (1) mile radius from your Store.~~

~~** If the site for your Store has not been approved by us at the time this Agreement is signed, then we will send you a Site Approval Notice in accordance with Section 3 that will identify the geographic area that comprises your Territory. The Territory will be determined in accordance with Section 3.~~

ATTACHMENT "B"

TO FRANCHISE AGREEMENT

FORM OF SITE APPROVAL NOTICE

[See Attached]

SITE APPROVAL NOTICE

Boba Time, Inc. ("we" or "us") is issuing this Site Approval Notice (this "Notice") to _____ ("you"), effective _____, 202___, in connection with the It's Boba Time Franchise Agreement (the "Franchise Agreement") that we executed with you on _____, 202___. The purpose of this Notice is to confirm our approval of the site you have proposed for your Store and our designation of the boundaries of your "Territory".

Approved Address:

Pursuant to Section 7.1§7.1 of the Franchise Agreement, we hereby approve the site listed below for the operation of your Store:

_____
_____
_____

Territory:

Pursuant to Section 3§3 of the Franchise Agreement, we hereby designate the following geographic area as your "Territory" under the Franchise Agreement -(franchisor to place check by appropriate box):

_____ Your Store is located within a Captive Venue and your Territory is limited to the premises of your Store.

_____ Your Store is located within an urban area and your Territory consists of the geographic area within a ¼ ¼-mile radius from your Store.

_____ Your Store is not located neither within a Captive Venue nor or in an urban area and your Territory consists of the geographic area within a one (1))-mile radius from your Store.

* * *

By signing below, you and we agree that: (a) the address identified in this Notice shall be deemed yourthe approved site for your Store established and operated pursuant to the Franchise Agreement; and (b) the geographic area described in this Notice under "Territory" shall be deemed your Territory under the Franchise Agreement. You acknowledge and agree that our acceptance of the site you have proposed is in no way a representation by us that your site will be successful. Rather, our acceptance of the site you propose merely indicates that the site meets our minimum standards and requirements.

We request that you sign below and send us an executed copy of this Notice to acknowledge your receipt. However, your failure or refusal to sign below will not invalidate or otherwise affect our designation of your approved site or Territory. Our designation of your approved site and Territory, as set forth in this Notice, shall be binding upon you effective as of the effective date listed in the first paragraph in this Notice, as the approved site for your Store and Territory under the Franchise Agreement.

Franchisor	**Franchisee**
Boba Time, Inc.	_____
By:_____	By:_____
Name:_____	Name:_____:_____ Name:_____
Its:_____	Its:_____Title:_____ Title:_____

Date: Date:

ATTACHMENT "C"

TO FRANCHISE AGREEMENT

LEASE ADDENDUM

[See Attached]

LEASE ADDENDUM

This Lease Addendum

This (this "Agreement dated this ____ day") is executed as of _____, _____, 202__ by and among Boba Time, Inc., a California corporation, with principal offices at ("3255 Wilshire Blvd., Ste. 1420, Los Angeles, California 90010 (the "Franchisor"), _____, [_____], a(n) _____,) [_____], with principal offices located at _____ (the "[_____] ("Landlord"), and _____, [_____], a(n) _____,) [_____], with principal offices located at _____ (the "[_____] ("Tenant/Franchisee").

Background

A. On _____, [_____], 202___, the Tenant/Franchisee and the [___], Franchisor entered an It's Boba Time, and Tenant executed a IT'S BOBA TIME® Franchise Agreement (the "Franchise Agreement"). Under the Franchise Agreement, the "), pursuant to which Franchisor granted the Tenant/Franchisee the right, and the Tenant/Franchisee undertook the duty, to obligation to develop, open and operate an It's Boba Time franchised business (the "Franchised Business")a IT'S BOBA TIME® Store at the premises described in Exhibit "A" (the "Premises (defined below).").

B. SimultaneouslyConcurrently with entering the execution of this Agreement, the Landlord and the Tenant/Franchisee are entxercuting a lease agreement (the "Lease"). Under the Lease, the Tenant/Franchisee leases the premises described in Exhibit "A" (the "Premises").") pursuant to which Landlord will lease the Premises to Tenant.

C. To protect the Franchisor's rights and interests under the Franchise Agreement, the Landlord grantsagrees to grant certain rights to the Franchisor under the Lease as set forth below.

Agreement

1. Default Notices. At Landlord agrees to provide Franchisor with copies of all written default notices sent to Tenant at the same time such notices are sent to the Tenant/Franchisee, the Landlord must provide the Franchisor with copies of all written notices of default that it sends to the Tenant/Franchisee. The. Landlord agrees to send such copies by first-class mail, postage prepaid, to the Franchisor at its address by email and registered mail as set forth above or such other address as the below (Franchisor may notify the Landlord in writing.change the notice email and address from time to time by sending written notice to Landlord):

   Email: daniel@itsbobatime.com

   Mail: Boba Time, Inc.
   3255 Wilshire Blvd., Ste. 1420, Los Angeles, California 90010
   Attention: Daniel Heo

2. Right to Cure. If the Tenant/Franchisee defaults under the Lease, the Franchisor has the right (but not the duty) to cure such default within 15 days following the expiration of any applicable cure period. Furthermore, inIn such event, the Franchisor may immediately commence occupancy of the Premises as the tenant under the Lease without obtaining the Landlord's or Franchisee'sTenant's consent. The Franchisor may thereafter assign the Lease to another It's Boba TimeIT'S BOBA TIME® franchisee or to an entity owned and/or controlled by the Franchisor. If it does, the Franchisor must first obtain the Landlord's written approval of the assignee. The Landlord, however, must neither unreasonably withhold nor delay its approval thereof. The Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

3. Right to Assign. At any time~~(~~, including, without limitation, upon the expiration or ~~sooner~~ termination of the Franchise Agreement~~)~~, and without ~~the~~ Landlord's prior consent, ~~the~~ Tenant~~/Franchisee~~ may assign the Lease to ~~the~~ Franchisor. In such event, ~~the~~ Franchisor may thereafter assign the Lease to another ~~It's Boba Time~~IT'S BOBA TIME® franchisee or to an entity owned and/or controlled by ~~the~~ Franchisor. If it does, ~~the~~ Franchisor must first obtain ~~the~~ Landlord's written approval of the assignee. ~~The~~ Landlord, however, must neither unreasonably withhold nor delay its approval thereof.~~ The~~ Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

4. Right of First Refusal. ~~The~~ Landlord ~~agrees that~~hereby grants Franchisor the first right of refusal to lease the Premises as the new tenant upon the expiration or termination of the Lease~~, the~~. Franchisor shall have a period of 30 days after the ~~first~~ expiration or termination of the Lease to decide whether to exercise its right of first refusal~~ to lease the Premises as the new tenant~~.

5. Expiration or Termination of Franchise Agreement.~~ The~~ Landlord agrees that the expiration or termination of the Franchise Agreement shall constitute a default under the Lease, giving ~~the~~ Franchisor the right, but not the obligation, to cure such default by succeeding to ~~Tenant/Franchisee's~~Tenant's interests under the Lease in accordance with ~~Section~~ §2 above.

6. Acknowledgement of Rights. ~~The~~ Landlord acknowledges ~~the~~ Franchisor's rights under the Franchise Agreement to enter the Premises, without being guilty of trespass or any other tort or crime, to: (a) make any modifications or alterations to the Premises that Franchisor deems necessary ~~in the Franchisor's sole discretion~~ to protect its franchise system ~~and its~~or trademarks~~ without being guilty of trespass or any other tort or crime~~; and (b) remove any trade fixtures, interior or exterior signs and other items bearing ~~the~~ Franchisor's trademarks or service marks upon the expiration or termination of the Franchise Agreement.

7. Modification of Lease. ~~Without the Franchisor's prior written consent, the~~ Landlord and ~~the~~ Tenant~~/Franchisee may~~ will not amend, modify, supplement, terminate, renew or extend the Lease~~.~~ without Franchisor's written consent.

8. Miscellaneous.

   (a) In the event of any inconsistency between the terms of this Agreement and the terms of the Lease, the terms of this Agreement control.

   (b) All of the terms of this Agreement, whether so expressed or not, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective personal and legal representatives, heirs, successors and permitted assigns.

   (c) ~~The provisions of this~~This Agreement may be amended, supplemented, waived or changed only by a written document signed by all the parties to this Agreement and making specific reference to this Agreement.

   (d) This Agreement may be executed in one or more counterparts, each of which is an original, but all of which together constitute one and the same instrument.

In witness whereof, this Agreement has been executed the date and year first above written.

FRANCHISOR:

Boba Time, Inc., a California corporation

By:_____
Name:_____
Date:

LANDLORD:

~~Its:~~_____

~~**LANDLORD:**~~

_____, _____, (a)n _____ _____
_____
_____

_____

By:___ _____
Name:_____ _____
~~Its:~~Date: _____

TENANT~~/FRANCHISEE~~:

_____, (a)n _____ _____
_____
_____

_____

By:___ _____
Name:_____ _____
Date: _____

EXHIBIT "A" TO LEASE ADDENDUM

DESCRIPTION OF PREMISES

ATTACHMENT "D"

TO FRANCHISE AGREEMENT

FRANCHISE OWNER AGREEMENT

[See Attached]

FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this "Agreement") is entered into by: (a) each of the undersigned owners of Franchisee (defined below); and (b) the spouse of each such owner who is a natural person, in favor of Boba Time, Inc., a California corporation, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as "you".

Definitions. Its:

~~**EXHIBIT "A" TO LEASE ADDENDUM**~~

~~**DESCRIPTION OF PREMISES**~~

~~ATTACHMENT "D"~~ATTACHMENT "A"

~~TO FRANCHISE AGREEMENT~~

~~FRANCHISE OWNER AGREEMENT~~

~~*[See Attached]*~~

~~FRANCHISE OWNER AGREEMENT~~

~~This Franchise Owner Agreement (this "Agreement") is entered into by: (a) each of the undersigned owners of Franchisee (defined below); and (b) the spouse of each such owner, in favor of Boba Time, Inc., a California corporation, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as "you".~~

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

~~*"Competitive*~~"*Business Data*" means all data pertaining to Franchisee's Store, customers and business operations, whether collected by you, Franchisee, us or any other person.

"*Competing Business*" means any business that meets at least one of the following criteria: (a) any business that derives at least 50% of its revenue~~s~~ from the sale of pre-made and/or made-to-order boba, milk tea, smoothies, slushies, and/or other beverages that are the same as or substantially similar to those offered at ~~It's Boba Time stores.~~ IT'S BOBA TIME® Stores; (b) any business that solicits, offers or sells franchises or licenses for a business that meets the criteria in clause (a) of this definition; and/or (c) any business that services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business that meets the criteria in clause (a) of this definition. A Competing Business does not include any IT'S BOBA TIME® Store operated pursuant to a valid franchise agreement or license agreement with us or our affiliate.

~~*"Copyrights"* means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of an It's Boba Time store, whether now in existence or created in the future.~~

~~*"Franchise Agreement"* means the It's Boba Time~~"*Confidential Information*" means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Franchise Agreement and all other Definitive Agreements (as defined in the Franchise Agreement), and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee's owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we (or any person associated us) or Franchisee (or any person associated with Franchisee) disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.

"*Copyrighted Materials*" means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Store.

"*Franchise Agreement*" means the IT'S BOBA TIME® Franchise Agreement executed by Franchisee with an effective date of _____, 202__.

"*Franchisee*" means _____.

"*Improvement~~s~~*" means any ~~additions, modifications~~idea, addition, modification or improvement~~s~~ to the (a) ~~the~~ goods or services offered ~~at an It's Boba Time store, (b) the~~ or sold at a Store, including, without limitation, any new or modified recipes or menu items, (b) method of operation of ~~an It's Boba Time store~~a Store, (c) processes, systems or ~~(c) any~~procedures utilized by a Store, (d) marketing, advertising or promotional ~~ideas relating to an It's Boba Time store~~materials, programs or strategies utilized by a Store or

(e) trademarks, service marks, logos or other intellectual property utilized by a Store, whether developed by you, Franchisee, us or any other person.

"*Intellectual Property*" means, collectively or individually, ~~our Marks, Copyrights~~the Business Data, Copyrighted Materials, Improvements, Know-how, ~~System and Improvements. *"Intellectual Property"* also includes all customer data collected by Franchisee or by us.~~Marks and System.

"*Know-how*" means ~~all of our~~and includes our (and our affiliates') trade secrets and other proprietary information relating to the ~~development~~design, construction, development, marketing ~~and/~~or operation of ~~an It's Boba Time store,~~a Store including, but not limited to~~, recipes,~~ : architectural plans, drawings and specifications for a prototype Store; site selection criteria; recipes; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; training materials~~, merchandise and vendor lists, methods, techniques, specifications, procedures, policies, marketing strategies~~; and information comprising the System ~~and~~or included in the Manual.

"*Manual*" means our confidential brand standards manual for the operation of ~~an It's Boba Time store.~~a Store.

"*Marks*" means ~~the logotypes, service marks, and trademarks now or hereafter involved in the operation of an It's Boba Time store, including "Boba Time," "It's Boba Time" and related logos, and any other trademarks,~~ and includes all service marks ~~or~~ , trademarks, trade names and logos that we designate ~~for~~from time to time and authorize Stores to use ~~in an It's Boba Time store.~~, including BOBA TIME®, IT'S BOBA TIME® and the associated logos. The ~~term "~~Marks~~"~~ also include~~s~~ any distinctive trade dress used to identify ~~an It's Boba Time store, whether now in existence or hereafter created~~a Store or the products it sells.

"*Prohibited Activities*" means and includes any ~~or all~~ of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in ~~a Competitive~~any Competing Business ~~(~~, other than owning an interest of ~~five percent (~~5~~%)~~% or less in a publicly traded company that is a ~~Competitive Business); or (b~~Competing Business; (b) disparaging or otherwise making negative comments about us, our affiliate, the System and/or any Store; (c) diverting or attempting to divert any business from us ~~(or one of our affiliates or franchisees).~~, our affiliate or another franchisee; and/or (d) inducing any Person to transfer their business from a Store to a competitor.

"*Restricted Period*" means: the two (2) year period after the earliest to occur of the following: (a) the termination or expiration of the Franchise Agreement; (b) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (c) the date on which ~~you cease to be an owner of Franchisee or your spouse ceases to be an owner of Franchisee, as applicable~~neither you nor your spouse holds any direct or indirect ownership interest in the Franchisee entity or the Store that it operates; *provided however*, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then ~~the "~~Restricted Period~~"~~ means: the one (1) year period after the earliest to occur of the following: (a) the termination or expiration of the Franchise Agreement; (b) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (c) the date on which ~~you cease to be an owner of Franchisee or~~neither you nor your spouse ~~ceases to be an owner of Franchisee, as applicable.~~holds any direct or indirect ownership interest in the Franchisee entity or the Store that it operates.

"*Restricted Territory*" means: the geographic area within: (a) a 25-mile radius from ~~the~~Franchisee's Store (and including the ~~Store~~Store's premises itself); and (b) a 25-mile radius from all other ~~It's Boba Time stores~~Stores that are operating or under construction as of the date ~~of this Agreement~~hereof and remain in operation or under construction during all or any part of the Restricted Period; *provided, however*, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then ~~the "~~Restricted Territory~~"~~ means: the geographic area within a ~~five (~~5~~)~~ mile radius from ~~the~~Franchisee's Store (and including the ~~Store~~Store's premises itself).

~~*"Site Approval Notice"* is defined in Sections 3.~~

"*Store*" means ~~the It's Boba Time store operated by Franchisee pursuant~~any IT'S BOBA TIME® Store that is authorized to ~~the Franchise Agreement.~~operate under our Marks and use our System.

"*System*" means our ~~distinct~~ system developed for the operation of ~~an It's Boba Time store~~a Store, the distinctive characteristics of which include: proprietary recipes~~ and other trade secrets,~~; specially formulated ingredients~~, business formats, methods, procedures, designs, layouts, standards and specifications~~; distinctive interior and exterior design, décor, signage, color scheme and other trade dress elements; comprehensive training programs; advertising and marketing strategies; merchandising strategies; and operating system.

2. Background. In your capacity as an owner ~~of Franchisee,~~ (or the spouse of an owner) of Franchisee, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our ~~entire~~ franchise system if you were to unfairly compete with us or misuse our Intellectual Property. In addition, you understand that certain terms of the Franchise Agreement apply to "owners" and not just Franchisee. ~~In addition, you understand that certain terms of the Franchise Agreement apply to "owners" and not just Franchisee.~~ You agree to comply with this Agreement to: (a) avoid damaging our System by engaging in unfair competition; and (b) bind yourself to the terms of the Franchise Agreement applicable to owners.

3. Brand Protection Covenants.

~~**2.1.** the terms of this Agreement In order to: (a) avoid damaging our System by engaging in unfair competition; and (b) bind yourself to the terms of the Franchise Agreement applicable to owners.~~

~~**3.1. Brand Protection Covenants.**~~

(a) Intellectual Property and Confidential Information. You agree to:

(i) ~~you will not use~~refrain from using the Intellectual Property or Confidential Information in any ~~business or~~ capacity or for any purpose other than the operation of Franchisee's Store ~~operated by Franchisee~~in compliance with the Franchise Agreement and Manual;

(ii) ~~you will~~ maintain the confidentiality of ~~the Know-how~~Confidential Information at all times;

(iii) ~~you will not make~~refrain from making unauthorized copies of documents containing ~~any Know-how~~Confidential Information;

(iv) ~~you will~~ take ~~such reasonable~~all steps ~~as we may ask of you from time to time~~we reasonably require to prevent unauthorized use or disclosure of ~~the Know-how;~~ Confidential Information; and

(v) ~~you will~~immediately stop using the ~~Know-how immediately if you are~~ Intellectual Property and Confidential Information at such time that you are (or your spouse is) no longer an owner of Franchisee~~ or your spouse is an owner of Franchisee, as applicable; and~~.

~~(i) you further agree that you will not use the Intellectual Property for any purpose other than the development and operation of the Store pursuant to the terms of the Franchise Agreement and Manual.~~

~~You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize, and sublicense the same.~~

You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.

(b) Unfair Competition~~ During Relationship~~. You ~~agree not to unfairly compete with us~~may not engage

in any Prohibited Activities at any time while: (i) that you are (or your spouse is) an owner of Franchisee or while your spouse is an owner of Franchisee, as applicable, by engaging in any Prohibited Activities.

Unfair Competition After Relationship. You agree not to unfairly compete with us; or (ii) during the Restricted Period by engaging in any Prohibited Activities; provided, however, that. Notwithstanding the Prohibited Activity relating to havingforegoing, you may have an interest in a Competitiveng Business will only apply with respect to a Competitiveduring the Restricted Period as long as the Competing Business that is not located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that (other than having an interest in a Competing Business permitted by this Section), your Restricted Period will be extended by the period of time during which you were engagingengaged in the prohibited activity (anyProhibited Activity. Any such extension of time will not be construed asconstitute a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach). .

(c) Immediate Family Members. You acknowledge thatBecause you could circumvent the purpose of this Agreement §3 by disclosing Know-howConfidential Information to an immediate family member (i.e., parent, sibling, child, or grandchild). You also acknowledge that) and it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree thatany such breach, you will be presumed to have violated the terms ofbreached this Agreement if anya member of your immediate family (i) engages in any Prohibited Activities duringat any period of time during whichthat you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how.Confidential Information. However, you may rebut this presumption by furnishingwith evidence conclusively showing that you did not disclose the Know-howConfidential Information to the family member.

(d) Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreementcovenants in §3 are reasonable both in timeduration and ingeographic scope of geographic area; and (ii) you have sufficient resources and, business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**these covenants. Although you and we both believe that the covenants in this Agreement§3 are reasonable in terms of scope, duration and geographic area, we may at any time, upon written notice to you, unilaterally modify the terms of the systembrand protection covenants in Section §3 of this Agreement, upon written notice to you, by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitiveng Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under Section §3 of this Agreement to ensure that the terms and covenants are enforceable under applicable law.

(e) Breach. You agree that: (i) any failure to comply with the covenants in this Section 3 will§3 is likely to cause substantial and irreparable damage to us and/or other It's Boba Time franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us ; and (ii) we are entitled to injunctive relief. You agree that we may apply for such if you breach §3 together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby).we need not post a bond. If a court requires the filing ofthat we post a bond notwithstandingdespite our mutual agreement to the preceding sentencecontrary, the parties agree that therequired amount of the bond shallmay not exceed $1,000. None of the remedies available to us under this SectionAgreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

4. **Transfer Restrictions.** ~~If you are an owner of Franchisee, you acknowledge that we~~ We must approve all persons who hold a direct or indirect ownership interest in the Franchisee~~. Accordingly~~ entity. If you are an owner of Franchisee, you agree that you will not~~,~~ directly or indirectly ~~or by operation of law,~~ sell, assign, mortgage, pledge or in any manner transfer any direct or indirect ownership interest in the Franchisee entity except in accordance with ~~the terms and conditions set forth in Section 20.2~~§19 of the Franchise Agreement.

5. **Financial Security.** In order to secure Franchisee's financial obligations under the Franchise Agreement and all ~~ancillary agreements executed by Franchisee~~other Definitive Agreements (as defined in ~~connection with~~ the Franchise Agreement~~, including, but not limited to, any agreement for the purchase of goods or services from us or an affiliate of ours and any promissory note related to payments owed to us~~) (collectively, the "Secured Agreements"), you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Franchisee shall punctually fulfil all of its payment and other financial obligations under the Secured Agreements; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements. You waive: ~~(1)~~

(i) acceptance and notice of acceptance by us of the foregoing undertakings; ~~(2)~~

(ii) notice of demand for payment of any indebtedness guaranteed; ~~(3)~~

(iii) protest and notice of default to any party with respect to the indebtedness guaranteed; ~~(4)~~

(iv) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and ~~(5)~~

(v) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

You agree that: (~~1~~a) your direct and immediate liability under this guaranty shall be joint and several with Franchisee and all other signatories to this Agreement; (~~2~~b) you will render any payment required under the Secured Agreements upon demand if Franchisee fails ~~or refuses punctually to~~to promptly do so; (~~3~~c) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (~~4~~d) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy ~~with respect to~~of Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

~~5.~~6. **Dispute Resolution.** Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures ~~set forth~~ in the Franchise Agreement. Notwithstanding the foregoing, if any ~~of the~~ dispute resolution procedures ~~set forth~~ in the Franchise Agreement conflict with any ~~of the~~ terms of this Agreement, the terms of this Agreement shall prevail. **You acknowledge and agree that ~~a~~your breach of this Agreement ~~by you shall constitute~~constitutes a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with ~~the~~its terms ~~thereof~~.**

6.7. **Miscellaneous**.

(a) If either party hires an attorney or files suit against the other party ~~relating to or alleging a~~for breach of this Agreement, the losing party ~~agrees to pay~~must reimburse the prevailing ~~party's~~party for its

reasonable attorneys' fees and costs ~~incurred in connection with such breach~~.

(b) This Agreement will be governed by, construed and enforced under the laws of California (except enforcement of the non-competition covenants will be governed by the laws and public policies applicable in the state in which you reside) and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Any claim, defense or cause of action ~~that~~ you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

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

(e) You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

In witness whereof, each of the undersigned has executed this Agreement as of the date or dates set forth below.

OWNER / SPOUSE

~~By: _____~~

By: _____

Name: ~~_____~~ _____

Date: ~~_____~~ _____

~~**OWNER / SPOUSE**~~

~~By: _____~~

~~Name: _____~~

~~Date: _____~~

OWNER / SPOUSE

~~By: _____~~

By: _____

Name: ~~_____~~ _____

Date: ~~_____~~ _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

~~By: _____~~

By: _____

Name: _____

Date: _____

ATTACHMENT "E"

TO FRANCHISE AGREEMENT

ACH AUTHORIZATION FORM

[See Attached]

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name | Business No.

Franchisee Mailing Address (street) | Franchisee Phone No.

Franchisee Mailing Address (city, state, zip)

Contact Name, Address and Phone number (if different from above)

Franchisee Fax No. | Franchisee Email Address

Bank Account Information:

Bank Name

Bank Mailing Address (street, city, state, zip)

Bank Account No. | ☐ Checking ☐ Savings (check one) | Bank Routing No. (9 digits)

Bank Mailing Address (city, state, zip) | Bank Phone No.

Authorization:

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

Signature:_____ Date:_____

Name:_____

~~Its:~~

Title:

Federal Tax ID Number:_____

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

ATTACHMENT "F"

TO FRANCHISE AGREEMENT

CONFIDENTIALITY AGREEMENT

[See Attached]

CONFIDENTIALITY AGREEMENT

This Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of Boba Time, Inc., a California corporation, and its successors and assigns ("us"), upon the terms and conditions set forth ~~in this Agreement~~below.

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

~~"*Copyrights*~~"*Business Data*" means all ~~works~~data pertaining to Franchisee's Store, customers and business operations, whether collected by you, Franchisee, us or any other person.

"*Confidential Information*" means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Franchise Agreement and all related agreements signed by Franchisee in connection with the Store, and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee's owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we (or any person associated with us) or Franchisee (or any person associated with Franchisee) disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.

"*Copyrighted Materials*" means all copyrightable materials for which we or our affiliate ~~has secured~~secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of ~~an It's Boba Time store, whether now in existence or created in the future~~a Store.

"*Franchisee*" means the ~~It's Boba Time~~IT'S BOBA TIME® franchisee for whom you are an officer, director, employee or independent contractor.

"*Improvement~~s~~*" means any ~~additions, modifications~~idea, addition, modification or improvement~~s~~ to the (a) ~~the~~ goods or services offered or sold at ~~an It's Boba Time store, (b) the~~ a Store, including, without limitation, any new or modified recipes or menu items, (b) method of operation of ~~an It's Boba Time store~~a Store, (c) processes, systems or ~~(c) any~~procedures utilized by a Store, (d) marketing, advertising or promotional ~~ideals relating to an It's Boba Time store~~materials, programs or strategies utilized by a Store or (e) trademarks, service marks, logos or other intellectual property utilized by a Store, whether developed by you, Franchisee, us or any other person.

"*Intellectual Property*" means, collectively or individually, ~~our Marks, Copyrights~~the Business Data, Copyrighted Materials, Improvements, Know-how, ~~System and Improvements. *"Intellectual Property"* also includes all customer data collected by Franchisee or by us.~~Marks and System.

"*Know-how*" means ~~all of our~~and includes our (and our affiliates') trade secrets and other proprietary information relating to the ~~development~~design, construction, development, marketing ~~and/~~or operation of ~~an It's Boba Time store,~~a Store including, but not limited to~~, recipes,~~ : architectural plans, drawings and specifications for a prototype Store; site selection criteria; recipes; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; training materials~~, merchandise and vendor lists, methods, techniques, specifications, procedures, policies, marketing strategies~~; and information comprising the System ~~and~~or included in the Manual.

"*Manual*" means our confidential brand standards manual for the operation of ~~an It's Boba Time store.~~a Store.

"*Marks*" means ~~the logotypes, service marks, and trademarks now or hereafter involved in the operation of an It's Boba Time store, including "Boba Time," "It's Boba Time" and related logos, and any other trademarks,~~ and includes all service marks ~~or~~ , trademarks, trade names and logos that we designate ~~for~~from time to time and authorize Stores to use ~~in an It's Boba Time store.~~, including BOBA TIME®, IT'S BOBA TIME® and the associated logos. The ~~term "~~Marks~~"~~ also include~~s~~ any distinctive trade dress used to identify ~~an It's Boba Time store, whether now in existence or hereafter created~~a Store or the products it sells.

~~*"System"* means~~"*Store*" means any IT'S BOBA TIME® Store that is authorized to operate under our ~~distinct~~Marks and use our System.

"*System*" means our system developed for the operation of ~~an It's Boba Time store~~a Store, the distinctive characteristics of which include: proprietary recipes ~~and other trade secrets,~~; specially formulated ingredients~~, business formats, methods, procedures, designs, layouts, standards and specifications~~; distinctive interior and exterior design, décor, signage, color scheme and other trade dress elements; comprehensive training programs; advertising and marketing strategies; merchandising strategies; and operating system.

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

~~**2.1.** **Background.** You are an officer, director, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.~~

3. ~~**Know-How and**~~ **Intellectual Property and Confidential Information**. You agree to:

~~**3.**~~ refrain from using the Intellectual Property~~. You agree:~~

~~(ii)~~(i) ~~you will not use the Intellectual Property~~ or Confidential Information in any business or ~~capacity~~for any purpose other than the ~~It's Boba Time store operated by Franchisee;~~operation of Franchisee's Store;

~~(iii)~~(ii) ~~you will~~ maintain the confidentiality of ~~the Know-how~~all Confidential Information at all times;

~~(iv)~~(iii) ~~you will not make~~refrain from making unauthorized copies of documents containing any ~~Know-how;~~Confidential Information;

~~(v)~~(iv)~~you will~~ take ~~such reasonable~~all steps ~~as we may ask of you from time to time~~ we reasonably require to prevent unauthorized use or disclosure of ~~the Know-how;~~ Confidential Information; and

(v) ~~you will~~immediately stop using the ~~Know-how immediately if~~Intellectual Property and Confidential Information at such time that you are no longer an officer, director, employee or independent contractor of Franchisee.

~~(i)~~ You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize~~;~~ and

~~you will not use~~ sublicense the ~~Intellectual Property for any purpose other than the performance of your~~

duties for Franchisee and within the scope of your employment or other engagement with Franchiseesame.

4. **Immediate Family Members**. You acknowledge thatBecause you could circumvent the purpose of this Agreement by disclosing Know-howConfidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that) and it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you any such breach, you will be presumed to have violated the terms ofbreached this Agreement if anya member of your immediate family uses or discloses the Know-how. However, you Confidential Information. You may rebut this presumption by furnishingwith evidence conclusively showing that you did not disclose the Know-howConfidential Information to the family member.

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

6.5. **Breach**. You agree that any failure to comply with the terms of this Agreement willis likely to cause substantial and irreparable damage to us and/or other It's Boba Time franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us; and (b) we are entitled to injunctive relief. You agree that we may apply for such if you breach this Agreement together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief, without but we need not post a bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby).. If a court requires the filing ofthat we post a bond notwithstandingdespite our mutual agreement to the preceding sentencecontrary, the parties agree that therequired amount of the bond shallmay not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

7.6. **Miscellaneous**.

(a) If we hire an attorney or file suit against you because you have breachedfor breach of this Agreement and we prevail against, you, you agree to pay must reimburse us for our reasonable attorneys' fees and costs in doing so.

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

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

This Confidentiality Agreement is executed as of the date set forth below.

By: _____

By: _____

Name: _____

Date: _____

~~ATTACHMENT "G"~~

~~TO FRANCHISE AGREEMENT~~

~~DEFINITIONS~~

~~*"Account"* is defined in Section 14.5.~~

~~*"Acquisition"* means either (a) a competitive or non-competitive company, franchise system, network or chain directly or indirectly acquiring us, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise or (b) us directly or indirectly acquiring another competitive or non-competitive company, franchise system, network or chain, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise.~~

~~*"Acquired Assets"* is defined in Section 22.2.~~

~~*"Agencies"* is defined in Section (vii).~~

~~"*Agreement*" is defined in the Introductory Paragraph.~~

~~*"Alternative Channels of Distribution"* means all channels of distribution other than retail sales made to customers while present at an It's Boba Time store, including, but not limited to:~~

~~(i) sales through direct marketing, such as over the Internet or through catalogs or telemarketing;~~

~~(ii)(i) sales through retail stores that do not operate under the Marks, such as grocery stores, convenience stores or department stores;~~

~~(iii)(i) sales made at wholesale;~~

~~(iv) on-site sales to customers, such as sales to employee groups at a business site or sales to customers in their homes;~~

~~(v) sales through catering or other delivery services; and~~

~~(vi)(i) sales through kiosks or mobile trailers.~~

~~*"Appraisal Date"* is defined in Section 22.2.~~

~~*"Appraised Value"* is defined in Section 22.2.~~

~~*"Business"* is defined in Section 2.~~

~~*"Captive Venues"* means an It's Boba Time store that is located within, or is a part of, another establishment or facility that consumers may visit for a purpose other than visiting an It's Boba Time store. Examples include It's Boba Time stores that are located within hotels, college campuses or universities, airports, train stations, stadiums or sporting arenas, bus stations, shopping malls, or within other similar types of establishments. Captive Venues are excluded from your territorial protections.~~

~~*"Claim"* or *"Claims"* means any and all claims, actions, demands, assessments, litigation, or other form of regulatory or adjudicatory procedures, claims, demands, assessments, investigations, or formal or informal inquiries.~~

~~*"Competitive Business"* means any business that derives at least 50% of its revenues from the sale of pre-made and/or made-to-order boba, milk tea, smoothies, slushies, and/or other beverages that are the same as or substantially similar to those offered at It's Boba Time stores.~~

~~*"Confidentiality Agreement"* means our form of Confidentiality Agreement, the most current form of which is attached to this Agreement as ATTACHMENT "F".~~

~~*"Copyrights"* means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of an It's Boba Time store, whether now in existence or created in the future.~~

~~*"Dispute"* is defined in Section 23.~~

~~"*Effective Date*" is defined in the Introductory Paragraph.~~

~~"*Entity*" means a corporation, partnership, limited liability company or other form of association.~~

~~*"General Release"* means our current form of general release of all claims against us and our affiliates and subsidiaries, and our and their respective members, officers, directors, agents and employees, in both their corporate and individual capacities.~~

~~*"Gross Sales"* means all gross sums collected by you from all goods and services sold in connection with your Business (including from on-premises dining, take-out, delivery and catering), together with any other revenue or monies derived in connection with your Store, including the proceeds of any business interruption insurance. "*Gross Sales*" also includes the full value of meals furnished to your employees as in incident to their employment. However, the value of any such discounts may be credited against Gross Sales for purposes of determining the amount of Gross Sales upon which the royalty fee and brand fund contribution is due. If you utilize a third-party delivery service to deliver orders to consumers, "*Gross Sales*" includes the entire sale price paid by the consumer, regardless of any fee deduction made by the delivery service provider prior to remittance of the net proceeds to you. In other words, any service fee deducted by the third-party delivery service provider from the proceeds paid by the consumer must be included in Gross Sales, even if not collected by you. "*Gross Sales*" does not include:~~

~~(a) revenues that you collect from a customer and later refund to that customer;~~

~~(b) tips and gratuities paid to and retained by your employees;~~

~~(c) any sales or use taxes that you pay to a government agency; or~~

~~(d) proceeds from the isolated sale of trade fixtures in the ordinary course of business, or receipts from vending machines located at your Store (but Gross Sales includes your share of any such revenues).~~

~~From time to time, we may establish policies governing the manner in which the proceeds from the sale of gift cards are treated for purposes of calculating Gross Sales.~~

~~*"Improvements"* is defined in Section 18.5.~~

~~*"Indemnified Party"* or *"Indemnified Parties"* means us and each of our past, present and future owners, members, officers, directors, employees and agents, as well as our parent companies, subsidiaries and affiliates, and each of their past, present and future owners, members, officers, directors, employees and agents.~~

~~*"Intellectual Property"* means, collectively or individually, our Marks, Copyrights, Know-how, System and Improvements. *"Intellectual Property"* also includes all customer data collected by you or us.~~

~~*"Interim Manager"* is defined in Section 8.4.~~

~~*"Interim Term"* is defined in Section 4.3.~~

~~*"Know-how"* means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of an It's Boba Time store, including, but not limited to, recipes, training materials, merchandise and vendor lists, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.~~

~~*"Losses and Expenses"* means all compensatory, exemplary, and 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 our reputation and goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or incurred by an Indemnified Party as a result of a Claim.~~

~~*"Managing Owner"* means the Owner that you designate and we approve who is primarily responsible for the operation, management and supervision of the Business.~~

~~*"Manual"* is defined in Section 6.1.~~

~~*"Marks"* means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an It's Boba Time store, including "Boba Time," "It's Boba Time" and related logos, and any other trademarks,~~

~~service marks or trade names that we designate for use in an It's Boba Time store. The term "Marks" also includes any distinctive trade dress used to identify an It's Boba Time store, whether now in existence or hereafter created.~~

~~*"Owner"* or *"Owners"* means any individual who owns a direct or indirect ownership interest in the franchise or the Entity that is the franchisee under this Agreement. "Owner" includes both passive and active owners.~~

> ~~"*PCI-DSS*" means the payment card industry data security standard, which is a set of security requirements established by the following major credit card brands from time to time: American Express, Discover Financial Services, JCB International, MasterCard Worldwide, and Visa Inc., which standards are set forth at https://www.pcisecuritystandards.org as of the Effective Date.~~

~~*"Permitted Transfer"* means: (a) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer by an Owner who is the Managing Owner that results in the Managing Owner holding less than a 20% ownership interest in the franchise or the Entity that is the franchisee under this Agreement, as applicable; and/or (b) a Transfer to a newly established Entity for which the Owners collectively own and control 100% of the ownership interests and voting power.~~

~~*"Post-Term Restricted Period"* means, with respect to you, a period of two (2) years after the termination, expiration or Transfer of this Agreement; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the "Post-Term Restricted Period" means, with respect to you, a period of one (1) year after the termination, expiration or Transfer of this Agreement. "Post-Term Restricted Period" means, with respect to an Owner, a period of two (2) years after the earlier to occur of (a) the termination, expiration or Transfer of this Agreement or (b) the Owner's Transfer of his or her entire ownership interest in the franchise or the Entity that is the franchisee, as applicable; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the "Post-Term Restricted Period" means, with respect to an Owner, a period of one (1) year after the earlier to occur of (a) the termination, expiration or Transfer of this Agreement or (b) the Owner's Transfer of his or her entire ownership interest in the franchise or the Entity that is the franchisee, as applicable.~~

~~*"Prohibited Activities"* is defined in Section 15.3.~~

~~*"Qualified Appraiser"* is defined in Section 22.2.~~

~~*"Restricted Territory"* means the geographic area within: (a) a 25 mile radius from your Store (and including your Store itself); and (b) a 25 mile radius from all other It's Boba Time stores that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a 5 mile radius from your Store (and including your Store itself).~~

~~*"Site Approval Notice"* is defined in Sections 3.~~

~~*"Site Selection Area"* is defined in Sections 7.1.~~

~~*"Store"* is defined in Section 2.~~

~~*"Successor Agreement"* is defined in Section 4.1.~~

~~*"System"* means our distinct system for the operation of an It's Boba Time store, the distinctive characteristics of which include proprietary recipes and other trade secrets, specially formulated ingredients, business formats, methods, procedures, designs, layouts, standards and specifications and operating system.~~

~~*"Technology Systems"* is defined in Section 12.7.~~

~~*"Term"* is defined in Section 4.1.~~

~~*"Territory"* is defined in Section 3.~~

> ~~*"Transfer"* means any direct or indirect, voluntary or involuntary (including by judicial award, order or decree), assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of this Agreement, the franchise (or any interest therein), the Business (or any portion thereof) or an ownership interest in an Entity that is the franchisee, including by merger or consolidation, by issuance of additional securities representing an ownership interest in the Entity that is the franchisee, or by operation of law, will~~

~~or a trust upon the death of an Owner (including the laws of intestate succession).~~

~~"*We*" or "*us*" is defined in the Introductory Paragraph.~~

~~"*You*" is defined in the Introductory Paragraph.~~

EXHIBIT "D"

TO DISCLOSURE DOCUMENT

AREA DEVELOPMENT AGREEMENT

[See Attached]

AREA DEVELOPMENT AGREEMENT

AREA DEVELOPER: _____
DATE: _____

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ATTACHMENTS

ATTACHMENT "A" Deal Terms

AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (this "Agreement") is entered into as of _____, 202__ (the "Effective Date") between Boba Time, Inc., a California corporation ("we" or "us") and _____, a(n) _____ ("you").

1. DEFINITIONS. Capitalized terms used in this Agreement shall have the meanings given to them below~~. Any capitalized term used in this Agreement that is~~, or if not defined below~~ shall have~~, the meanings given to ~~such term~~them in the Initial Franchise Agreement~~ (as defined below).~~.

"~~*Acquisition" has*~~*Developer Entity*" means the ~~meaning given to such term in the Initial Franchise~~Entity that: (a) signs this Agreement~~.~~

~~*"Alternative Channels of Distribution" has the meaning given to such term in the Initial Franchise*~~ as the area developer (if this Agreement~~.~~

~~*"Captive Venue" has the meaning given to such term in the Initial Franchise*~~ is signed by an Entity); or (b) assumes this Agreement~~.~~ subsequent to its execution by the original Owners.

"*Development Business*" means the franchised business you conduct pursuant to this Agreement consisting of developing and opening Stores within the Development Territory.

"*Development Schedule*" means the schedule described in ~~Section~~ §4.1 and Part ~~D~~C of ATTACHMENT "A" for the development of the ~~s~~Stores within the Development Territory.

"*Development Territory*" means the geographic area described in Part ~~C~~D of ATTACHMENT "A".

"*Discounted Initial Franchise Fee*" means the discounted initial franchise fee ~~that you must pay for each store to be developed under this Agreement (other than your first store), which discounted initial franchise fee is set forth in Part B of~~ set forth in Part B of ATTACHMENT "A"~~.~~ applicable to each Store other than your first Store.

"*Dispute*" means any Claim, dispute or disagreement between the parties, including any matter pertaining to: (a) the interpretation or enforcement of this Agreement; (b) the offer or sale of the area development rights; or (c) the relationship between the parties.

"*Franchise Agreement*" means an It's Boba Time Franchise Agreement executed by us and you (or ~~an~~your affiliate~~ of yours~~) for the ~~establishment~~ development and operation of ~~an It's Boba Time store~~a Store pursuant to this Agreement.

"*General Release*" means our then-current form of Waiver and Release of Claims that you and your Owners must sign pursuant to §7.2 in connection with a Transfer.

"*Initial Franchise Agreement*" means the Franchise Agreement ~~executed by you concurrently with the execution of this Agreement~~you execute for the first ~~franchise~~Store to be ~~established~~developed pursuant to this Agreement.

"~~*Managing*~~ *Owner*" ~~has the meaning given to such term in the Initial Franchise Agreement.~~

~~*"Owner" or "Owners"*~~ means ~~any individual~~a Person who meets any of the following criteria: (a) the Person directly signs this Agreement ~~or who owns a direct or indirect ownership interest in the area development rights or the entity that is~~as the area developer, either alone or in conjunction with one or more other Persons; (b) the Person directly or indirectly through one or more intermediaries owns any Equity Interest in the Developer Entity (if the area developer under this Agreement~~. "Owner" includes both passive and active owners.~~ is an Entity); (c) the Person directly signs a Franchise Agreement as the franchisee, either alone or in conjunction with one or more other Persons; and/or (d) the Person directly or indirectly through one or more intermediaries owns any Equity Interest in any affiliate of yours that executes a Franchise Agreement as authorized by §6.

"*Permitted Transfer*" means: (a) a Transfer from one Owner to another Owner who was an approved Owner

prior to such Transfer, other than a Transfer ~~by an Owner who is the Managing Owner that~~ that results in the Managing Owner ~~hold~~wning less than ~~a~~ 20% of the ownership interests in the ~~area developer franchise~~Development Business or ~~the~~Developer Entity ~~that is the area developer franchisee under this Agreement~~, as applicable; and/or (b) a Transfer by the Owners to a newly established Developer Entity for which ~~the~~such Owners collectively own and control 100% of the ~~ownership interests and voting power.~~Equity Interests.

"*Term*" means the period of time ~~commencing with~~ beginning on the Effective Date of this Agreement and expiring ~~upon the~~on the earlier to occur of: (a) the opening date ~~by which~~listed in the Development Schedule for the last Store you are required to open ~~the last store under the Development Schedule.~~ ; or (b) the date this Agreement is effectively terminated.

"*Transfer*" means any direct or indirect, voluntary or involuntary ~~(including by judicial award, order or decree),~~, assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of ~~-~~:

(a) this Agreement~~,~~ (or any interest therein);

(b) the area development rights ~~(or any interest therein), the business conducted by you pursuant to~~ granted by this Agreement~~,~~ (or ~~an ownership~~any interest ~~in an entity that is~~ therein);

(c) the ~~area developer under~~Development Business you conduct pursuant to this Agreement (or any interest therein); or

(d) an Equity Interest in the Developer Entity, including public and private offerings;

including by: merger or consolidation~~, by~~ ; judicial award, order or decree; issuance of additional ~~securities representing an ownership~~Equity Interests in the Developer Entity; foreclosure of a security interest ~~in the entity that is the area developer,~~by a lender; or ~~by~~ operation of ~~l~~Law, will or a trust upon the death of an Owner of the ~~area developer entity (~~Developer Entity, including the ~~l~~Laws of intestate succession~~)~~.

2. **GRANT OF DEVELOPMENT RIGHTS**. Subject to the terms ~~and conditions~~ of this Agreement, we hereby grant you the right and obligation to develop, open and operate each of the ~~s~~Stores referred to in the Development Schedule. Each ~~store that you develop pursuant to this Agreement~~ Store must be located within the Development Territory ~~and at a specific site that we approve in accordance with the terms of the applicable Franchise Agreement.~~. This Agreement does not grant you any right~~s~~ or license~~s~~ to use ~~any of~~ our Intellectual Property.

3. **TERRITORIAL PROTECTIONS AND LIMITATIONS.** ~~Your Development Territory will be protected, meaning that for the duration of~~During the Term~~,~~ we will not develop or operate, or ~~grant a~~ license ~~to any~~a third party to develop or operate, ~~an It's Boba Time store~~a Store that is physically located within the Development Territory other than: (a) any ~~It's Boba Time store~~Store that is operating, under development, or for which a franchise agreement has been executed, in each case as of the Effective Date, and that is ~~located,~~ (or ~~is to~~will be) located within~~,~~ the Development Territory; and (b) any ~~It's Boba Time store that is~~Store otherwise permitted by this Section ~~in connection with Captive Venues or an Acquisition. We~~. At any time during the Term we reserve the right to: (a) develop and operate, ~~or grant franchises or licenses to~~and license third parties to develop and operate, ~~It's Boba Time stores~~Stores in Captive Venues ~~that are~~ located ~~in your~~within the Development Territory; and (b) engage in Acquisitions~~,~~ even if, as a result of an Acquisition, one or more competitive businesses of the acquired or acquiring company begin using our Intellectual Property (including our Marks) and are located within ~~your~~the Development Territory. We ~~also~~ reserve the right to sell, ~~or grant franchises or licenses to~~and license third parties to sell, competitive or identical goods ~~or~~and services (including under the Marks) within the Development Territory through Alternative Channels of Distribution~~, irrespective of whether the sales take place in your Development Territory.~~ .

4. **DEVELOPMENT OBLIGATIONS**

4.1. **Development Schedule**~~. You agree to open each store in strict compliance with the time periods set forth in the Development Schedule.~~ . You must develop, open and operate ~~each store in compliance with~~ all ~~of the terms of the applicable Franchise Agreement.~~ Stores listed in the Development

Schedule. You must develop and open each Store in strict compliance with the opening dates set forth in the Development Schedule. We may, in our sole discretion, extend ~~the time periods~~one or more opening dates listed in the Development Schedule~~, but only~~ if you ~~can~~ demonstrate to our ~~reasonable~~ satisfaction that you ~~have~~ used ~~your~~ best efforts to comply with ~~your development obligations~~the opening date and the need for ~~additional time~~the extension is due to unforeseeable delays ~~and not due to your neglect, misconduct or financial inability. You must open all of the stores referred to~~rather than your lack of diligence or funding. The opening date listed in the Development Schedule~~.~~ for a given Store may be earlier than the opening date required under the terms of the associated Franchise Agreement. In order to comply with the Development Schedule you must open each Store by the opening date listed in the Development Schedule even if such date is earlier than the opening date required by the associated Franchise Agreement.

4.2. **Site Selection**. You must select a specific ~~location~~site within the Development Territory for each ~~s~~Store in ~~accord~~mpliance with our then-current ~~guidelines for opening a new location as contained in the Manual and the applicable Franchise Agreement.~~site selection criteria. Each site ~~that~~ you select is subject to our prior approval ~~as specified~~ in accordance with the applicable Franchise Agreement.

4.3. **Franchise Agreements**. You must sign a separate Franchise Agreement for each Store. You must sign the Initial Franchise Agreement for your first (1st) Store at the time you sign this Agreement. We will not review ~~or approve a~~ proposed ~~site~~sites for a Store until you sign the applicable Franchise Agreement for ~~the proposed location~~that Store. You must sign a Franchise Agreement for each Store no later than 90 days prior to the required opening date for such Store under the Development Schedule. Each Franchise Agreement shall be our then-current form of It's Boba Time Franchise Agreement (modified to reflect the Discounted Initial Franchise Fee), the terms ~~and conditions~~ of which may vary materially and substantially from the terms ~~and conditions~~ of the Initial Franchise Agreement. At the time you sign the Franchise Agreement for each new ~~s~~Store, you must pay us the balance of the Discounted Initial Franchise Fee for that ~~franchise~~Store (i.e., $15,000). You ~~will~~ have no right to construct or operate ~~any store~~a Store until ~~you and we~~the parties have ~~executed~~signed the ~~applicable~~ Franchise Agreement and all ancillary agreements for that ~~store~~Store. You must develop, open and operate each Store in compliance with the Franchise Agreement and the Manual.

4.4. **Additional ~~Locations~~Stores**. You ~~have no right to~~may not develop any ~~s~~Store other than the ~~s~~Stores listed in the Development Schedule unless we, in our sole discretion, permit you to enter into a new area development agreement, which will be upon such terms ~~and conditions~~ that we specify, ~~following your development of~~after you develop all ~~s~~Stores listed in the Development Schedule ~~under~~in accordance with this Agreement.

5. **DEVELOPMENT FEE.** At the time you sign this Agreement~~,~~ you must pay us: (a) the full initial franchise fee for your first ~~s~~Store in the amount set forth in Part B of ATTACHMENT "A"~~. In addition, at~~; and (b) the ~~time you sign this Agreement, you must pay us a~~ development fee ~~in the amount~~ set forth in Part B of ATTACHMENT "A", which ~~amount~~ is calculated as 50% of the aggregate Discounted Initial Franchise Fees ~~that~~ you ~~must~~ pay ~~us~~ for all ~~stores~~Stores to be developed under ~~your Development Schedule (~~this Agreement, other than your first ~~s~~Store~~)~~. The development fee is fully earned and nonrefundable upon execution of this Agreement.

6. **AREA DEVELOPER AS ENTITY.** ~~If you are an entity, you~~You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of ~~all of~~ your Owners. Upon ~~our~~ request, you must ~~provide~~send us ~~with~~ a resolution of the ~~entity~~Developer Entity authorizing the execution of this Agreement, a copy of the ~~entity's~~Developer Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). ~~You represent that the entity is duly formed and validly existing under the laws of the state of its formation or incorporation.~~ You may form a separate ~~e~~Entity to enter into each Franchise Agreement provided that: (a) the ~~individuals holding~~Person or Persons owning the ~~ownership interests~~Equity Interests (and the~~ir~~ percentage ~~interests~~of the Equity Interests owned) in each such ~~e~~Entity must be the same ~~individuals holding ownership interests~~Person or Persons owning the Equity Interests (with the same percentage ~~interests~~of the Equity Interests owned) in the ~~entity that is the Area~~ Developer

~~under this Agreement~~Entity; and (b) each such ~~e~~Entity guarantees the performance of all other ~~e~~Entities formed under the authority of this ~~Section~~ §6. Each Owner, and the spouse of each Owner, must sign a Franchise Owner Agreement.

7. TRANSFERS

7.1. **By Us**. This Agreement is fully assignable by us ~~(~~, without prior notice to you~~)~~, and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment.

7.2. **By You**~~. You understand that the~~. The rights and duties created by this Agreement are personal to you and ~~your~~the Owners ~~and that we have granted the~~. We are granting you area development rights in reliance upon the ~~individual or collective~~ character, skill, ~~aptitude,~~ attitude, business ability and financial ~~capacity~~resources of you and your Owners. ~~Therefore~~Because this Agreement is a personal services contract, neither you nor any Owner may engage in ~~any~~a Transfer (other than a Permitted Transfer) without our prior ~~written approval.~~approval. At the time you request approval of a Transfer, you must pay us a $10,000 transfer fee to defray expenses we incur, including reviewing the qualifications of the proposed transferee. The transfer fee is nonrefundable, even if we deny your Transfer request. Any Transfer (other than a Permitted Transfer) without our approval shall be void and constitute a breach of this Agreement. We will not unreasonably withhold ~~our~~ approval if all of ~~any proposed Transfer, provided that~~ the following conditions are ~~all~~ satisfied:

(i) we believe the proposed transferee ~~is, in our opinion, an individual of good moral character, who~~ has sufficient business experience, aptitude and financial resources to develop, own and operate all of the remaining ~~stores that are~~Stores to be developed under this Agreement and ~~otherwise~~ meets ~~all of~~ our ~~then applicable standards~~minimum criteria for area ~~developer franchisees~~developers;

(ii) you and your Owners and affiliates are in full compliance with ~~the terms of this Agreement,~~ all ~~Franchise~~Definitive Agreements ~~and all other agreements with us or our affiliate~~;

(iii) ~~all of the Owners of the transferee have~~ the transferee's owners successfully complete~~d~~, or ma~~d~~ke arrangements to attend, the initial training program ~~(~~and the transferee ~~has paid the~~pays us a $2,000 initial training fee ~~which covers up to two (2) attendees);~~ ;

(iv) the transferee and its owners sign our then~~-~~-current form of area development agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that: (a) the Term ~~and renewal term(s)~~ shall be the Term remaining under this Agreement; (b) the transferee need not pay a separate development fee; and (c) the Development Schedule and Development Territory shall be the same Development Schedule and Development Territory specified in this Agreement (modified to reflect the development obligations satisfied prior to the ~~t~~Transfer);

(v) ~~you or~~if the transferee is found by a broker we engage, you reimburse us for all commissions we pay ~~us a $10,000~~to the broker, which amount shall be in addition to the transfer fee;

(vi) you assign all ~~of your~~ Franchise Agreements to the transferee in accordance with ~~all of~~ the transfer ~~terms and conditions applicable~~provisions under each such Franchise Agreement ~~(~~, including payment of any transfer fee imposed under each such Franchise Agreement~~);~~ ;

(vii) you and your Owners sign a General Release ~~for all claims arising before or contemporaneously with the Transfer~~;

(viii) we ~~do~~choose not ~~elect~~ to exercise our right of first refusal described in ~~Section~~ §7.5; and

(ix) you or the transferring Owner, as applicable, and the transferee ~~have satisfied any~~satisfy all other conditions we reasonably require as a condition to our approval of the Transfer.

You may not: (a) transfer less than ~~your entire remaining~~ all area development rights remaining under this Agreement (i.e., you may not retain the right to develop any ~~store). You also may not~~Store); or (b) transfer your area development rights to multiple transferees. Our consent to a Transfer shall not constitute a waiver of: (a) any ~~c~~Claims we may have against the transferor~~, nor shall it be deemed a waiver of~~; or (b) our right to demand ~~exact compliance with any of the terms or conditions of the franchise by~~ the transferee comply with all terms of the area development agreement.

7.3. **Permitted Transfers.** You may engage in a Permitted Transfer without our prior approval, but you must: (a) give us at least ~~ten (~~10~~)~~ days' prior written notice~~.~~; and (b) upon our request, cause any Entity that was the Developer Entity immediately prior to the Permitted Transfer to sign a corporate guarantee in the format we require to secure performance of the new Developer Entity's financial obligations under all Definitive Agreements. You and the Owners (and the transferee) agree to sign all documents ~~that~~ we reasonably request to effectuate and document the Permitted Transfer.

7.4. **Owner Death or Disability~~ of an Owner~~.** ~~Upon~~. Within one (1) year after the death or permanent disability of an Owner, the Owner's ownership interest in ~~you or the area development rights~~the Development Business or Developer Entity, as applicable, must be assigned to another Owner or to a third party ~~approved by us within one (1) year.~~we approve. Any assignment to a third party will be subject to all ~~of the~~ terms and conditions of ~~Section~~ §7.2 unless the assignment qualifies as a Permitted Transfer. ~~For purposes of this Section, an~~An Owner is deemed to have a "permanent disability" only if ~~the person~~he/she has a medical or mental problem that prevents ~~the person~~him/her from substantially complying with his~~ or~~ /her obligations under this Agreement for a continuous period of at least three (3) months.

7.5. Our Right of First Refusal. ~~Our Right of First Refusal.~~ If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain and send us a bona~~-~~fide~~, signed written~~ offer ~~from~~executed by the~~ fully disclosed~~ purchaser ~~and submit an exact copy~~after completion of ~~the offer to us.~~due diligence. We~~ will~~ have 30 days after receipt of the offer to decide whether ~~we will~~to purchase ~~your remaining area development rights and any It's Boba Time stores to be assigned, or the ownership~~the interest ~~in you, as applicable,~~ for the same price and upon the same terms contained in the offer~~ (however,~~, except we may substitute cash for any non-cash form of payment proposed in the offer~~)~~. If we notify you within the 30-day period that we intend to purchase the interest~~ within the 30-day period~~, you or the Owner, as applicable, must sell the interest to us. We will have ~~at least~~ an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you (as the seller of the assets) or the Owner (as the seller of the ownership interest) or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to ~~and on~~ the terms of the offer, subject to the requirements of ~~Section~~ §7.2~~ (~~, including our approval of the transferee~~)~~. However, if the sale ~~to the purchaser~~ is not completed within 120 days after delivery of the offer to us, or there is a material change ~~in~~to the terms of ~~the~~ sale, we will again have the right of first refusal specified in this Section. Our right of first refusal ~~in this Section~~ shall not apply to ~~any~~a Permitted Transfer.

8. TERMINATION ~~OF DEVELOPMENT RIGHTS~~

8.1. **Reasonableness.** You represent that you: (a) have conducted your own independent investigation and analysis of the prospects for the ~~establishment~~development of the ~~s~~Stores within the Development Territory; (b) approve the Development Schedule as being reasonable and viable; and (c) recognize that ~~your failure to achieve the results required by~~any breach of the Development Schedule ~~will constitute~~is a material breach of this Agreement.

8.2. Termination ~~of Development Rights~~By Us~~. If you fail to comply with any term of this Agreement, we~~. We may terminate this Agreement, effective ~~30 days after giving you~~ upon delivery of a written notice of ~~the default, unless you have fully cured the default within such 30-day period. Any such~~ termination to you, for any of the following reasons, all of which constitute material events of default and "good cause" for termination, and without opportunity to cure except for any cure period expressly set forth below:

(i) if we terminate any Definitive Agreement due to a default committed by you or one of your Owners or affiliates; or

(ii) if you or one of your Owners of affiliates breaches any provision of this Agreement or any other Definitive Agreement and fails to cure the breach within 30 days after receipt of a default notice from us.

8.3. Effect of Termination. The termination of this Agreement will end all of your rights and ~~future~~development obligations under this Agreement, including without limitation, your interests in the Development Territory and right to sign new Franchise Agreements or open additional ~~It's Boba Time stores. In the event of a termination, you~~Stores. We will not ~~be entitled to any~~ refund any portion of the development fee, ~~except that~~but you will not be obligated to pay the remaining balance of the Discounted Initial Franchise Fee~~s~~ for any ~~It's Boba Time store~~Store with respect to which, as of the effective date of termination of this Agreement, you had not executed a Franchise Agreement.

8.3. ~~**Cross Default**. Our termination of any Franchise Agreement due to your default shall constitute a default under this Agreement permitting us to terminate this Agreement immediately upon notice to you.~~

9. DISPUTE RESOLUTION. Any ~~d~~Dispute between the parties relating to this Agreement shall be resolved pursuant to the dispute resolution provisions ~~set forth~~ in the Initial Franchise Agreement~~ executed concurrently with this Agreement.~~. All such dispute resolution provisions are incorporated herein by reference as if fully set forth in this Agreement.

10. ~~YOUR~~ REPRESENTATIONS.

10.1. Corporate Representations. You and ~~the~~your Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any other agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets may be bound; (b) violate any order, writ, injunction, decree, judgment or ruling of any Governmental Authority; or (c) violate any applicable Law. If the developer is an Entity, then you and ~~the~~your Owners also jointly and severally represent and warrant to us that: (a) the Developer Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and to perform each of its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement shall constitute the legal, valid and binding obligation of the Developer Entity and shall be enforceable against the Developer Entity in accordance with its terms.

10.2. Franchise Compliance Representations. You and ~~the~~your Owners jointly and severally represent and warrant to us that you received: (a) an exact copy of this Agreement and its attachments, with all material terms filled in, at least seven (7) calendar days before you signed this Agreement; and (b) our Franchise Disclosure Document at the earlier of (i) 14 calendar days before you signed a binding agreement or paid any money to us or our affiliates in connection with this franchise or (ii) such earlier time in the sales process that you requested a copy.

10.3. General Representations. You and ~~the~~your Owners jointly and severally represent and warrant to us~~ that you and the Owners are aware~~ that: (a) other area developers may operate under different

forms of agreement and our obligations and rights with respect to area developers differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other area developers and we have no obligation to offer you the same or similar negotiated terms or concessions.

10.4. Anti-Terrorism Compliance. You and your Owners jointly and severally represent and warrant to us that, to the best of your knowledge: (a) no property or interest owned by you or any Owner is subject to being "blocked" under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of any Equity Interest in you) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name (or alias, pseudonym or nickname) or address on any Terrorist List, including on the list of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at www.home.treasury.gov); and (c) you and the Owners are in compliance with, and shall continue to comply with, the Anti-Terrorism Law and all other Laws (either currently in effect or enacted in the future) prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government that are in effect within the United States of America. The foregoing representations and warranties are 'continuing' representations and warranties for the duration of the franchise relationship. Accordingly, you agree to notify us immediately in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

11. GENERAL PROVISIONS

11.1. Governing Law. This Agreement and the franchise relationship ~~shall be~~are governed by the laws of the State of California~~(~~, without reference to its principles of conflicts of law~~)~~, but any law of the State of California that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

11.2. Severability . Each section~~,~~ and subsection~~, term and provision~~ of this Agreement, and any portion thereof, shall be considered severable.

11.3. Waivers~~. We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other.~~

11.4. ~~**Force Majeure.** Neither we nor you~~**.** Each party may waive any obligation imposed on the other party in writing. Neither party shall be deemed to have waived or impaired any of its contractual rights under this Agreement (including the right to require strict compliance with all terms of this Agreement or terminate this Agreement due to the other party's failure to comply with such terms) by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by either party to exercise any right under this Agreement or require the other party to strictly comply with its obligations under this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other area developers; or (d) our acceptance of payments from you after your breach.

11.4. Approvals. Whenever this Agreement requires our approval, you must make a timely written request for approval. Our approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request.

11.5. Force Majeure. Neither party shall be liable for loss or damage or deemed to be in breach of this Agreement if ~~our or your~~such party's failure to perform ~~our or your~~its obligations results from an~~y~~ event of ~~force majeure. Any delay resulting from~~Force Majeure; *provided, however*, that an event of ~~force majeure will extend~~ Force Majeure shall not excuse or permit any failure to perform for more

than 180 days. If the period of non-performance ~~accordingly or excuse performance, in whole or in part, as may be reasonable under the circumstances. Notwithstanding the foregoing, "force majeure" will not: (a) relieve you of any payment obligations under this Agreement; or (b) excuse, or apply with respect to, any breaches resulting~~exceeds 180 days from ~~an epidemic or pandemic of a contagious illness or disease or resulting from any economic or financial changes caused by such epidemic or pandemic~~receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may immediately terminate this Agreement by giving written notice of termination to the other party.

11.5.11.6. Binding Effect. This Agreement is binding ~~up~~on the parties ~~to this Agreement~~hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any ~~person or legal entity~~Person not a party to this Agreement.

11.6.11.7. Integration. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any email ~~correspondence~~ or other ~~form of~~ informal electronic communication shall not be deemed to modify this Agreement unless ~~such communication~~it is signed by both parties and specifically states ~~that~~ it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

11.7.11.8. Covenant of Good Faith. If applicable ~~l~~Law implies into this Agreement a covenant of good faith and fair dealing ~~in this Agreement, the parties agree that~~, the covenant shall not imply any rights or obligations that are inconsistent with ~~a fair construction of~~ the express terms of this Agreement. ~~Additionally, if applicable law shall imply the covenant, you agree that: (a) this~~This Agreement ~~(~~, and the relationship of the parties ~~that is~~ inherent in this Agreement~~)~~, grants us ~~the~~ discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may ~~affect~~ favorably or adversely affect your interests~~; (b) we~~. We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees ~~generally (including ourselves and our affiliates if applicable), and specifically~~, but without considering ~~your individual interests or~~ the individual interests of you or any other particular franchisee~~; (c) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (d) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised~~.

11.8.11.9. Rights of Parties are Cumulative. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by ~~l~~Law.

11.9.11.10. Survival. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement ~~(~~, or the Transfer of an ownership interest in the ~~franchise)~~Development Business or Developer Entity, shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied

in full or by their nature expire.

11.10.11.11. Construction. The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term "you" as used in this Agreement is applicable to one or more ~~persons or an Entity~~Persons, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

11.11.11.12. Time of Essence. Time is of the essence in this Agreement and every term thereof.

11.13. Notice. All notices given under this Agreement must be provided in accordance with the Notice Provision of the Initial Franchise Agreement.

11.12.11.14. Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

11.13. ~~**Notice.** All notices and statements to be given under this Agreement are to be provided in accordance with the Notice Provision of the Initial Franchise Agreement signed concurrently with this Agreement.~~

[Signature Page Follows]

The parties ~~to this Agreement~~below have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

Boba Time, Inc., a California corporation

By:_____
Name:_____
Its:_____

YOU (If you are an entity):

_____,
a(n)_____
By:_____
Name:_____
Its:_____

YOU (If you are not an entity):

_____
Name:_____
_____
Name: _____
_____
Name: _____
_____
Name: _____

ATTACHMENT "A"

TO AREA DEVELOPMENT AGREEMENT

DEAL TERMS

A. Area Developer Details.

~~Name of franchisee: [_____]~~

Name of area developer: [_____]

Is the ~~franchisee~~area developer one or more natural persons signing in their individual capacity? **Yes**: _____ **No**: _____

Type of Entity and State of Formation* (if applicable): [_____]

** If the ~~franchisee~~area developer is a business ~~e~~Entity, each ~~natural person~~Person holding a direct or indirect ~~ownership interest~~Equity Interest in the ~~business entity~~Developer Entity, and spouse of each such ~~person~~Person who is a natural Person, must sign a Franchise Owner Agreement concurrently with the execution of this Agreement.*

The following table includes the full name of each ~~natural person~~Person holding a direct or indirect ownership interest in the ~~area developer franchise~~Business (or the ~~franchisee business entity~~Developer Entity if applicable) along with a description of their ownership interest.

Owner's Name	% Ownership Interest	Direct or Indirect (if indirect, describe nature of interest)

Notice Address: ~~[_____]~~

_____

_____

_____

Attention: _____

Email: _____

B. Fees.

- ~~The Discounted Initial Franchise Fee shall be $30,000.~~

- _____The initial franchise fee for the first ~~It's Boba Time store to be developed~~Store you develop pursuant to this ~~agreement shall be~~Agreement is $45,000.

- _____The Discounted Initial Franchise Fee is $30,000.

- _____The development fee ~~shall be~~is $_____.

C. Development ~~Territory~~.

~~The Development Territory shall include the following geographic area:~~

~~_____~~
~~_____~~
~~_____~~

~~If the boundaries that define the Development Territory change during the term, the boundaries of your Development Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date.~~

~~D. Development~~ Schedule.

You ~~agree to~~must comply with the following minimum development obligations as specified in ~~Section~~ §4 of the Agreement:

DEVELOPMENT PERIOD ENDING	NUMBER OF STORES OPENED DURING DEVELOPMENT PERIOD	CUMULATIVE NUMBER OF STORES OPENED AND IN OPERATION
1 year after Effective Date		
2 years after Effective Date		
3 years after Effective Date		
4 years after Effective Date		
5 years after Effective Date		
6 years after Effective Date		
7 years after Effective Date		
8 years after Effective Date		
9 years after Effective Date		
10 years after Effective Date		
Total Number of Stores to be Developed: [_____]		

D. Development Territory.

The Development Territory consists of, and shall be limited to, the following geographic area, as further depicted on the map attached below:

[_____]

If the boundaries that define the Development Territory change during the

Term, the boundaries of your Development Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date (as may be depicted on a map attached below or on the following page).

EXHIBIT "E"

TO DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF BRAND STANDARDS MANUAL

[See Attached]

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EXHIBIT "F"

TO DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

Part A (Current Franchisees)

The following table lists our franchisees that were open as of December 31, 202~~2~~3.

FRANCHISEES OPEN AS OF DECEMBER 31, 202~~2~~3				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
California*	Alhambra	9 East St. Alhambra, CA 91801	626-703-4262	Joanna ~~Guerrero~~Caldo
California	Artesia	17901 Pioneer Blvd., Ste. I Artesia, CA 90701	562-860-1919	Emma Suh
California*	Bakersfield	10500 Stockdale Hwy, Ste. 200 Bakersfield, CA 93311	661-556-4003	Ameliana Jo Berg
California*	Bakersfield	2701 Ming Ave., Unit 465 Bakersfield, CA 93304	661-381-6514	Ameliana Jo Berg
California	Bell	6515 Atlantic Ave., Ste. A Bell, ~~California~~CA 90201	323-749-0502	Thomas Chung
California	Buena Park	5260-A Beach Blvd. Buena Park, CA 90621	714-522-2622	Eun Ah Song~~Don Lee~~
California*	Burbank	2412 W. Victory Blvd. Burbank, CA 91506	747-333-0013	Joanna ~~Guerrero~~Caldo
California*	Burbank	234 N. San Fernando Blvd. Burbank, CA 91502	747-283-1473	Joanna ~~Guerrero~~Caldo
California	Camarillo	740 E. Ventura Blvd., Unit 506 Camarillo, CA 93010	805-419-4098	Sean Rhim
California	Canoga Park	6660 Topanga Canyon Blvd., Ste. 1012 Canoga Park, CA 91303	818-887-7670	Morteza Vadipour
California	Chino Hills	3410 Grand Ave., Ste. G Chino Hills, CA 91709	909-464-2622	Don Chonghan Kim & Debbie Kim
California	Colton	805 W. Valley Blvd. Colton, CA 92324	909-222-4947	Richard Lee
California	Commerce	5452 Whittier Blvd. Commerce, CA 90022	213-377-2622	Judy Son & Denis In
California	Downey	8824 Imperial Hwy. Downey, CA 90242	562-302-0242	Synjin Hipolito
California	Duarte	1100 Huntington Dr. Duarte, CA 91010	526-531-7060	Youn Sim & Diane Sim
California*	Eagle Rock	2255 Colorado Blvd. Los Angeles, CA 91303	323-474-6101	Joanna ~~Guerrero~~Caldo
California	Fontana	15032 Summit Ave., #450 Fontana, CA 92336	909-689-5110	Daniel Yang
California	Fresno	3520 N. Blackstone Ave., Unit 104 Fresno, CA 93726	559-224-2622	Andy Khajvand
California	Fullerton	131 E. Commonwealth Ave. Fullerton, CA 92832	657-217-5309	Andrea Yoo

FRANCHISEES OPEN AS OF DECEMBER 31, 202~~2~~3				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
California	Gardena	15482 S. Western Ave., Unit 109 Gardena, CA 90249	310-538-2622	Jong Chul Park
California	Glendale	100 W. Broadway Glendale, CA 91210	818-539-8839	Morteza Vadipour
California*	Glendale	136 S. Brand Blvd. Glendale, CA 91204	818-945-5755	Joanna ~~Guerrero~~Caldo
California*	Glendale	1525 N. Verdugo Rd. Glendale, CA 91208	747-215-6157	~~Joanna Guerrero~~David Jun
California	Hawthorne	12770 Hawthorne Blvd., #C Hawthorne, CA 90250	424-675-4006	Yong Joon Park
California	Huntington Park	7064 Santa Fe Ave. Huntington Park, CA 90255	323-484-9646	Young Jae Lee & Jing Zhang
California	Irvine	3905 Irvine Blvd. Irvine, CA 92602	714-352-6592	Eun Ji Lee~~Seung Taek Oh~~
California	Lake View Terrace	11956 Foothill Blvd. Lake View Terrace, CA 91342	747-227-3090	Susie Kim
California	Lancaster	1102 W. Ave. K Lancaster, CA 93534	661-522-3080	Ariel Jor'l Hutalla
California	La Palma	5454 La Palma Avenue La Palma, CA 90623	562-725-2622	Simon Yi & Jina Kwon
California	Los Angeles	3450 W. 6th St., Ste. 111 Los Angeles, CA 90020	818-288-6604	~~Eunja Park~~Sung Min Lee
California	Los Angeles	704 N. Vermont Ave. Los Angeles, CA 90029	323-662-2622	David Sim
California	Los Angeles	1001 S. Alvarado St. Los Angeles, CA 90006	213-277-1104	Jay Cho
California	Los Angeles	6660 Sunset Blvd. Los Angeles, CA 90028	323-464-2622	Hyojong Kim & Kyumin Kim
California	Los Angeles	3617 S. Vermont Ave. Los Angeles, CA 90007	323-737-3008	Young Jae Lee & Jing Zhang
California	Los Angeles	10946 Weyburn Ave. Los Angeles, CA 90024	424-369-5227	Rosalind Dimacali, Dennis Dimacali, & Lanz Dimacali
California	Los Angeles	5549 Sunset Blvd. Los Angeles, CA 90028	323-798-4780	Hyeon Muk Kim
California	Los Angeles	125 N. Western Ave., Ste. 103 Los Angeles, CA 90004	323-466-2622	Patinya Klangsombat & Mayures Faisomrit
California	Los Angeles	2848 W. Olympic Blvd. Los Angeles, CA 90006	213-384-2622	Bong Jin Suh
California*	Los Angeles	2908 W. Los Feliz Blvd. Los Angeles, CA 90039	213-278-0051	Joanna ~~Guerrero~~Caldo
California*	Los Angeles	508 W. 7th St. Los Angeles, CA 90014	213-278-0051	Joanna ~~Guerrero~~Caldo
California	Los Angeles	8250 W. 3rd St. Los Angeles, CA 90048	323-424-3000	Marianna Manoukian & Artak Stepanyan
California**	Los Angeles	372 East 2nd St. Los Angeles, ~~California~~CA 80012	323-807-4441	Yeon Jung Chun
California	Monterey Park	2252 S. Atlantic Blvd. Monterey Park, CA 91754	323-853-2622	Judy Son & Denis In

FRANCHISEES OPEN AS OF DECEMBER 31, 202~~2~~3				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
California	Montrose	2064 Verdugo Blvd., #G Montrose, CA 91208	818-330-9098	Kenneth Reyes & Shan'L Reyes
California	Moreno Valley	14090 Perris Blvd., Suite 102 Moreno Valley, CA 92553	951-200-4840	Albert Lee
California	National City	1860 Sweetwater Rd., Unit A1 National City, CA 91950	619-773-6319	Ariel Jor'l Hutalla & John Rafael Hutalla
California	North Hollywood	6160 Laurel Canyon Blvd., Ste. 175 North Hollywood, CA 91606	818-658-2622	Don Han
California	North Hollywood	4821 Lankershim Blvd., Unit C North Hollywood, CA 91601	818-210-0143	~~Hayk Kirakosyan & Zhora Zulhakyan~~Marianna Manoukian & Artak Stepanyan
California	Northridge	19600 Plummer St., Ste. 600 Northridge, CA 91324	818-818-5151	Helen Chae
California	Norwalk	11780 Firestone Blvd. Norwalk, CA 90650	562-991-5820	Byung Jo An
California	Oxnard	2756 Seaglass Way Oxnard, CA 93036	805-983-2622	Samuel Shin & Sungill Shin
California	Palmdale	540 Rancho Vista Boulevard Palmdale, CA 93551	661-409-2622	Ariel Jor'l Hutalla
California	Panorama City	14417 Roscoe Blvd., Unit P Panorama City, CA 91402	818-830-2622	David Sim
California*	Pasadena	1810 E. Colorado Blvd. Pasadena, CA 91107	626-486-2602	Joanna Caldo
California	Rancho Cucamonga	8443 Haven Avenue, Unit 145 Rancho Cucamonga, CA 91730	909-481-2735	Daniel Oh
California	Rancho Santa Margarita	22361Antonio Pkwy., #E115 Rancho Santa Margarita, CA 92688	949-329-6473	Alex Barrios
California	Riverside	10082 Magnolia Ave. Riverside, CA 92503	951-977-8272	Dalsup Oh~~Erick Phan~~
California	Rolling Hills Estates	27 Peninsula Center Rolling Hills Estates, CA 90274	424-408-2622	Yong Joon Park
California	San Bernadino	1775 W. Northpark Blvd., Unit B-3 San Bernardino, CA 92407	909-726-1017	Daniel Oh
California	San Diego	4344 Convoy St., Ste. A San Diego, CA 92111	619-860-2622	Ho Suk Yoon & Yu Na Kim
California	San Dimas	963 W. Arrow Hwy. San Dimas, CA 91773	909-394-3322	Youn Sim & Diane Sim
California	San Fernando	200 San Fernando Mission Blvd., Ste. 120 San Fernando, CA 91340	747-500-9070	Feliks Buchinskiy
California	Santa Clarita	23426 Lyons Ave. Santa Clarita, CA 91321	661-284-2622	Katie Kim
California	Santa Clarita	18729 Via Princessa Canyon Country, CA 91387	661-250-2622	Katie Kim
California	Simi Valley	2679 Tapo Canyon Rd. Simi Valley, CA 93063	805-624-7944	Helen Chae
California	South Gate	5802 Firestone Blvd. South Gate, CA 90280	562-608-1015	Trung Tran, Hanh Nguyen, & Ky Luong

FRANCHISEES OPEN AS OF DECEMBER 31, 202~~2~~3				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
California	Sylmar	13561 Glenoaks Blvd. Sylmar, CA 91342	818-362-3133	Feliks Buchinskiy
California	Temecula	40820 Winchester Rd., Unit 2460 Temecula, CA 92591	951-225-8127	Jasmine Yoon & Paul Juhn
California	Torrance	2370 Crenshaw Blvd., Ste. J Torrance, CA 90501	424-558-3699	Jeongmo Koo
California	Valencia	24201 W. Valencia Blvd., Unit 1210 Valencia, CA 91355	661-777-2722	Katie Kim
California	Venice	821 Ocean Front Walk Venice, CA 90291	310-392-5111	Xiaoqing Wei
California	Victorville	12044 Dunia Rd., #G Victorville, CA 92392	442-267-5506	Ariel Jor'l Hutalla
California	West Covina	1300 W. Francisquito Ave., Unit B West Covina, CA 91790	626-502-1251	Judy Son & Denis In
California	West Hills	22904 Vanowen St. West Hills, CA 91307	818-307-1986	Jin S. Kang
California	Winnetka	19755 Vanowen St. Winnetka, CA 91306	747-287-2622	Jin S. Kang
California	Whittier	13502 Whittier Blvd., Unit F Whittier, CA 90605	562-360-1221	Bong Jin Jung & Seri Yoo

* These franchisees are also area developers that have committed to open multiple franchised businesses under the terms of an area development agreement.

** This store originally opened in 2018 as a company-owned store, but was transferred to a family member of one of our officers in 2019 at which point it became a franchised store.

The following table lists our franchisees with signed franchise agreements that were not open as of December 31, 202~~2~~3.

FRANCHISEES NOT OPEN AS OF DECEMBER 31, 202~~2~~3				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
~~-~~Arizona*	Mesa	4425 S. Power Rd., ~~Bld A, Ste.~~ #A105 Mesa, AZ 85236	309-660-2374	~~Eric Berg and~~ Ameliana ~~J.~~Jo Berg
~~Arizona*~~	~~Phoenix~~	~~To Be Determined~~	~~309-660-2374~~	~~Eric Berg and Ameliana J. Berg~~
~~Arizona*~~	~~Tempe~~	~~To Be Determined~~	~~309-660-2374~~	~~Eric Berg and Ameliana J. Berg~~
~~-~~California~~*~~	Anaheim~~Bakersfield~~	1003 N. State College Blvd. Anaheim, CA 92805~~To Be Determined~~	909-573-4483~~309-660-2374~~	~~Eric Berg and Ameliana J. Berg~~ Steven Lee
California	Carson	To Be Determined	310-800-5577	Yong Joon Park
~~California~~	~~Colton~~	~~805 W. Valley Blvd.~~ ~~Colton, CA 92324~~	~~909-921-8127~~	~~Richard Lee~~
California	Corona	~~To Be Determined~~135 E. Ontario Ave., #103 Corona, CA 92879	626-825-6685	Harpreet Chopra
~~California~~	~~Covina~~	~~713 N. Azusa Ave.~~ ~~West Covina, CA 91791~~	~~213-359-6561~~	~~Sang Yoon &~~ ~~Taehee Shin~~
~~California~~	~~Downey~~	~~8824 Imperial Highway~~ ~~Downey, CA 90242~~	~~818-919-0314~~	~~Synjin Hipolito~~
California	El Monte	10458 Garvey Ave. El Monte, CA 91733	818-309-9990	Marianna Manoukian & Artak Stepan~~a~~yan
California	Encino	To Be Determined	213-999-1106	Jin S. Kang
~~California~~	~~Fontana~~	~~15032 Summit Ave., Ste. 450~~ ~~Fontana, CA 92336~~	~~213-663-8325~~	~~Grace Yang &~~ ~~Tina Yang~~
~~California~~	~~Hawthorne~~	~~12770 Hawthorne Blvd., Unit C~~ ~~Hawthorne, CA 90250~~	~~310-800-5577~~	~~Yong Joon Park~~
~~California~~	~~Lake View Terrace~~	~~11956 Foothill Blvd.~~ ~~Lake View Terrace, CA 91342~~	~~818-933-1044~~	~~Susie Kim~~
California	Los Angeles	~~To Be Determined~~2794 1st St. Los Angeles, CA 90033	323-353-7611	~~Jae~~ Young Jae Lee & Jing Zhang
California	Los Angeles	To Be Determined	213-219-3322	Youn Sim & Diane Sim
California	Los Angeles	To Be Determined	213-999-4065	Helen Chae
~~-~~California~~*~~	~~Los Angeles~~Ontario	To Be Determined	~~818-550-1133~~909-214-4114	~~Joanna Guerrero~~Michael Almazar & Katherene Almazar
California	Paramount~~Los Angeles~~	~~6265 Sepulveda~~16280-C Paramount Blvd~~., Unit 8~~. ~~Van Nuys~~Paramount, CA ~~91411~~90723	~~213-248-5888~~310-529-8511	~~David Sim~~Peter Hong
California	~~Montrose~~Porterville	~~2064 Verdugo Blvd., Ste. G~~ ~~Montrose, CA 91208~~460 W. Vandalia Ave., #C Porterville, CA 93257	661-~~492-5035~~340-2585	~~Kenneth Reyes &~~ ~~Shan'L Reyes~~Andy Khajvand
California	~~Moorpark~~Redlands	To Be Determined~~888 New Los Angeles Ave., Bld D-1, Ste. E~~ ~~Moorpark, CA 93021~~	213-~~999-4065~~800-2994	~~Helen Chae~~Albert Lee
California	~~Norwalk~~San Pedro	~~11780 Firestone Blvd.~~ ~~Norwalk~~1006 N. Western Ave., #B San Pedro, CA ~~90650~~90732	~~714-653-2522~~213-361-8588	~~Byung Jo An~~John I. Chung

FRANCHISEES NOT OPEN AS OF DECEMBER 31, 202~~2~~3				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
~~California*~~	~~Pasadena~~	~~1810 E. Colorado Blvd. Pasadena, CA 91107~~	~~818-550-1133~~	~~Joanna Guerrero~~
California	~~Rancho~~ Santa ~~M~~Clar~~gar~~ita	~~22361 Antonio Parkway, Ste. E115 Rancho~~ 22872 Copper Hill Dr. Santa ~~M~~Clar~~gar~~ita, CA ~~92688~~91350	~~714-450-0523~~818-903-0403	Nader Shenouda~~Alex Barrios~~
California	~~San Dimas~~Selma	~~963 W. Arrow Highway San Dimas~~2874 McCall Ave. Selma, CA ~~91773~~93662	~~213-219-3322~~661-340-2585	~~Youn Sim & Diane Sim~~Andy Khajvand
~~California~~	~~Sylmar~~	~~13561 Glenoaks Blvd. Sylmar, CA 91342~~	~~323-459-7930~~	~~Feliks Buchinskiy & Michael Buchinskiy~~
California	Thousand Oaks	To Be Determined	213-248-0085	Sean Rhim
~~California~~	~~Valencia~~	~~To Be Determined~~	~~310-999-3321~~	~~Katie Kim~~
~~California~~	~~Venice~~	~~821 Ocean Front Walk Venice, CA 90291~~	~~909-217-8098~~	~~Xiaoqing Wei~~
~~California~~	~~Victorville~~	~~12044 Dunia Rd., Unit G Victorville, CA 92392~~	~~323-379-7044~~	~~Ariel Jor'l Hutalla~~
California	To Be Determined	To Be Determined	310-941-0937	Andrew Suh
California	To Be Determined	To Be Determined	818-857-7071	Anna M. Luza
California	To Be Determined	To Be Determined	323-287-6338	Anthony Hernandez
California	To Be Determined	To Be Determined	323-244-0100	Ariel Hutalla
California	To Be Determined	To Be Determined	818-636-0941	Hayk Kirakosyan & Zhora Julhakyan
California	To Be Determined	To Be Determined	213-322-8469	Jae Won Kim & Florencia Choi
~~California~~	~~To Be Determined~~	~~To Be Determined~~	~~909-573-4483~~	~~Steven Lee~~
California	To Be Determined	To Be Determined	323-353-7611	Young Jae Lee & Jing Zhang
California	Valencia	To Be Determined	310-999-3321	Katie Kim
California	West Covina	713 N. Azusa Ave. West Covina, CA 91791	213-359-6561	Sang Yoon
California*	Bakersfield	5419 Gosford Rd., #100 Bakersfield, CA 93313	309-660-2374	Ameliana Jo Berg
California*	Los Angeles	To Be Determined	626-375-9487	Joanna Caldo
Florida*	Cutler Bay	20505 S. Dixie Hwy., #1261 Cutler Bay, FL 33189	+503 7773 8102	Manual Coto
Florida*	Miami Beach	1627 Alton Rd. Miami Beach, FL 33139	+503 7773 8102	Manual Coto
Nevada*	Las Vegas	7155 S. Rainbow Blvd., Ste. 115 Las Vegas, NV 89118	818-550-1133	Joanna ~~Guerrero~~Caldo
~~Nevada*~~	~~To Be Determined~~	~~To Be Determined~~	~~818-550-1133~~	~~Joanna Guerrero~~
~~Nevada*~~	~~To Be Determined~~	~~To Be Determined~~	~~818-550-1133~~	~~Joanna Guerrero~~

* These franchisees are also area developers that have committed to open multiple franchised businesses under the terms of an area development agreement.

Part B (Former Franchisees Who Left System During Prior Fiscal Year)

State	City	Current Business Phone or Last Known Home Phone	Owner Name(s)

California	~~Gardena~~Buena Park	~~213-272-9090~~714-522-2622	Don Lee~~Jeffrey Yi~~
California	Irvine	714-~~853-2807~~352-5132	Seung Taek Oh~~Eric Ji~~
California	Los Angeles	~~951-824-0582~~213-365-2622	~~Cecilia~~Eunja Park
California	~~Los Angeles~~Riverside	~~562-761-1352~~951-977-8727	Erick Phan~~Esther Park~~
~~California~~	~~Rowland Heights~~	~~213-500-4242~~	~~Hyeun Woo Pag~~
~~California~~	~~Pico Rivera~~	~~213-500-7999~~	~~Isaac Lee~~

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

EXHIBIT "G"

TO DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

[See Attached]

Boba Time, Inc.

Financial Statements and
Independent Auditors' Report
December 31, 2022

JNK Accountancy Group
Certified Public Accountants
9465 Garden Grove Blvd. #200, Garden Grove, CA 92844 T. 714.636.9980 F. 714.636.9983

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JNK Accountancy Group
Certified Public Accountants
9465 Garden Grove Blvd. #200, Garden Grove, CA 92844 T. 714.636.9980 F. 714.636.9983

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Boba Time, Inc.
Los Angeles, California

Opinion

We have audited the accompanying financial statements of Boba Time, Inc. which comprise the balance sheet as of December 31, 2022, and the related statements of income, changes in shareholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boba Time, Inc. 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.

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 Boba Time, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to prove a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

JNK Accountancy Group
Certified Public Accountants
9465 Garden Grove Blvd. #200, Garden Grove, CA 92844 T. 714.636.9980 F. 714.636.9983

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Boba Time, Inc.'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 Boba Time, Inc.'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.

JNK Accountancy Group, LLP
Garden Grove, California
April 5, 2023

Boba Time, Inc.
Balance Sheet
December 31, 2022

Assets		
Current assets		
Cash and cash equivalents	$	649,510
Accounts receivable		393,800
Receivable from related party		290,000
Debt securities available-for-sale		405,119
Equity investments with readily determinable fair value		756,948
Prepaid expenses and other receviable		341,933
Total current assets		2,837,310
Noncurrent assets		
Property and equipment, net		1,405,795
Intangible assets, net		399,042
Right-of-use assets		1,631,801
Deposits		49,982
Total noncurrent assets		3,486,620
Total assets	$	6,323,930
Liabilities and shareholder's equity		
Current liabilities		
Accounts payable	$	88,553
Accrued expenses and others		316,959
Deferred franchise fee income		167,000
Retirement plan payable		507,393
Loans payable		287,482
Lease liabilities		411,391
Total current liabilities		1,778,778
Noncurrent liabilities		
Loans payable (net of current portion)		1,273,110
Lease liabilities (net of current portion)		1,239,692
Deferred franchise fee income (net of current portion)		1,456,917
Total noncurrent liabilities		3,802,719
Total liabilities		5,581,497
Shareholder's equity		
Common stock; 10,000,000 shares authorized and 100,000 shares issued and outstanding		100,000
Accumulated other comprehensive income		(78,709)
Retained earnings		721,142
Total shareholder's equity		742,433
Total liabilities and shareholder's equity	$	6,323,930

See independent auditors' report and notes to the financial statements

Boba Time, Inc.
Statement of Income
For the Year Ended December 31, 2022

Revenue	$	11,568,750
Cost of goods sold		1,573,380
Gross profit		9,995,370
Selling, general and administrative expenses		7,543,399
Income from operations		2,451,971
Other income (expense), net		
Legal settlement		(947,284)
Gain on sale of assets		507,722
Loss on equity investments with RDFV		(145,784)
Unrealized loss on equity investments with RDFV		(485,747)
Dividend income		17,914
Interest expenses (net of interest income $36)		(126,386)
Other income		251,661
Total other expenses, net		(927,904)
Income before state income tax provision		1,524,067
State income tax		25,569
State passthrough entity elective tax (PEET)		369,510
Total state income tax provision		395,079
Net income	$	1,128,988

See independent auditors' report and notes to the financial statements

Boba Time, Inc.
Statement of Changes in Shareholder's Equity
For the Year Ended December 31, 2022

	Common Stock	Accumulated Other Comprehensive Income	Retained Earnings	Total Shareholder's Equity
Balance at beginning of the year	$ 100,000	$ 7,773	$ 871,857	$ 979,630
Unrealized loss		(86,482)		(86,482)
Distributions to shareholder			(1,279,703)	(1,279,703)
Net income			1,128,988	1,128,988
Balance at end of the year	$ 100,000	$ (78,709)	$ 721,142	$ 742,433

See independent auditors' report and notes to the financial statements

Boba Time, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2022

Cash flows from operating activities		
Net income	$	1,128,988
Adjustments to reconcile net income to cash provided by operating activities:		
Amortization		29,840
Depreciation		178,965
Gain on sale of assets		(507,722)
Loss on equity investments with RDFV		145,784
Unrealized loss on equity investment with RDFV		485,747
Non-cash operating lease expense		19,282
Changes in operating assets and liabilities:		
Accounts receivable		(214,082)
Receivable from related party		321,626
Prepaid expenses and other receviable		(324,555)
Deposits		(16,719)
Accounts payable		88,553
Accrued expenses and others		90,464
Deferred franchise fee income		615,167
Legal settlement payable		(1,320,288)
Retirement plan payable		86,170
Net cash provided by operating activities		807,220
Cash flows from investing activities		
Purchases of property and equipment		(605,531)
Proceeds from sale of property and equipment		689,874
Acquisition of intangible assets		(182,595)
Proceeds from sale of intangible assets		151,249
Proceeds from sale of equity investments with RDFV		684,570
Purchases of equity investments with RDFV		(1,120,131)
Proceeds from sales of debt securities available-for-sale		176,332
Net cash (used in) investing activities		(206,232)
Cash flows from financing activities		
Proceeds from bank loans		369,712
Repayments of bank loans		(680,913)
Proceeds from SBA loan - EIDL		(149,269)
Distributions to stockholder		(1,279,703)
Net cash (used in) financing activities		(1,740,173)
Net decrease in cash and cash equivalents		(1,139,185)

See independent auditors' report and notes to the financial statements

Boba Time, Inc.
Statement of Cash Flows (Continued)
For the Year Ended December 31, 2022

Cash and cash equivalents at beginning of the year		1,788,695
Cash and cash equivalents at end of the year	$	649,510
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$	126,422
Cash paid during the year for state income taxes	$	22,773
Cash paid during the year for passthrough entity elective tax (PEET)	$	462,773
Cash paid during the year for operating lease	$	363,414

See independent auditors' report and notes to the financial statements

NOTE 1- Reporting Entity

Boba Time, Inc. (the "Company") was organized in the State of California on September 15, 2011 and is owned by one individual.

The Company principally engages in the developing and franchising of "It's Boba Time", cafes that serve juice, freshly prepared fruit-based beverages, snacks, and other food items through carry-out, delivery, and on-premises dining services. As of December 31, 2022, there were 105 executed franchise agreements, 63 franchised locations, and six locations owned by the Company. As of December 31, 2022, all the operating locations are in California.

NOTE 2- Basis of Preparation

The accompanying financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP").

NOTE 3- Summary of Significant Accounting Policies

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents are carried at cost and represent cash on hand, demand deposits placed with banks or other financial institutions, and all highly liquid investments with an original maturity of three months or less of the purchase date of such investments.

The Company maintains its cash and cash equivalents accounts with several financial institutions. Accounts in each financial institution are insured by FDIC up to the federally insured limit of $250,000. The amounts held in these accounts exceeded the limit at various time during the year. The Company has not experienced any losses in said accounts.

Accounts Receivable and Allowance for Doubtful Account

Accounts receivable consists primarily of amounts due to the Company from its franchisees for initial franchise fees, area development fees, royalty fees, marketing fees and other receivables generated by services rendered. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in existing accounts receivable. As of December 31, 2022, no allowance for bad debt was considered necessary.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis over the following expected useful lives from the date on which they become fully operational and after taking into account their estimated residual values. The estimated useful lives used for financial statements purposes are:

Software	3 years
Equipment	5 years
Furniture and fixtures	7 years
Leasehold improvement	15 years

Maintenance and repairs are charged to expense when incurred, while capital expenditures that enhance the value or materially extend the useful life of the related assets are capitalized and reflected as additions to property and equipment. When assets have been retired or sold, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the other income (expense) section of the statement of operations.

Goodwill and Intangible Assets

The Company elected to amortize goodwill and other intangible assets from the acquisition of business assets over 15 years and use a simpler one-step impairment test under ASU 2014-02, "*Intangible – Goodwill and Other*." The Company is required to test for impairment when a triggering even occurs which indicates the fair value or the entity or reporting unit may be below its carrying amount. Upon the occurrence of a triggering event, the simpler one-step impairment test will be performed. As of December 31, 2022, the Company determined that there was no triggering event that would otherwise require the impairment test.

Fair Value Measurements of Assets and Liabilities

The Company measures its financial and non-financial assets and liabilities, as well as makes related disclosures, in accordance with FASB ASC No. 820, Fair Value Measurements, which provides guidance with respect to valuation techniques to be utilized in the determination of fair value of assets and liabilities.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three tier hierarchy of inputs is summarized in the three broad levels below:

- Level 1 – inputs are unadjusted quoted market prices in active independent markets for identical assets and liabilities;

- Level 2 – inputs are directly or indirectly observable estimates from quotes for similar but not identical assets and liabilities, market trades for identical assets not actively traded, or other external independent means;
- Level 3 – inputs are unobservable and reflect assumptions on the part of the reporting entity.

The following table sets forth information about the level within the fair value hierarchy at which the Company's financial instrument is measured, on a recurring basis, on December 31, 2022:

	Adjusted Cost	Unrealized Gain (Loss)	Fair Value	Short-term	Long-term
Level 1:					
Cash equivalents	$ 649,510	$ -	$ 649,510	$ 649,510	$ -
Equity investment w/ RDFV	1,242,695	(485,747)	756,948	756,948	-
Debt securities AFS	483,828	(78,709)	405,119	405,119	-
Level 2:					
N/A	-	-	-	-	-
Level 3:					
Receivable	683,800	-	683,800	683,800	-
Deposits	49,982	-	49,982	-	49,982
Accounts payable	(88,553)		(88,553)	(88,553)	
Accrued expenses and others	(316,959)		(316,959)	(316,959	
Loans payable	(1,560,592)	-	(1,560,592)	(287,482)	(1,273,110)
Total	$ 1,143,711	$ (564,456)	$ 579,255	$ 1,802,383	$ (1,223,128)

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued expenses approximated their fair values due to their short-term nature.

Revenue Recognition

The Company recognizes revenue under FASB, ASC 606 "Revenue from Contracts with Customers.

The Company applies a five-step approach in determining the amount and timing of revenue to be recognized: (1) identifying the contract with a customer, (2) identifying the performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations in the contract and (5) recognizing revenue when the performance obligation is satisfied. Substantially all of the Company and its Subsidiaries' revenue is recognized at the time control of the products transfers to the customer.

The Company generates revenue by establishing franchises and collecting related franchise fees, such as initial franchise fees, royalties, marketing and other miscellaneous fees. The Company recognizes revenue once the underlying performance obligations have been satisfied.

Initial franchise fees received from a franchisee to establish a new franchise are recognized as deferred revenue on the Company's balance sheet. The initial franchise fees are amortized and recognized as revenue based on the franchise agreement term. Initial franchise fees are also non-refundable.

Continuing royalties, which are a 5% of gross sales of franchisees, are recorded as revenue when the franchisees' sales occur.

Continuing marketing fees, which are computed at 2% of gross sales of franchisees, are recognized as marketing revenue when the marketing fund is under-spent during the period as compared to the marketing revenue received. Conversely, when the marketing fund is over-spent as compared to the marketing fee revenue received, the brand and system development fund fee expense will be recognized.

Proceeds from the sale of gift cards are recorded as deferred revenue and recognized as revenue when the gift card is redeemed by the customers.

Other fees are recognized as revenue for the various performance obligations completed.

Impairment of Long-Lived Assets

Long-lived assets, other than goodwill and acquisition-related intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or any other significant adverse change that would indicate that the carrying amount of an asset may not be recoverable. For long-lived assets used in operations, impairment losses are only recorded if the asset's carrying amount is not recoverable through its undiscounted probability-weighted future cash flows. Measurement of the impairment

losses is based on the difference between the carrying amount and estimated fair value. No impairment loss on long-lived assets was recognized during the year ended December 31, 2022.

Investments

The Company classifies its investments into two categories: debt securities as available for sale and equity investment with readily determinable fair value. The Company's investments are held by the national investment advisor firm and collateralized.

Investments classified as debt securities available for sale are carried in the financial statements at fair value. Realized gains or losses are included in earnings; unrealized holding gains and losses are reported in accumulated other comprehensive income (AOCI).

Investments classified as equity investments with readily available fair value are carried in the financial statements at fair value. Both realized and unrealized gains and losses are included in earnings for the current period.

Income Taxes

The Company, with the consent of its shareholder, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company's taxable income.

The Company follows provisions of ASC 740-10, Income Taxes, which prescribes detailed guidance for financial statements recognition, de-recognition, measurement, and disclosure of uncertain tax positions recognized in any entity's financial statements. The Company recognizes interest and penalties related to unrecognized tax liabilities, if any, as component of income tax expenses.

Operating Lease Right-of-Use Asset

Beginning January 1, 2022, the Company adopted a new lease standard under ASU 2016-02, "Leases (Topic 842)." Under this new standard, operating leases are presented in operating lease right-of-use (ROU) assets, short-term operating lease liabilities and long-term operating lease liabilities on the Company's balance sheets. ROU assets represent the Company's right to control the use of an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of future lease payments. The Company determines its incremental borrowing rate based on information available at a lease commencement date to calculate the present value of future lease payments. Lease expenses are recognized on a straight-line basis over the lease term.

Brand and system development fund fee

The Company expenses brand and marketing development fund costs as they are incurred. Brand and marketing development fund fee expenses for the year ended December 31, 2022, was $979,037.

Recent Accounting Standards

In June 2016, the FASB issued ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments", which modifies the measurement of expected credit losses of certain financial instruments in Topic 326. The updated standard adopts a current expected credit loss (CECL) model that requires financial institutions to immediately record the full amount of expected credit losses in their loan portfolios, instead of waiting until the losses qualify as "probable." The FASB expects the shift to the CECL model to produce more timely and relevant information. The ASU is effective for nonpublic companies for fiscal years beginning after December 15, 2022. The Company is evaluation the potential effect of the guidance on its financial statements.

Other pronouncements issued by the FASB or other authoritative accounting standards groups with future effective dates are either not applicable or are not expected to be significant to the Company's financial statements.

NOTE 4- Prepaid expenses and other receivable

Prepaid expenses and other receivable at December 31,2022 consist of the following:

Prepaid insurance	$	101,484
Prepaid payroll expenses		9,754
Prepaid state income taxes		115,505
Sales proceed receivable from CDTFA and escrow		115,190
Total prepaid expenses and other receivable	$	341,933

NOTE 5- Property, Equipment and Intangible, Net

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

Furniture and fixtures	$	511,654
Equipment		206,055
Vehicle		163,134
Leasehold improvement		1,226,718
Software		2,000
(less) accumulated depreciation		(703,766)
Total property and equipment, net	$	1,405,795

Intangible assets, net at December 31,2022 consists of the following:

Trademark	$	3,400
Loan fee		12,820
Good will		185,210
Covenant not to compete		240,000
(less) accumulated amortization		(42,388)
Total intangible, net	$	399,042

Depreciation and amortization expenses for the year ended December 31, 2022 were $ 178,965 and $29,840, respectively.

NOTE 6- Lease

The Company applied the new standards in FASB ASU 2016-02 Leases (Topic 842) in recognizing lease assets and lease liabilities on the Company's balance sheet using a modified retrospective approach from the year beginning on January 1, 2022.

The Company entered into a new 36-month lease agreement for the Company's headquarter at Los Angeles, California, commencing on April 1, 2022. The lease expires on March 31, 2025. Security deposit for the lease was $8,328 as of December 31, 2022.

The Company entered into a 67-month sublease agreement for its retail store at Pico Rivera, California, commencing on November 14, 2022. The sublease expires on June 30, 2028. Security deposit for the retail store sublease was $5,000 as of December 31, 2022.

For leases with a term of 12 months or longer, the Company has recorded ROU assets and lease liabilities representing the fixed component of the lease payments. ROU assets and lease liabilities consist of the followings:

Year ended December 31, 2022 :		
Right-of-use assets	$	1,631,801
Lease liabilities	$	1,651,083
(Less) Current portion		(411,391)
Long-term portion	$	1,239,692

Minimum lease payments for the next five years and thereafter are as follows:

Year ended December 31,		
2023	$	459,550
2024		473,423
2025		410,514
2026		282,590
2027 and thereafter		139,699
Total	$	1,765,776

Total rent expense for the year ended December 31, 2022, amounted to $ 599,672.

NOTE 7- Accrued Expenses and Others

Accrued expenses and others consist of the following:

Credit card payable	$	23,190
Accrued wages and salaries		37,910
Payroll taxes payable		29,812
Sales tax payable		99 ,545
Gift card advance		124,126
Uniform payable		2,376
Total accrued expenses and others	$	316,959

NOTE 8- Receivable from Related Parties

The Company occasionally lends funds to it related parties. During the year ended December 31, 2022, the Company received repayments in the amount of $200,000 from its related party, B2B Time, Inc.("B2B"). As of December 31, 2022, the total outstanding receivable from B2B was $290,000.

NOTE 9- Loans Payable

The Company had four loan agreements as of December 31, 2022. The Company entered into the first loan agreement with Bank of Hope in September of 2019, for the amount of $850,000. The First Loan matures in September of 2026 and carries a variable interest rate starting at 0.75% margin over Wall Street Journal (WSJ) Prime rate, which was 7.5% per annum as of December 31, 2022. The First Loan's outstanding principal balance as of December 31, 2022 was $515,205.

The Company entered into the second loan agreement with Bank of Hope in October of 2020, for the amount of $530,000. This loan matures in October of 2027 and carries a variable interest rate

starting at 0.75% margin over WSJ Prime rate, which was 7.5% per annum as of December 31, 2022. This loan's outstanding principal balance as of December 31, 2022 was $384,104.

The Company entered into the third loan agreement with Bank of Hope in October of 2021, for the amount of $757,000. This loan matures in October of 2028 and carries a variable interest rate starting at 0.75% margin over WSJ Prime rate, which was 7.5%per annum as of December 31, 2022. This loan's outstanding principal balance as of December 31, 2022 was $649,517.

On October 3, 2019, the Company entered into the fourth loan agreement with Wells Fargo to purchase the vehicle. This loan matures on October 18, 2024 and bears a variable interest rate of 3.74% per annum. The outstanding principal balance as of December 31, 2022 was $11,766.

Loans payable maturities during the next five years and thereafter are as follows:

Year ended December 31,		
2023	$	287,482
2024		310,719
2025		331,423
2026		318,106
2027		202,655
Thereafter		110,207
Total	$	1,560,592

NOTE 10- Revenue

The Company primarily generates revenue through two channels: 1) by establishing franchisees and collecting related franchise incomes, such as royalties, administrative income, and initial franchise fee, and 2) by selling foods and beverages through its own retail establishments. Other fees are recognized as revenue for various general and administrative services provided to its franchisees.

Revenue by category consists of the following for the year ended December 31, 2022:

Royalty	$	3,167,080
Administrative income		871,049
Initial franchise fee		139,833
Store sales		5,836,978
Marketing income		1,249,846
Others		303,964
Total revenue	$	11,568,750

NOTE 11- Retirement Plan

The Company sponsors a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code. The plan provides tax-deferred salary contribution for eligible employees. The eligible employees may defer up to 100% of their compensation on a pre-tax basis up to the maximum threshold for elective deferral each year. Federal law limits the amount that may be deferred under the plan per year up to $20,500 ($27,000 for an employee who is at age 50 or over) for the year 2022. The Company may make a voluntary matching contribution to the employees at its own discretion. The Company's matching contributions are vested over a six-year period. The company's total matching contributions to the plan was approximately $49,302 for the year ended December 31, 2022.

The Company also has a defined benefit combo plan that includes cash balance plan and profit-sharing plan. The Company's total contribution into the defined benefit plan amounted to $507,393 for the year ended December 31, 2022.

NOTE 12- Contingencies

The Company follows subtopic 450-20 of the FASB Accounting Standards Codification to report accounting for contingencies. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

The Company has been defending a lawsuit filed by a franchisee alleging a certain breach of contract. On November 29, 2021, the Superior Court of California, County of Los Angeles announced its decision that the plaintiff is entitled to judgement in his favor in the sum of $1,320,288, plus interest from the date of judgement as well as costs and fees. The final judgement was issued on June 1, 2022 in the amount of $2,267,572, and the Company paid an additional $947,284 in this settlement for interest, costs, and attorney fees up to the date of the final judgement.

NOTE 13- Related Party Transactions

The Company follows FASB ASC NO. 850-10 for the identification of related parties and disclosure of related party transactions.

As part of the normal course of business, the Company purchases restaurant supplies and ingredients from its related parties, B2B Time, Inc and J & U Corporation. As of December 31, 2022, and for the year then ended, the Company's related party transactions are summarized as follows:

Purchase from B2B Time, Inc.	$	62,565
Loan receivable from B2B Times, Inc.	$	290,000
Management fee income from J&U Corporation	$	150,000

NOTE 14- Income Taxes

The Company has elected to be taxed as a S-corporation under the provision of the Internal Revenue Code (and comparable California statues) and to have its net taxable income or loss (except for certain capital gain transactions) reported by its shareholder. Had the Company not made such an election, the provisions for income taxes would have increased by approximately $312,000 for the year ended December 31, 2022.

Under ASC 740-10, to recognize a tax benefit resulting from a tax position, an entity must determine whether it is more-likely-than-not that such position will be sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position. The Company performed an evaluation of its uncertain tax positions as of December 31, 2022, and determined that due to reporting of the Company's net taxable income or loss, except for certain capital gain transactions, by its shareholder (S-corporation status), there are no material matters, at the entity level, that would require recognition or de-recognition in the financial statements for the year ended December 31, 2022.

NOTE 15- Subsequent Events

In accordance with ASC Topic 855-10, the Company has evaluated its operations subsequent to December 31, 2022 to the date the financial statements were issued.

On March 30, 2023, the Company sold one of its direct owned stores, located in Torrance, California, for $1.6 million.

JNK Accountancy Group
Certified Public Accountants
9465 Garden Grove Blvd. #200, Garden Grove, CA 92844 T. 714.636.9980 F. 714.636.9983

INDEPENDENT AUDITORS' REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors
Boba Time, Inc.
Los Angeles, California

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

JNK Accountancy Group, LLP
Garden Grove, California
April 5, 2023

Boba Time, Inc.
Schedule of Selling, General and Administrative Expenses
For the Year Ended December 31, 2022

Selling, general and administrative expenses		
Auto	$	57,774
Amortization expenses		29,840
Bank charge		6,084
Brand and system development fund fee		979,037
Commission		197,147
Depreciation		178,965
Insurance		89,308
Legal and professional		403,383
Licenses and permits		13,250
Meals and entertainment		49,151
Merchant account fees		125,648
Office expenses		68,988
Other taxes		103,503
Payroll taxes		281,887
POS system fee		36,353
Research and development		7,235
Rent		599,672
Repair and maintenance		75,816
Retirement plan		523,348
Salaries and wages		3,511,720
Supplies		1,007
Telephone		17,318
Travel		48,091
Utilities		138,874
Total selling, general and administrative expenses	$	7,543,399

See independent auditors' report on the supplementary information

Boba Time, Inc.

Financial Statements and
Independent Auditors' Report
December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Boba Time, Inc.
Los Angeles, California

Opinion

We have audited the accompanying financial statements of Boba Time, Inc. which comprise the balance sheet as of December 31, 2021, and the related statements of income, changes in shareholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boba Time, Inc. as of December 31, 2021, 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.

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 Boba Time, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to prove a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Boba Time, Inc.'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 Boba Time, Inc.'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.

JNK Accountancy Group, LLP
Garden Grove, California
March 7, 2022

Boba Time, Inc.
Balance Sheet
December 31, 2021

Assets		
Current assets		
Cash and cash equivalents	$	1,788,695
Accounts receivable		179,718
Receivable from related parties		611,626
Debt securities available-for-sale		667,933
Equity investments with readily determinable fair value		952,918
Prepaid		17,379
Total current assets		4,218,269
Noncurrent assets		
Property and equipment, net		1,181,548
Intangible assets, net		377,368
Other assets		33,263
Total noncurrent assets		1,592,179
Total assets	$	5,810,448
Liabilities and shareholder's equity		
Current liabilities		
Accrued expenses and others	$	226,495
Deferred franchise fee income		841,750
Legal settlement payable		1,320,288
Retirement plan payable		421,223
Loans payable		319,808
Total current liabilities		3,129,564
Noncurrent liabilities		
Loans payable (net of current portion)		1,701,254
Total liabilities		4,830,818
Shareholder's equity		
Common stock; 10,000,000 shares authorized and 100,000 shares issued and outstanding		100,000
Accumulated other comprehensive income		7,773
Retained earnings		871,857
Total shareholder's equity		979,630
Total liabilities and shareholder's equity	$	5,810,448

See independent auditors' report and notes to the financial statements

Boba Time, Inc.
Statement of Income
For the Year Ended December 31, 2021

Revenue	$	10,020,568
Cost of goods sold		1,414,301
Gross profit		8,606,267
Selling, general and administrative expenses		6,548,890
Income from operations		2,057,377
Other income (expense), net		
Forgiveness of paycheck protection program		261,800
Sick and family leave credit		11,517
Custom print rebate		26,054
Loss on disposal of assets		(107,687)
Loss contingency - legal settlement		(1,320,288)
Realized gain on equity investments with RDFV		10,513
Dividend income		29,136
Interest expenses (net of interest income $61)		(81,038)
Total other expenses, net		(1,169,993)
Income before income tax provision		887,384
Income tax provision		9,524
Net income	$	877,860

See independent auditors' report and notes to the financial statements

Boba Time, Inc.
Statement of Changes in Shareholder's Equity
For the Year Ended December 31, 2021

	Common Stock	Accumulated Other Comprehensive Income	Retained Earnings*	Total Shareholder's Equity
Balance at beginning of the year	$ 100,000	$ -	$ 891,310	$ 991,310
Unrealized gain		7,773		7,773
Distributions to shareholder			(897,313)	(897,313)
Net income			877,860	877,860
Balance at end of the year	$ 100,000	$ 7,773	$ 871,857	$ 979,630

See independent auditors' report and notes to the financial statements

Boba Time, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2021

Cash flows from operating activities		
Net income	$	877,860
Adjustments to reconcile net income to cash provided by operating activities:		
Amortization		27,522
Depreciation		165,833
PPP loan forgiven		(261,800)
Loss on disposal of fixed assets		107,688
Unrealized gain on equity investment with RDFV		(12,708)
Changes in operating assets and liabilities:		
Accounts receivable		(153,676)
Receivable from related parties		(103,296)
Prepaid		597
Other assets		616
Accrued expenses and others		2,135
Deferred franchise fee income		461,583
Legal settlement payable		1,320,288
Retirement plan payable		420,931
Net cash provided by operating activities		2,853,573
Cash flows from investing activities		
Purchases of property and equipment		(130,899)
Acquisition of intangible assets		(8,316)
Proceeds from sale of equity investments with RDFV		180,611
Purchases of equity investments with RDFV		(1,051,750)
Purchases of debt securities available-for-sale		(457,163)
Net cash (used in) investing activities		(1,467,517)
Cash flows from financing activities		
Proceeds from bank loans		757,000
Repayments of bank loans		(959,135)
Distributions to shareholder		(897,313)
Net cash provided by financing activities		(1,099,448)
Net increase in cash and cash equivalents		286,608
Cash and cash equivalents at beginning of the year		1,502,087
Cash and cash equivalents at end of the year	$	1,788,695
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$	81,099
Cash paid during the year for income taxes	$	26,700

See independent auditors' report and notes to the financial statements

NOTE 1- Reporting Entity

Boba Time, Inc. (the "Company") was organized in the State of California on September 15, 2011 and is owned by one individual.

The Company principally engages in the developing and franchising of "It's Boba Time", cafes that serve juice, freshly prepared fruit-based beverages, snacks, and other food items through carry-out, delivery, and on-premises dining services. As of December 31, 2021, there were 84 executed franchise agreements, 47 franchised locations, and six locations owned by the Company. As of December 31, 2021, all the operating locations are in California.

NOTE 2- Basis of Preparation

The accompanying financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP").

NOTE 3- Summary of Significant Accounting Policies

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents are carried at cost and represent cash on hand, demand deposits placed with banks or other financial institutions, and all highly liquid investments with an original maturity of three months or less of the purchase date of such investments.

The Company maintains its cash and cash equivalents accounts with several financial institutions. Each account is insured by FDIC up to the federally insured limit of $250,000. The amounts held in these accounts exceeded the limit at various time during the year. The Company has not experienced any losses in said accounts.

Accounts Receivable and Allowance for Doubtful Account

Accounts receivable consists primarily of amounts due to the Company from its franchisees for initial franchise fees, area development fees, royalty fees, marketing fees and other receivables generated by services rendered. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in existing accounts receivable. As of December 31, 2021, no allowance for bad debt was considered necessary.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis over the following expected useful lives from the date on which they become fully operational and after taking into account their estimated residual values. The estimated useful lives used for financial statements purposes are:

Software	3 years
Equipment	5 years
Furniture and fixtures	7 years
Leasehold improvement	15 years

Maintenance and repairs are charged to expense when incurred, while capital expenditures that enhance the value or materially extend the useful life of the related assets are capitalized and reflected as additions to property and equipment. When assets have been retired or sold, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the other income (expense) section of the statement of operations.

Goodwill and Intangible Assets

The Company elected to amortize goodwill and other intangible assets from the acquisition of business assets over 15 years and use a simpler one-step impairment test under ASU 2014-02, "*Intangible – Goodwill and Other*." The Company is required to test for impairment when a triggering even occurs which indicates the fair value or the entity or reporting unit may be below its carrying amount. Upon the occurrence of a triggering event, the simpler one-step impairment test will be performed. As of December 31, 2021, the Company determined that there was no triggering event that would otherwise require the impairment test.

Fair Value Measurements of Assets and Liabilities

The Company measures its financial and non-financial assets and liabilities, as well as makes related disclosures, in accordance with FASB ASC No. 820, Fair Value Measurements, which provides guidance with respect to valuation techniques to be utilized in the determination of fair value of assets and liabilities.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three tier hierarchy of inputs is summarized in the three broad levels below:

- Level 1 – inputs are unadjusted quoted market prices in active independent markets for identical assets and liabilities;

- Level 2 – inputs are directly or indirectly observable estimates from quotes for similar but not identical assets and liabilities, market trades for identical assets not actively traded, or other external independent means;
- Level 3 – inputs are unobservable and reflect assumptions on the part of the reporting entity.

The following table sets forth information about the level within the fair value hierarchy at which the Company's financial instrument is measured, on a recurring basis, on December 31, 2021:

	Adjusted Cost	Unrealized Gain (Loss)	Fair Value	Short-term	Long-term
Level 1:					
Cash equivalents	$ 1,788,694	$ -	$ 1,788,694	$ 1,788,694	$ -
Equity investment w/ RDFV	940,186	12,732	952,918	952,918	-
Debt securities AFS	660,160	7,773	667,933	667,933	-
Level 2:					
N/A					
Level 3:					
Receivable	791,344	-	791,344	791,344	-
Loans payable	(2,021,062)	-	(2,021,062)	(319,808)	(1,701,254)
Total	$ 2,159,322	$ 20,505	$ 2,179,827	$ 3,881,081	$ (1,701,254)

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, security deposits, accounts payable and accrued expenses approximated their fair values due to their short-term nature.

Revenue Recognition

The Company recognizes revenue under FASB, ASC 606 "Revenue from Contracts with Customers.

The Company applies a five-step approach in determining the amount and timing of revenue to be recognized: (1) identifying the contract with a customer, (2) identifying the performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations in the contract and (5) recognizing revenue when the performance obligation is satisfied. Substantially all of the Company and its Subsidiaries' revenue is recognized at the time control of the products transfers to the customer.

The Company generates revenue by establishing franchises and collecting related franchise fees, such as initial franchise fees, royalties, marketing and other miscellaneous fees. The Company recognizes revenue once the underlying performance obligations have been satisfied.

Initial franchise fees received from a franchisee to establish a new franchise are recognized as deferred revenue on the Company's balance sheet. The initial franchise fees are amortized and recognized as revenue based on the franchise agreement term. Initial franchise fees are also non-refundable.

Continuing royalties, which are a percentage of net sales of franchisees, are recorded as revenue when the franchisees' sales occur.

Continuing marketing fees, which are a percentage of net sales of franchisees, had been recorded as revenue when the subsequent marketing activities and related expenses occurs. This resulted in no recognition of any marketing income and expense on the statement of income as the Company had been presenting marketing income and expenses on a net basis. Starting in 2021, the Company adopted, using the modified retrospective method, Subtopic 952-606, "Franchisor – Revenue from Contracts with Customers" which requires the Company to recognize marketing revenue when the marketing fund is under-spent during the year as compared to the marketing revenue received. Conversely, when the marketing fund is over-spent as compared to the marketing revenue received, the marketing expense will be recognized. The unused portion of the marketing fund carried as a liability as of December 31, 2020, of $249,335 is treated as a recognized income in the prior year and recorded under the beginning retained earnings.

The impacts to the financial statements from adopting Subtopic 952-606 for the year ending December 31, 2021, are outlined below:

Statement of income	As adopted	Under legacy GAAP	Impact
Revenue:			
Marketing fund income	$ 1,089,620	$ 799,524	$ 290,096
Expense:			
Brand and marketing development	799,524	799,524	-
Net income impact	$ 290,096	$ -	$ 290,096
Shareholder's equity			
Common stock	$ 100,000	$ 100,000	$ -
Accumulated other comprehensive income	7,773	7,773	-
Retained earnings, beginning	891,310	641,975	249,335
Distribution to shareholder	(897,313)	(897,313)	-
Net income	877,860	587,764	290,096
Total shareholder's equity	$ 979,630	$ 440,199	$ 539,431

Proceeds from the sale of gift cards are recorded as deferred revenue and recognized as revenue when the gift card is redeemed by the customers.

Other fees are recognized as revenue for the various performance obligations completed.

Impairment of Long-Lived Assets

Long-lived assets, other than goodwill and acquisition-related intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or any other significant adverse change that would indicate that the carrying amount of an asset may not be recoverable. For long-lived assets used in operations, impairment losses are only recorded if the asset's carrying amount is not recoverable through its undiscounted probability-weighted future cash flows. Measurement of the impairment losses is based on the difference between the carrying amount and estimated fair value. No impairment loss on long-lived assets was recognized during the year ended December 31, 2021.

Investments

The Company classifies its investments into two categories: debt securities as available for sale and equity investment with readily determinable fair value. The Company's investments are held by the national investment advisor firm and collateralized.

Investments classified as debt securities available for sale are carried in the financial statements at fair value. Realized gains or losses are included in earnings; unrealized holding gains and losses are reported in accumulated other comprehensive income (AOCI).

Investments classified as equity investments with readily available fair value are carried in the financial statements at fair value. Both realized and unrealized gains and losses are included in earnings for the current period.

Income Taxes

The Company, with the consent of its shareholder, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company's taxable income.

The Company follows provisions of ASC 740-10, Income Taxes, which prescribes detailed guidance for financial statements recognition, de-recognition, measurement, and disclosure of uncertain tax positions recognized in any entity's financial statements. The Company recognizes interest and penalties related to unrecognized tax liabilities, if any, as component of income tax expenses.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expenses for the year ended December 31, 2021, was $10,358.

Recent Accounting Standards

In June 2016, the FASB issued ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments", which modifies the measurement of expected credit losses of certain financial instruments in Topic 326. The updated standard adopts a current expected credit loss (CECL) model that requires financial institutions to immediately record the full amount of expected credit losses in their loan portfolios, instead of waiting until the losses qualify as "probable." The FASB expects the shift to the CECL model to produce more timely and relevant information. The ASU is effective for nonpublic companies for fiscal years beginning after December 15, 2022. The Company is evaluation the potential effect of the guidance on its financial statements.

In January 2017, the FASB issued ASU 2017-04, "*Intangible – Goodwill and Other (Topic 350),*" to simplify the accounting for goodwill impairment. The update removes Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. Prior to ASU 2017-04, goodwill impairment testing requires two-step assessment. The first step requires an entity to compare each reporting unit's carrying value, including goodwill, and its fair value. If the carrying value exceeds the fair value, then the entity must perform the second step, which is to compare the implied fair value of goodwill to its carrying value, and record an impairment charge for any excess of carrying value over implied fair value. An entity also has the option to perform a qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. This ASU does not eliminate the private company accounting alternative provided in ASU 2014-02 which allows private companies to elect to amortize goodwill and perform a simpler one-step impairment test. The Company has elected to adopt ASU 2014-02 beginning January 1, 2020, and, therefore, will not adopt this new ASU. Otherwise, the standard would have been effective in fiscal years beginning after December 15, 2020.

In February 2016, the FASB issued ASU 2016-02, "Leases" which, for operating leases, requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its balance sheet. The standard also requires a lessee to recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, on a generally straight-line basis. The ASU is effective for nonpublic companies for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. The Company is continuing to assess this amendment's impact and intend to adopt ASU 2016-02 no later than the accounting period beginning on January 1, 2022.

Other pronouncements issued by the FASB or other authoritative accounting standards groups with future effective dates are either not applicable or are not expected to be significant to the Company's financial statements.

NOTE 4- Property, Equipment and Intangible, Net

Property and equipment, net consists of the following:

Furniture and fixtures	$	503,795
Equipment		182,963
Vehicle		44,555
Leasehold improvement		1,015,228
Software		2,000
(less) accumulated depreciation		(566,993)
Total property and equipment, net	$	1,181,548

Intangible assets, net consists of the following:

Trademark	$	3,400
Loan fee		12,820
Good will		153,864
Covenant not to compete		240,000
(less) accumulated amortization		(32,716)
Total intangible, net	$	377,368

Depreciation and amortization expenses for the year ended December 31, 2021 were $ 165,833 and $ 27,522, respectively.

NOTE 5- Lease and Commitment

The Company leases office space for their headquarters in Los Angeles California and also leases spaces for retail stores through 2027. Most of the leases are subject to 3% annual increases with various options to extend the leases.

The lease agreement for the headquarter location in Los Angeles is scheduled to be terminated on March 31, 2022 due to a condominium conversion plan of the current landlord. The Company signed a new lease agreement on January 28, 2022 for the other office space owned by the same landlord. The new lease is for 36 months starting on April 1, 2022.

Minimum lease payments for the next five years and thereafter are as follows:

Year ended December 31,		
2022	$	510,047
2023		533,606
2024		476,900
2025		365,148
2026 and thereafter		228,108
Total	$	2,113,809

Total rent expense for the year ended December 31, 2021, amounted to $ 562,275.

NOTE 6- Accrued Expense and Others

Accrued expense and others consist of the following:

Credit card payable	$	8,558
Accrued expenses		80,659
Accrued wages and salaries		29,071
Payroll taxes payable		20,516
Gift card advance		85,127
Uniform payable		2,446
Sales tax payable		118
Total accrued expenses and others	$	226,495

NOTE 7- PPP Loan

On April 22, 2020, The Company received loan proceeds from the Small Business Administration (SBA) in the amount of $261,800, pursuant to the Paycheck Protection Program ("PPP") established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The PPP loan and accrued interest were forgivable after twenty-four weeks, as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness would have been reduced if the borrower terminated employees or reduced salaries during twenty-four-week period. On May 14, 2021, the entire balance of PPP loan was forgiven by SBA and recognized as income for the year ended December 31, 2021.

NOTE 8- Loans Payable

The Company had five loan agreements as of December 31, 2021. The Company entered into the first loan agreement with Bank of Hope on September 2019, for the amount of $850,000. The First

Loan matures in September of 2026 and carries a variable interest rate starting at 0.75% margin over Wall Street Journal (WSJ) Prime rate, which was 3.25% per annum as of December 31, 2021. The First Loan's outstanding principal balance as of December 31, 2021 was $633,343.

The Company entered into the second loan agreement with Bank of Hope on October 2020, for the amount of $530,000. This loan matures in October of 2027 and carries a variable interest rate starting at 0.75% margin over WSJ Prime rate, which was 3.25% per annum as of December 31, 2021. This loan's outstanding principal balance as of December 31, 2021 was $451,680.

The Company entered into the third loan agreement with Bank of Hope on October 2021, for the amount of $757,000. This loan matures in October of 2028 and carries a variable interest rate starting at 0.75% margin over WSJ Prime rate, which was 3.25% per annum as of December 31, 2021. This loan's outstanding principal balance as of December 31, 2021 was $740,865.

On May 22, 2020, the Company entered into a SBA (7a) loan agreement in the amount of $150,000 under Economic Injury Disaster Loan (EIDL) program, the fourth loan. The loan bears interest at a fixed 3.75% per annum for 30-year term. Monthly installment payments of $731 will begin after 24 months from the date of the promissory note. The outstanding principal balance as of December 31, 2021 was $149,269.

On October 3, 2019, the Company entered into the fifth loan agreement with Wells Fargo to purchase the vehicle. This loan matures on October 18, 2024 and bears a variable interest rate of 3.74% per annum. The outstanding principal balance as of December 31, 2021 was $17,855.

Loans payable maturities during the next five years and thereafter are as follows:

Year ended December 31,		
2022	$	291,758
2023		304,902
2024		316,211
2025		323,399
2026		301,769
Thereafter		454,973
Total	$	1,993,012

NOTE 9- Line of Credit

The Company has obtained a bank credit facility which permits for borrowing of up to $1,000,000 from Bank of Hope. Borrowings under the line of credit bear interest at a variable rate based on WSJ Prime rate. The interest rate on the line of credit was at 0.75% margin over WSJ Prime rate. This credit facility expires in September 2022 and renews annually. The Company classifies the borrowing as a current liability. Total borrowing against the line was $28,050 as of December 31, 2021.

NOTE 10- Receivable from Related Parties

The Company occasionally lends funds to it related parties. During the year ended December 31, 2021, the Company lent a fund of $465,000 to its related party, B2B Time, Inc.("B2B"), and received repayments in the amount of $370,000. As of December 31, 2021, the total outstanding receivable from B2B was $490,000. The Company has another receivable from its other related party, J&U Corporation, in the amount of $113,330 as of December 31, 2021.

NOTE 11- Revenue

The Company primarily generates revenue through two channels: 1) by establishing franchisees and collecting related franchise incomes, such as royalties, administrative income, and initial franchise fee, and 2) by selling foods and beverages through its own retail establishments. Other fees are recognized as revenue for various general and administrative services provided to its franchisees.

Revenue by category consists of the following for the year ended December 31, 2021:

Royalty	$	2,627,281
Administrative income		323,986
Initial franchise fee		50,917
Store sales		5,574,925
Marketing income		1,089,620
Others		353,839
Total revenue	$	10,020,568

NOTE 12- Retirement Plan

The Company sponsors a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code. The plan provides tax-deferred salary contribution for eligible employees. The eligible employees may defer up to 100% of their compensation on a pre-tax basis up to the maximum threshold for elective deferral each year. Federal law limits the amount that may be deferred under the plan per year up to $19,500 ($26,000 for an employee who is at age 50 or over)

for the year 2021. This benefit is only available for the employees at headquarter. The Company may make a voluntary matching contribution to the employees at its own discretion. The Company's matching contributions are vested over a six-year period. The company's total matching contributions to the plan was approximately $45,512 for the year ended December 31, 2021.

The Company also has a defined benefit combo plan that includes cash balance plan and profit-sharing plan. The Company's total contribution into the defined benefit plan amounted to $421,223 for the year ended December 31, 2021.

NOTE 13- Contingencies

The Company follows subtopic 450-20 of the FASB Accounting Standards Codification to report accounting for contingencies. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

The Company has been defending a lawsuit filed by a franchisee alleging a certain breach of contract. On November 29, 2021, the Superior Court of California, County of Los Angeles announced its decision that the plaintiff is entitled to judgement in his favor in the sum of $1,320,288, plus interest from the date of judgement as well as costs and fees, which are to be claimed by separate motion within the statutory time limit. The Company plans on filing a notice of appeal. Although the outcome of the appeal cannot be reasonably estimated at this time, the contingency loss and payable of $1,320,288 were recorded on the financial statements according to the legal judgement.

NOTE 14- Related Party Transactions

The Company follows FASB ASC NO. 850-10 for the identification of related parties and disclosure of related party transactions.

As part of the normal course of business, the Company purchases restaurant supplies and ingredients from its related parties, B2B Time, Inc and J & U Corporation. As of December 31, 2021, and for the year then ended, the Company's related party transactions are summarized as follows:

Purchase from B2B Time, Inc.	$	95,380
Loan receivable from B2B Times, Inc.	$	490,000
Purchase from J & U Corporation	$	480
Loan receivable from J & U Corporation	$	113,330

NOTE 15- Income Taxes

The Company has elected to be taxed as a S-Corporation under the provision of the Internal Revenue Code (and comparable California statues) and to have its net taxable income or loss (except for certain capital gain transactions) reported by its shareholder. Had the Company not made such an election, the provisions for income taxes would have increased by approximately $416,000 for the year ended December 31, 2021.

Under ASC 740-10, to recognize a tax benefit resulting from a tax position, an entity must determine whether it is more-likely-than-not that such position will be sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position. The Company performed an evaluation of its uncertain tax positions as of December 31, 2021, and determined that due to reporting of the Company's net taxable income or loss, except for certain capital gain transactions, by its shareholder (S-Corporation status), there are no material matters, at the entity level, that would require recognition or de-recognition in the financial statements for the year ended December 31, 2021.

NOTE 16- Subsequent Events

In accordance with ASC Topic 855-10, the Company has evaluated its operations subsequent to December 31, 2021 to the date the financial statements were issued. The Company does not have any material subsequent events to disclose in these financial statements.

JNK Accountancy Group
Certified Public Accountants
9465 Garden Grove Blvd. #200, Garden Grove, CA 92844 T. 714.636.9980 F. 714.636.9983

INDEPENDENT AUDITORS' REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors
Boba Time, Inc.
Los Angeles, California

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

JNK Accountancy Group, LLP
Garden Grove, California
March 7, 2022

Boba Time, Inc.
Schedule of Selling, General and Administrative Expenses
For the Year Ended December 31, 2021

Selling, general and administrative expenses		
Advertising	$	10,358
Auto		56,726
Amortization expenses		27,522
Bank charge		5,920
Brand and marketing development		799,524
Commission		290,998
Depreciation		165,833
Dues and subscriptions		2,103
Employee benefit		190
Insurance		121,092
Legal and professional		350,700
Licenses and permits		8,360
Meals and entertainment		45,135
Office expenses		42,585
Other taxes		8,142
Payroll taxes		269,103
POS system fee		20,913
Research and development		3,934
Rent		562,275
Repairs and maintenance		53,854
Retirement plan		466,734
Salaries and wages		3,061,608
Supplies		2,116
Telephone		19,756
Travel		32,866
Utilities		120,543
Total selling, general and administrative expenses	$	6,548,890

See independent auditors' report on the supplementary information

Boba Time, Inc

Financial Statements and
Independent Auditors' Report
December 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Boba Time, Inc.
Los Angeles, California

Opinion

We have audited the accompanying financial statements of Boba Time, Inc. which comprise the balance sheet as of December 31, 2020, and the related statements of income, changes in shareholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boba Time, Inc. as of December 31, 2020, 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.

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 Boba Time, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to prove a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Boba Time, Inc.'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 Boba Time, Inc.'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.

JNK Accountancy Group, LLP
Garden Grove, California
April 16, 2021

Boba Time, Inc.
Balance Sheet
December 31, 2020

Assets		
Current assets		
Cash and cash equivalents	$	1,502,087
Debt securities available-for-sale		202,997
Equity investments with readily determinable fair value		69,071
Receivable from related party		508,330
Accounts receivable		26,042
Prepaid		17,976
Total current assets		2,326,503
Noncurrent assets		
Property and equipment, net		1,324,170
Intangible asset, net		393,174
Other assets		37,279
Total noncurrent assets		1,754,623
Total assets	$	4,081,126
Liabilities and shareholder's equity		
Current liabilities		
Accrued expenses and others	$	453,264
Payroll liabilities		79,776
Payroll tax payable		70,600
Loans payable		982,018
Sales tax payable		1,179
Total current liabilities		1,586,837
Noncurrent liabilities		
Marketing and advertising trust fund		249,335
Loans payable (net of current portion)		1,091,179
SBA loan - EIDL		150,000
SBA loan - PPP		261,800
Total noncurrent liabilities		1,752,314
Total liabilities		3,339,151
Shareholder's equity		
Common stock; 10,000,000 shares authorized and 100,000 shares issued and outstanding		100,000
Retained earnings		641,975
Total shareholder's equity		741,975
Total liabilities and shareholder's equity	$	4,081,126

See indepedent auditor's report and notes to the financial statements

Boba Time, Inc.
Statement of Changes in Shareholder's Equity
For the Year Ended December 31, 2020

	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance at beginning of the year	$ 100,000	$ 797,192	$ 897,192
Distributions to shareholder	-	(206,515)	(206,515)
Net income	-	51,298	51,298
Balance at end of the year	$ 100,000	$ 641,975	$ 741,975

See indepedent auditor's report and notes to the financial statements

Boba Time, Inc.
Statement of Income
For the Year Ended December 31, 2020

Revenue	$	3,848,528
Cost of goods sold		466,720
Gross profit		3,381,808
Selling, general and administrative expenses		3,281,057
Income from operations		100,751
Other income (expense), net		
Unrealized gain on equity investments with RDFV		36
Economic injury disaster loan (EIDL) grant		10,000
Sick and family leave credit		4,967
Interest expenses (net of interest income $647)		(62,829)
Total other expenses, net		(47,826)
Income before income tax provision		52,925
Income tax provision		1,627
Net income	$	51,298

See indepedent auditor's report and notes to the financial statements

Boba Time, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2020

Cash flows from operating activities		
Net income	$	51,298
Adjustments to reconcile net income to cash provided by operating activities:		
Amortization		5,194
Depreciation		153,411
Unrealized gain on equity investment with RDFV		(36)
Changes in operating assets and liabilities:		
Accounts receivable		8,727
Receivable from related parties		190,000
Prepaid		(17,976)
Other assets		(8,316)
Accrued expenses and others		384,534
Marketing and advertising trust fund		106,025
Payroll liabilities		79,776
Payroll tax payable		70,600
Sales tax payable		1,179
Net cash provided by operating activities		1,024,416
Cash flows from investing activities		
Purchases of property and equipment		(549,801)
Acquisition of intangible assets		(398,368)
Purchases of equity investments with RDFV		(69,035)
Purchases of debt securities available-for-sale		(202,997)
Net cash (used in) investing activities		(1,220,201)
Cash flows from financing activities		
Proceeds from SBA loan - PPP		261,800
Proceeds from SBA loan - EIDL		150,000
Proceeds from bank loans		1,629,661
Repayments of bank loans		(624,038)
Distributions to shareholder		(206,515)
Net cash provided by financing activities		1,210,908
Net increase in cash and cash equivalents		1,015,123
Cash and cash equivalents at beginning of the year		486,964
Cash and cash equivalents at end of the year	$	1,502,087
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$	63,476
Cash paid during the year for income taxes	$	-

See indepedent auditor's report and notes to the financial statements

NOTE 1- Reporting Entity

Boba Time, Inc. (the "Company") was organized in the State of California on September 15, 2011 and is owned by one individual.

The Company principally engages in the developing and franchising of "It's Boba Time", cafes that serve juice, freshly prepared fruit-based beverages, snacks, and other food items through carry-out, delivery, and on-premises dining services. As of December 31, 2020, there were 69 executed franchise agreements, 45 franchised locations, and six locations owned by the Company. As of December 31, 2020, all the operating locations are in California.

NOTE 2- Basis of Preparation

The accompanying financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP").

NOTE 3- Summary of Significant Accounting Policies

Use of Estimates

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

Risks and uncertainties

The COVID-19 outbreak in the United States has caused business disruption through mandated closure of restaurants for dine-in service. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the restrictions. The Company is directly affected by the financial condition of all of its café operations. The Company, therefore, expects COVID-19 to have a negative impact when making significant accounting estimates; however, the related financial impact and duration cannot be reasonably estimated at this time.

Cash and Cash Equivalents

Cash and cash equivalents are carried at cost and represent cash on hand, demand deposits placed with banks or other financial institutions, and all highly liquid investments with an original maturity of three months or less of the purchase date of such investments.

Accounts Receivable and Allowance for Doubtful Account

Accounts receivable consists primarily of amounts due to the Company from its franchisees for initial franchise fees, area development fees, royalty fees, marketing fees and other receivables generated by services rendered. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in existing accounts receivable. As of December 31, 2020, no allowance for bad debt was considered necessary.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis over the following expected useful lives from the date on which they become fully operational and after taking into account their estimated residual values. The estimated useful lives used for financial statements purposes are:

Software	3 years
Equipment	5 years
Furniture and fixtures	7 years
Leasehold improvement	15 years

Maintenance and repairs are charged to expense when incurred, while capital expenditures that enhance the value or materially extend the useful life of the related assets are capitalized and reflected as additions to property and equipment. When assets have been retired or sold, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the other income (expense) section of the statement of operations.

Goodwill and Intangible Assets

The Company elected to amortize goodwill and other intangible assets from the acquisition of business assets over 15 years and use a simpler one-step impairment test under ASU 2014-02, "*Intangible – Goodwill and Other*." The Company is required to test for impairment when a triggering even occurs which indicates the fair value or the entity or reporting unit may be below its carrying amount. Upon the occurrence of a triggering event, the simpler one-step impairment

test will be performed. As of December 31, 2020, the Company determined that there was no triggering event that would otherwise require the impairment test.

Fair Value Measurements of Assets and Liabilities

The Company measures its financial and non-financial assets and liabilities, as well as makes related disclosures, in accordance with FASB ASC No. 820, Fair Value Measurements, which provides guidance with respect to valuation techniques to be utilized in the determination of fair value of assets and liabilities.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three tier hierarchy of inputs is summarized in the three broad levels below:

- Level 1 – inputs are unadjusted quoted market prices in active independent markets for identical assets and liabilities;
- Level 2 – inputs are directly or indirectly observable estimates from quotes for similar but not identical assets and liabilities, market trades for identical assets not actively traded, or other external independent means;
- Level 3 – inputs are unobservable and reflect assumptions on the part of the reporting entity.

The following table sets forth information about the level within the fair value hierarchy at which the Company's financial instrument is measured, on a recurring basis, on December 31, 2020:

	Adjusted Cost	Unrealized Gain (Loss)	Fair Value	Short-term Investment	Long-term Investment
Level 1:					
Equity investment w/ RDFV	$ 69,035	$ 36	$ 69,071	$ 69,071	$ -
Debt securities AFS	202,997	-	220,997	220,997	-
Level 2:					
N/A	-	-	-	-	-
Level 3:					
N/A	-	-	-	-	-
Total	$ 272,032	$ 36	$ 272,068	$ 272,608	$ -

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, security deposits, accounts payable and accrued expenses approximated their fair values due to their short-term nature.

Revenue Recognition

The Company recognizes revenue under FASB, ASC 606 "Revenue from Contracts with Customers.

The Company applies a five-step approach in determining the amount and timing of revenue to be recognized: (1) identifying the contract with a customer, (2) identifying the performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations in the contract and (5) recognizing revenue when the performance obligation is satisfied. Substantially all of the Company and its Subsidiaries' revenue is recognized at the time control of the products transfers to the customer.

The Company generates revenue by establishing franchises and collecting related franchise fees, such as initial franchise fees, royalties, marketing and other miscellaneous fees. The Company recognizes revenue once the underlying performance obligations have been satisfied.

Initial franchise fees received from a franchisee to establish a new franchise are recognized as deferred revenue on the Company's balance sheet. The initial franchise fees are amortized and recognized as revenue based on the franchise agreement term. Initial franchise fees are also non-refundable.

Continuing royalties and marketing fees, which are a percentage of net sales of franchisees, are recorded as revenue when the subsequent sales occur and those allocated royalties and marketing fees have been satisfied.

Proceeds from the sale of gift cards are recorded as deferred revenue and recognized as revenue when the gift card is redeemed by the customers.

Other fees are recognized as revenue for the various performance obligations completed.

Impairment of Long-Lived Assets

Long-lived assets, other than goodwill and acquisition-related intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or any other significant adverse change that would indicate that the carrying amount of an asset may not be recoverable. For long-lived assets used in

operations, impairment losses are only recorded if the asset's carrying amount is not recoverable through its undiscounted probability-weighted future cash flows. Measurement of the impairment losses is based on the difference between the carrying amount and estimated fair value. No impairment loss on long-lived assets was recognized during the year ended December 31, 2020.

Investments

The Company classifies its investments into two categories: debt securities as available for sale and equity investment with readily determinable fair value. Investments classified as debt securities available for sale are carried in the financial statements at fair value. Realized gains or losses are included in earnings; unrealized holding gains and losses are reported in accumulated other comprehensive income (AOCI).

Investments classified as equity investments with readily available fair value are carried in the financial statements at fair value. Both realized and unrealized gains or losses are included in earnings for the current period.

Income Taxes

The Company, with the consent of its shareholder, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company's taxable income.

The Company follows provisions of ASC 740-10, Income Taxes, which prescribes detailed guidance for financial statements recognition, de-recognition, measurement, and disclosure of uncertain tax positions recognized in any entity's financial statements. The Company recognizes interest and penalties related to unrecognized tax liabilities, if any, as component of income tax expenses.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expenses for the year ended December 31, 2020, was $30,932.

Recent Accounting Standards

In June 2016, the FASB issued ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments", which modifies the measurement of expected credit losses of certain financial instruments in Topic 326. The updated standard adopts a current expected credit loss (CECL)

model that requires financial institutions to immediately record the full amount of expected credit losses in their loan portfolios, instead of waiting until the losses qualify as "probable." The FASB expects the shift to the CECL model to produce more timely and relevant information. The ASU is effective for nonpublic companies for fiscal years beginning after December 15, 2022. The Company is evaluation the potential effect of the guidance on its financial statements.

In January 2017, the FASB issued ASU 2017-04, "*Intangible – Goodwill and Other (Topic 350),*" to simplify the accounting for goodwill impairment. The update removes Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. Prior to ASU 2017-04, goodwill impairment testing requires two-step assessment. The first step requires an entity to compare each reporting unit's carrying value, including goodwill, and its fair value. If the carrying value exceeds the fair value, then the entity must perform the second step, which is to compare the implied fair value of goodwill to its carrying value, and record an impairment charge for any excess of carrying value over implied fair value. An entity also has the option to perform a qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. This ASU does not eliminate the private company accounting alternative provided in ASU 2014-02 which allows private companies to elect to amortize goodwill and perform a simpler one-step impairment test. The Company has elected to adopt ASU 2014-02 beginning January 1, 2020, and, therefore, will not adopt this new ASU. Otherwise, the standard would have been effective in fiscal years beginning after December 15, 2020.

In August 2018, the FASB issued ASU 2018-13, "*Fair Value Measurement (Topic 820) – Disclosure Framework – Changes to the Disclosure Requirement for Fair Value Measurement.*" This guidance removes certain disclosure requirements related to the fair value hierarchy, modifies existing disclosure requirements related to measurement uncertainty and adds new disclosure requirements. The new disclosure requirements including disclosing the change in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. Certain disclosures required by this guidance must be applied on a retrospective basis and others on a prospective basis. The Company adopted this standard on January 1, 2020. The impact on the Company's financial statements upon the adoption was not material.

In January 2016, the FASB issued ASU 2016-01, *"Financial Instruments – Overall (Topic 825) – Recognition and Measurement of Financial Assets and Financial Liabilities."* Most prominent among the changes in the standard is the requirement for changes in the fair value of equity investments, with certain exceptions, to be recognized through net income rather than other comprehensive income. The Company adopted the standard effective January 1, 2020. Adoption of the standard was applied using a modified retrospective approach through a cumulative-effect adjustment from AOCI to retained earnings as of the effective date, and the Company elected to

measure equity investments without readily determinable fair values at cost with adjustments for observable changes in price or impairments. The cumulative-effect adjustment included any previously held unrealized gains and losses held in AOCI related to its equity investments carried at fair value as well as the impact of recording the fair value of certain equity investments carried at cost. The impact on the Company's financial statements upon the adoption was not material.

In February 2016, the FASB issued ASU 2016-02, "Leases" which, for operating leases, requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its balance sheet. The standard also requires a lessee to recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, on a generally straight-line basis. The ASU is effective for nonpublic companies for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. The Company is continuing to assess this amendment's impact and intend to adopt ASU 2016-02 no later than the accounting period beginning on January 1, 2022.

Other pronouncements issued by the FASB or other authoritative accounting standards groups with future effective dates are either not applicable or are not expected to be significant to the Company's financial statements.

NOTE 4- Property, Equipment and Intangible, Net

Property and equipment, net consists of the following:

Furniture and fixtures	$	506,058
Equipment		313,452
Leasehold improvement		908,223
Software		27,000
(less) accumulated depreciation		(430,563)
Total property and equipment, net	$	1,324,170

Loan fee	$	4,504
Good will		153,864
Covenant not to compete		240,000
(less) accumulated amortization		(5,194)
Total intangible, net	$	393,174

Depreciation and amortization expenses for the year ended December 31, 2020 were $153,411 and $5,194, respectively.

NOTE 5- Lease and Commitment

The Company leases office space for their headquarters in Los Angeles California and also leases spaces for retail stores through 2027. Most of the leases are subject to 3% annual increases with various options to extend the leases. Total rent expense for the year ended December 31, 2020 amounted to $309,009.

Minimum lease payments for the next five years and afterwards are as follows:

Year ended December 31,		
2021	$	454,862
2022		422,470
2023		435,227
2024		355,011
2025		323,412
Thereafter		226,882
Total	$	2,217,863

NOTE 6- Accrued Expense and Others

Accrued expense of $453,264 consists of the following:

Credit card	$	23,685
Accrued expenses		23,417
Advanced franchise fee		380,167
Advanced gift card		23,952
Uniform payable		1,751
Pension payable		292
Total accrued expenses and others	$	453,264

NOTE 7- PPP Loan Payable

On April 22, 2020, The Company received loan proceeds from the Small Business Administration (SBA) in the amount of $261,800, pursuant to the Paycheck Protection Program ("PPP") established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The loan may be forgiven, in whole or in part, if used for eligible expenditures such as payroll and other expenses described in the CARES Act. Once the loan is, in part or wholly, forgiven and legal release is received, The Company will reduce its liability by the amount forgiven and record a gain on extinguishment. The unforgiven portion of the loan bears interest at a rate of 1% and is payable

in monthly installments of principal and interest over 24 months beginning either the date that SBA remits the borrower's loan forgiveness or 10 months after the end of the borrower's loan forgiveness covered period if the borrower does not apply for loan forgiveness. The management expects a full forgiveness of PPP loan once a forgiveness application is submitted and, therefore, elects to classify the entire outstanding balance as a noncurrent liability as of December 31, 2020.

NOTE 8- PPP Loan Payable

On April 22, 2020, The Company received loan proceeds from the Small Business Administration (SBA) in the amount of $261,800, pursuant to the Paycheck Protection Program ("PPP") established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The loan may be forgiven, in whole or in part, if used for eligible expenditures such as payroll and other expenses described in the CARES Act. Once the loan is, in part or wholly, forgiven and legal release is received, The Company will reduce its liability by the amount forgiven and record a gain on extinguishment. The unforgiven portion of the loan bears interest at a rate of 1% and is payable in monthly installments of principal and interest over 24 months beginning either the date that SBA remits the borrower's loan forgiveness or 10 months after the end of the borrower's loan forgiveness covered period if the borrower does not apply for loan forgiveness. The management expects a full forgiveness of PPP loan once a forgiveness application is submitted and, therefore, elects to classify the entire outstanding balance as a noncurrent liability as of December 31, 2020.

NOTE 9- Loans Payable

The Company had four loan agreements as of December 31, 2020. The Company entered into the first loan agreement with a financial institution on September 2019, for the amount of $850,000. The First Loan matures in September of 2026 and carries a variable interest rate starting at 0.75% margin over Wall Street Journal (WSJ) Prime rate, which was 3.25% per annum as of December 31, 2020. The First Loan's outstanding principal balance as of December 31, 2020 was $745,369.

The Company entered into the second loan agreement with a financial institution on October 2020, for the amount of $530,000. This loan matures in October of 2027 and carries a variable interest rate starting at 0.75% margin over WSJ Prime rate. This loan's outstanding principal balance as of December 31, 2020 was $519,058.

On May 22, 2020, the Company entered into a SBA (7a) loan agreement in the amount of $150,000 under Economic Injury Disaster Loan (EIDL) program. The loan bears interest at a fixed 3.75% per annum for 30-year term. Monthly installment payments of $731 will begin after 24 months from the date of the promissory note. The outstanding principal balance as of December 31, 2020 was $150,000.

Loans payable maturities, excluding PPP loan, during the next five years and thereafter are as follows:

Year ended December 31,		
2021	$	196,968
2022		206,584
2023		216,175
2024		223,856
2025		227,311
Thereafter		367,253
Total	$	1,438,147

NOTE 10- Line of Credit

The Company has obtained a bank credit facility which permits for borrowing of up to $1,000,000 from Bank of Hope. Borrowings under the line of credit bear interest at a variable rate based on WSJ Prime rate. The interest rate on the line of credit was at 0.75% margin over WSJ Prime rate. This credit facility expires in September 2021. The Company classifies the borrowing as a current liability. Total borrowing against the line was $785,050 as of December 31, 2020.

NOTE 11- Receivable from Related Parties

The Company occasionally lends funds to it related parties. During the year ended December 31, 2020, the Company provided a loan for $200,000 to its related party, B2B Time, Inc, and received a repayment of the loans in the amount of $250,000 from its other related party, J & U Corporation. As of December 31, 2020, the total outstanding loans receivable from the related parties was $508,330.

NOTE 12- Revenue

The Company primarily generates revenue through two channels: 1) by establishing franchisees and collecting related franchise incomes, such as royalties, administrative income, and initial franchise fee, and 2) by selling foods and beverages through its own retail establishments. Other fees are recognized as revenue for various general and administrative services provided to its franchisees.

Revenue by category consists of the following for the year ended December 31, 2020:

Royalty	$	1,676,545
Administrative income		315,931
Initial franchise fee		9,833
Store sales		1,796,219
Others		50,000
Total revenue	$	3,848,528

NOTE 13- Retirement Plan

The Company sponsors a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code. The plan provides tax-deferred salary contribution for eligible employees. The eligible employees may defer up to 100% of their compensation on a pre-tax basis up to the maximum threshold for elective deferral each year. Federal law limits the amount that may be deferred under the plan per year up to $19,500 ($26,000 for a employee who is at age 50 or over) for the year 2020. This benefit is only available for the employees at headquarter. The Company may make a voluntary matching contribution to the employees at its own discretion. The Company's matching contributions are vested over a six-year period. The company's total matching contributions to the plan was approximately $43,000 for the year ended December 31, 2020.

NOTE 14- Contingencies

The Company follows subtopic 450-20 of the FASB Accounting Standards Codification to report accounting for contingencies. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

The Company is currently the defendant in a lawsuit filed by a franchisee alleging a certain breach of contract. The management and its counsel believe that the outcome would likely be immaterial even if they do not prevail in this lawsuit. As the litigation remains pending, it is premature to evaluate the likelihood of the outcome or estimate a range of potential loss at this time.

NOTE 15- Related Party Transactions

The Company follows FASB ASC NO. 850-10 for the identification of related parties and disclosure of related party transactions.

As part of the normal course of business, the Company purchases restaurant supplies and ingredients from its related parties, B2B Time, Inc and J & U Corporation.

As of December 31, 2020, and for the year then ended, the Company's related party transactions are summarized as follows:

Purchase from B2B Time, Inc.	$	53,198
Loan receivable from B2B Times, Inc	$	395,000
Purchase from J & U Corporation	$	6,260
Loan receivable from J & U Corporation	$	113,330

NOTE 16- Subsequent Events

In accordance with ASC Topic 855-10, the Company has evaluated its operations subsequent to December 31, 2020 to the date the financial statements were issued. The Company does not have any material subsequent events to disclose in these financial statements other than the following:

The Company executed four franchise agreements with a franchisee in Southern California on various days before the issuance of the report, and collected a total of $130,000 of initial franchise fees.

JNK Accountancy Group
Certified Public Accountants
9465 Garden Grove Blvd. #200, Garden Grove, CA 92844 T. 714.636.9980 F. 714.636.9983

INDEPENDENT AUDITORS' REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors
Boba Time, Inc.
Los Angeles, California

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

JNK Accountancy Group, LLP
Garden Grove, California
April 16, 2021

Boba Time, Inc.
Schedule of Selling, General and Administrative Expenses
For the Year Ended December 31, 2020

Selling, general and administrative expenses		
Advertising	$	30,932
Auto		51,484
Amortization expenses		5,194
Bank charge		693
Commission		52,395
Depreciation		153,411
Dues and subscriptions		380
Employee benefit		42,713
Insurance		60,930
Legal and professional		52,588
Licenses and permits		11,969
Meals and entertainment		11,857
Office expenses		66,344
Other taxes		11,121
Payroll taxes		145,944
POS system fee		59,072
Research and development		7,197
Rent		309,009
Repairs and maintenance		26,888
Salaries and wages		1,944,017
Supplies		133,564
Telephone		20,357
Travel		16,078
Utilities		66,920
Total selling, general and administrative expenses	$	3,281,057

See independent auditors' report on supplementary information

Boba Time, Inc.

Financial Statements and Independent Auditors' Report
December 31, 2023

JNK Accountancy Group
Certified Public Accountants
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JNK Accountancy Group
Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Boba Time, Inc.
Los Angeles, California

Opinion

We have audited the accompanying financial statements of Boba Time, Inc. (a California corporation) which comprise the balance sheet as of December 31, 2023, and the related statements of income, changes in shareholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boba Time, Inc. as of December 31, 2023, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

JNK Accountancy Group
Certified Public Accountants
9465 Garden Grove Blvd. #200, Garden Grove, CA 92844 T. 714.636.9980 F. 714.636.9983

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Boba Time, Inc.'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 Boba Time, Inc.'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.

JNK Accountancy Group, LLP
Garden Grove, California
March 25, 2024

Boba Time, Inc.
Balance Sheet
December 31, 2023

Assets		
Current assets		
Cash and cash equivalents	$	1,535,148
Accounts receivable		533,129
Receivable from related party		220,000
Debt security investments available-for-sale		962,188
Equity investments with readily determinable fair value (RDFV)		1,671,092
Prepaid expenses		273,309
Total current assets		5,194,866
Noncurrent assets		
Property and equipment, net		958,344
Intangible assets, net		172,600
Right-of-use assets		1,096,705
Deposits		34,286
Total noncurrent assets		2,261,935
Total assets	$	7,456,801
Liabilities and shareholder's equity		
Current liabilities		
Accounts payable	$	144,482
Accrued expenses and others		292,015
Deferred franchise fee income		222,500
Retirement plan payable		468,661
Loans payable		25,782
Lease liabilities		392,346
Total current liabilities		1,545,786
Noncurrent liabilities		
Loans payable (net of current portion)		24,908
Lease liabilities (net of current portion)		733,604
Deferred franchise fee income (net of current portion)		1,523,417
Total noncurrent liabilities		2,281,929
Total liabilities		3,827,715
Shareholder's equity		
Common stock; 10,000,000 shares authorized and 100,000 shares issued and outstanding		100,000
Accumulated other comprehensive income		(27,365)
Retained earnings		3,556,451
Total shareholder's equity		3,629,086
Total liabilities and shareholder's equity	$	7,456,801

See independent auditors' report and notes to the financial statements

Boba Time, Inc.
Statement of Income
For the Year Ended December 31, 2023

Revenue	$	10,104,483
Cost of goods sold		906,764
Gross profit		9,197,719
Selling, general and administrative expenses		7,085,960
Income from operations		2,111,759
Other income (expense), net		
Dividend income		25,522
Gain on sale of assets		1,737,161
Gain on equity investments with RDFV		17,160
Loss on debt security investments available-for-sale		(18,115)
Unrealized gain on equity investments with RDFV		463,849
Interest expenses (net of interest income of $7,285)		(45,126)
Legal settlement		(18,000)
Other income		79,514
Penalties		(14,739)
Total other expenses, net		2,227,226
Income before state income tax provision		4,338,985
State income tax		61,016
State passthrough entity elective tax (PEET)		373,307
Total state income tax provision		434,323
Net income	$	3,904,662

See independent auditors' report and notes to the financial statements

Boba Time, Inc.
Statement of Changes in Shareholder's Equity
For the Year Ended December 31, 2023

	Common Stock	Accumulated Other Comprehensive Income	Retained Earnings	Total Shareholder's Equity
Balance at beginning of the year	$ 100,000	$ (78,709)	$ 721,142	$ 742,433
Unrealized gain		51,344		51,344
Distributions to shareholder			(1,069,353)	(1,069,353)
Net income			3,904,662	3,904,662
Balance at end of the year	$ 100,000	$ (27,365)	$ 3,556,451	$ 3,629,086

See independent auditors' report and notes to the financial statements

Boba Time, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2023

Cash flows from operating activities		
Net income	$	3,904,662
Adjustments to reconcile net income to cash provided by operating activities:		
Amortization		18,899
Depreciation		165,169
Gain on sale of assets		(1,737,161)
Loss on debt security investment available-for-sale		18,115
Gain on equity investments with RDFV		(17,160)
Unrealized gain on equity investments with RDFV		(463,849)
Non-cash operating lease expense		9,963
Changes in operating assets and liabilities:		
Accounts receivable		(139,330)
Receivable from related party		70,000
Prepaid expenses		68,625
Deposits		15,696
Accounts payable		55,929
Accrued expenses and others		(24,943)
Deferred franchise fee income		289,000
Retirement plan payable		(38,732)
Net cash provided by operating activities		2,194,883
Cash flows from investing activities		
Purchases of property and equipment		(215,376)
Proceeds from sale of property and equipment		2,199,746
Proceeds from sale of intangible assets		242,615
Proceeds from sales of investments		552,488
Purchases of investments		(1,509,463)
Net cash provided by investing activities		1,270,010
Cash flows from financing activities		
Proceeds from bank loan		61,503
Repayments of bank loans		(1,571,405)
Distributions to shareholder		(1,069,353)
Net cash (used in) financing activities		(2,579,255)
Net increase in cash and cash equivalents		885,638
Cash and cash equivalents at beginning of the year		649,510
Cash and cash equivalents at end of the year	$	1,535,148

See independent auditors' report and notes to the financial statements

Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$	52,411
Cash paid during the period for passthrough entity elective tax (PEET)	$	465,044
Cash paid during the period for operating lease	$	435,132

See independent auditors' report and notes to the financial statements

NOTE 1- Reporting Entity

Boba Time, Inc. (the "Company") was organized in the State of California on September 15, 2011 and is owned by one individual.

The Company principally engages in the developing and franchising of "It's Boba Time", cafes that serve juice, freshly prepared fruit-based beverages, snacks, and other food items through carry-out, delivery, and on-premises dining services. As of December 31, 2023, there were 117 executed franchise agreements, 76 franchised locations, and six locations owned by the Company. As of December 31, 2023, all the operating locations are in California.

NOTE 2- Basis of Preparation

The accompanying financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP").

NOTE 3- Summary of Significant Accounting Policies

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents are carried at cost and represent cash on hand, demand deposits placed with banks or other financial institutions, and all highly liquid investments with an original maturity of three months or less of the purchase date of such investments.

The Company maintains its cash and cash equivalents accounts with several financial institutions. Accounts in each financial institution are insured by FDIC up to the federally insured limit of $250,000. The amounts held in these accounts exceeded the limit at various times during the year. The Company has not experienced any losses in the said accounts.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash investments and accounts receivable. The Company maintains its brokerage accounts in the financial institution and limits the amount of credit exposure to any one financial institution. To the extent that such deposits exceed the maximum insurance levels, the accounts are uninsured. In regard to accounts receivable, the Company performs ongoing evaluations of its

franchisees' financial condition as well as general economic conditions. As of December 31, 2023, the Company had no significant concentrations of credit risk.

Accounts Receivable and Allowance for Doubtful Account

Accounts receivable consists primarily of amounts due to the Company from its franchisees for initial franchise fees, area development fees, royalty fees, marketing fees and other receivables generated by services rendered. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in existing accounts receivable. As of December 31, 2023, no allowance for bad debt was considered necessary.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis over the following expected useful lives from the date on which they become fully operational and after taking into account their estimated residual values. The estimated useful lives used for financial statements purposes are:

Software	3 years
Equipment	5 years
Furniture and fixtures	7 years
Leasehold improvement	15 years

Maintenance and repairs are charged to expense when incurred, while capital expenditures that enhance the value or materially extend the useful life of the related assets are capitalized and reflected as additions to property and equipment. When assets have been retired or sold, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the other income (expense) section of the statement of operations.

Goodwill and Intangible Assets

The Company elected to amortize goodwill and other intangible assets from the acquisition of business assets over 15 years and use a simpler one-step impairment test under ASU 2014-02, "Intangible – Goodwill and Other." The Company is required to test for impairment when a triggering event occurs which indicates the fair value or the entity or reporting unit may be below its carrying amount. Upon the occurrence of a triggering event, the simpler one-step impairment test will be performed. As of December 31, 2023, the Company determined that there was no triggering event that would otherwise require the impairment test.

Fair Value Measurements of Assets and Liabilities

The Company measures its financial and non-financial assets and liabilities, as well as makes related disclosures, in accordance with FASB ASC No. 820, Fair Value Measurements, which

provides guidance with respect to valuation techniques to be utilized in the determination of fair value of assets and liabilities.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three tier hierarchy of inputs is summarized in the three broad levels below:

- Level 1 – inputs are unadjusted quoted market prices in active independent markets for identical assets and liabilities;
- Level 2 – inputs are directly or indirectly observable estimates from quotes for similar but not identical assets and liabilities, market trades for identical assets not actively traded, or other external independent means;
- Level 3 – inputs are unobservable and reflect assumptions on the part of the reporting entity.

The following table sets forth information about the level within the fair value hierarchy at which the Company's financial instrument is measured, on a recurring basis, on December 31, 2023:

	Adjusted Cost	Unrealized Gain (Loss)	Fair Value	Short-term	Long-term
Level 1:					
Equity investments w/ RDFV	1,207,243	463,849	1,671,092	1,671,092	-
Debt security investments available-for-sale	989,553	(27,365)	962,188	962,188	-
Level 2: N/A	-	-	-	-	-
Level 3: N/A	-	-	-	-	-
Total	$ 2,196,796	$ 436,484	$ 2,633,280	$ 2,633,280	$ -

The carrying amounts of the Company's equity investments with readily determinable fair value (RDFV) and debt security investments available-for-sale approximated their fair values due to their short-term nature.

Revenue Recognition

The Company recognizes revenue under FASB, ASC 606 "Revenue from Contracts with Customers.

The Company applies a five-step approach in determining the amount and timing of revenue to be recognized: (1) identifying the contract with a customer, (2) identifying the performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations in the contract and (5) recognizing revenue when the performance obligation is satisfied. Substantially all of the Company and its Subsidiaries' revenue is recognized at the time control of the products transfers to the customer.

The Company generates revenue by establishing franchises and collecting related franchise fees, such as initial franchise fees, royalties, marketing and other miscellaneous fees. The Company recognizes revenue once the underlying performance obligations have been satisfied.

Initial franchise fees received from a franchisee to establish a new franchise are recognized as deferred revenue on the Company's balance sheet. The initial franchise fees are amortized and recognized as revenue based on the franchise agreement term. Initial franchise fees are also non-refundable.

Continuing royalties, which are a 5% of gross sales of franchisees, are recorded as revenue when the franchisees' sales occur.

Continuing marketing fees, which are computed at 2% of gross sales of franchisees, are recognized as marketing revenue when the marketing fund is under-spent during the period as compared to the marketing revenue received. Conversely, when the marketing fund is over-spent as compared to the marketing fee revenue received, the brand and system development fund fee expense will be recognized.

Proceeds from the sale of gift cards are recorded as deferred revenue and recognized as revenue when the gift card is redeemed by the customers.

Other fees are recognized as revenue for the various performance obligations completed.

Impairment of Long-Lived Assets

Long-lived assets, other than goodwill and acquisition-related intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or any other significant adverse change that would indicate that the carrying amount of an asset may not be recoverable. For long-lived assets used in operations, impairment losses are only recorded if the asset's carrying amount is not recoverable through its undiscounted probability-weighted future cash flows. Measurement of the impairment

losses is based on the difference between the carrying amount and estimated fair value. No impairment loss on long-lived assets was recognized during the year ended December 31, 2023.

Investments

The Company classifies its investments into two categories: debt securities as available for sale and equity investment with readily determinable fair value. The Company's investments are held by the national investment advisor firm and collateralized.

Investments classified as debt securities available for sale are carried in the financial statements at fair value. Realized gains or losses are included in earnings; unrealized holding gains and losses are reported in accumulated other comprehensive income (AOCI).

Investments classified as equity investments with readily available fair value are carried in the financial statements at fair value. Both realized and unrealized gains and losses are included in earnings for the current period.

Income Taxes

The Company, with the consent of the shareholder, has been elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company's taxable income.

The Company follows provisions of ASC 740-10, Income Taxes, which prescribes detailed guidance for financial statements recognition, de-recognition, measurement, and disclosure of uncertain tax positions recognized in any entity's financial statements. The Company recognizes interest and penalties related to unrecognized tax liabilities, if any, as component of income tax expenses.

Operating Lease Right-of-Use Asset

Beginning January 1, 2022, the Company adopted the lease standard under ASU 2016-02, "Leases (Topic 842)." Under this new standard, operating leases are presented in operating lease right-of-use (ROU) assets, short-term operating lease liabilities and long-term operating lease liabilities on the Company's balance sheets. ROU assets represent the Company's right to control the use of an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of future lease payments. The Company determines its incremental borrowing rate based on information available at a lease commencement date to calculate the present value of future lease payments. Lease expenses are recognized on a straight-line basis over the lease term.

Brand and system development fund fee

The Company expenses brand and marketing development fund costs as they are incurred. Brand and marketing development fund fee expenses for the year ended December 31, 2023, was $1,218,637.

Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments", which modifies the measurement of expected credit losses of certain financial instruments in Topic 326. The updated standard adopts a current expected credit loss (CECL) model that requires financial institutions to immediately record the full amount of expected credit losses in their loan portfolios, instead of waiting until the losses qualify as "probable." The FASB expects the shift to the CECL model to produce more timely and relevant information. The ASU is effective for nonpublic companies for fiscal years beginning after December 15, 2022. The Company is evaluating the potential effect of the guidance on its financial statements.

Recent Accounting Standards

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosure", which is intended to improve the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdictions. It also includes certain other amendments intended to improve the effectiveness of income tax disclosures. The ASU is effective for nonpublic companies for fiscal years beginning after December 15, 2025. Earlier application is permitted only for financial statements that have not been issued or made available for issuance. The Company is evaluating the potential effects this update will have on its financial statements.

Other pronouncements issued by the FASB or other authoritative accounting standards groups with future effective dates are either not applicable or are not expected to be significant to the Company's financial statements.

NOTE 4- Prepaid expenses

Prepaid expenses at December 31,2023 consist of the following:

Prepaid insurance	$	124,903
Prepaid payroll expenses		2,180
Prepaid state income taxes		146,226
Total prepaid expenses	$	273,309

NOTE 5- Property, Equipment and Intangible, Net

Property and equipment, net at December 31,2023, consists of the following:

Furniture and fixtures	$	80,047
Equipment		140,141
Vehicle		191,058
Leasehold improvement		1,003,255
Software		2,000
(less) accumulated depreciation		(458,157)
Total property and equipment, net	$	958,344

Intangible assets, net at December 31,2023 consists of the following:

Trademark	$	3,400
Loan fee		6,174
Good will		182,595
(less) accumulated amortization		(19,569)
Total intangible, net	$	172,600

Depreciation and amortization expenses for the year ended December 31, 2023 were $165,169 and $18,899, respectively.

NOTE 6- Lease

For leases with a term of 12 months or longer, the Company has recorded ROU assets and lease liabilities representing the fixed component of the lease payments. ROU assets and lease liabilities consist of the followings:

Year ended December 31, 2023:		
Right-of-use assets	$	1,096,705
Lease liabilities	$	1,125,950
(Less) Current portion		(392,346)
Long-term portion	$	733,604

Minimum lease payments for the next five years and thereafter are as follows:

Year ended December 31,		
2024	$	392,346
2025		340,467
2026		256,617
2027		98,511
2028		38,009
Total	$	1,125,950

Total rent expense for the year ended December 31, 2023, amounted to $ 516,987.

NOTE 7- Receivable from Related Party

The Company occasionally lends funds to its related party. During the year ended December 31, 2023, the Company received repayments in the amount of $70,000 from its related party, B2B Time, Inc. ("B2B"). As of December 31, 2023, the total outstanding receivable from B2B was $220,000.

NOTE 8- Loans Payable

On October 3, 2019, the Company entered into the first loan agreement with Wells Fargo to purchase the vehicle. This loan matures on October 18, 2024 and bears a variable interest rate of 3.74% per annum. The outstanding principal balance as of December 31, 2023 was $5,446.

On February 21, 2023, the Company entered into the second loan agreement to purchase the vehicle. This loan matures on February 23, 2026 and bears a variable interest rate of 4.49% per annum. The outstanding principal balance as of December 31, 2023 was $45,244.

Loans payable maturities during the next three years and thereafter are as follows:

Year ended December 31,		
2024	$	25,782
2025		21,268
2026		3,640
Total	$	50,690

NOTE 9- Revenue

The Company primarily generates revenue through two channels: 1) by establishing franchisees and collecting related franchise incomes, such as royalties, administrative income, and initial franchise fee, and 2) by selling foods and beverages through its own retail establishments. Other

fees are recognized as revenue for various general and administrative services provided to its franchisees.

Revenue by category consists of the following for the year ended December 31, 2023:

Royalty	$	3,779,169
Administrative income		615,262
Initial franchise fee		221,000
Store sales		3,695,998
Marketing income		1,439,308
Others		353,746
Total revenue	$	10,104,483

NOTE 10- Accrued Expenses and Others

Accrued expenses and others at December 31, 2023, consist of the following:

Credit card payable	$	13,786
Accrued wages and salaries		43,089
Accrued expense		25,850
Payroll taxes payable		21,047
Sales tax payable		55
Gift card advance		188,078
Uniform payable		110
Total accrued expenses and others	$	292,015

NOTE 11- Retirement Plan

The Company sponsors a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code. The plan provides tax-deferred salary contribution for eligible employees. The eligible employees may defer up to 100% of their compensation on a pre-tax basis up to the maximum threshold for elective deferral each year. Federal law limits the amount that may be deferred under the plan per year up to $22,500 ($30,000 for an employee who is at age 50 or over) for the year 2023. The Company may make a voluntary matching contribution to the employees at its own discretion. The Company's matching contributions are vested over a six-year period. The company's total matching contributions to the plan was approximately $62,243 for the year ended December 31, 2023.

The Company also has a defined benefit combo plan that includes cash-balance plan and profit-sharing plan. The Company's total contribution into the defined benefit plan amounted to $444,462 for the year ended December 31, 2023.

NOTE 12- Contingencies

The Company follows subtopic 450-20 of the FASB Accounting Standards Codification to report accounting for contingencies. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

On June 1, 2023, the Company entered into a settlement agreement and mutual release of all claims by and between plaintiff and Boba Time, Inc. in which the Company's alleging violations of California's Unruh Civil Rights Act. At all times, the Company disputed and denied all the allegations and claims in the action, and expressly rejects any liability and wrongdoing whatsoever. The parties wished to resolve any and all disputes and claims between them and enter into a general release, as to all claims, known or unknown, unless otherwise set forth in the agreement. The gross settlement amount of $18,000 was charged against income and recorded as other expense on the financial statements as of December 31, 2023.

NOTE 13- Related Party Transactions

The Company follows FASB ASC NO. 850-10 for the identification of related parties and disclosure of related party transactions.

As part of the normal course of business, the Company purchases restaurant supplies and ingredients from its related party, B2B Time, Inc. As of December 31, 2023, and for the year then ended, the Company's related party transactions are summarized as follows:

Purchase from B2B Time, Inc.	$	27,798
Loan receivable from B2B Times, Inc.	$	220,000
Commission income form B&B Times, Inc.	$	180,000

NOTE 14- Income Taxes

The Company has elected to be taxed as a S-corporation under the provision of the Internal Revenue Code (and comparable California statues) and to have its net taxable income or loss (except for certain capital gain transactions) reported by its shareholder. Had the Company not made such an election, the provisions for income taxes would have increased by approximately $669,000 for the year ended December 31, 2023.

Under ASC 740-10, to recognize a tax benefit resulting from a tax position, an entity must determine whether it is more-likely-than-not that such position will be sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position. The Company performed an evaluation of its uncertain tax positions as of December 31, 2023, and determined that due to reporting of the Company's net taxable income or loss, except for certain capital gain transactions, by its shareholder (S-corporation status), there are no material matters, at the entity level, that would require recognition or de-recognition in the financial statements for the year ended December 31, 2023.

NOTE 15- Subsequent Events

In accordance with ASC Topic 855-10, the Company has evaluated its operations subsequent to December 31, 2023 to the date the financial statements were issued. The Company does not have any material subsequent events to disclose in these financial statements.

JNK Accountancy Group
Certified Public Accountants
9465 Garden Grove Blvd. #200, Garden Grove, CA 92844 T. 714.636.9980 F. 714.636.9983

INDEPENDENT AUDITORS' REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors
Boba Time, Inc.
Los Angeles, California

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

JNK Accountancy Group, LLP
Garden Grove, California
March 25, 2024

Boba Time, Inc.
Schedule of Selling, General and Administrative Expenses
For the Year Ended December 31, 2023

Selling, general and administrative expenses		
Advertising	$	60,323
Auto		33,275
Amortization expenses		18,899
Bank charge		5,467
Brand and system development fund fee		1,218,637
Commission		113,316
Depreciation		165,169
Entertainment		3,744
Insurance		217,591
Legal and professional		267,338
Licenses and permits		27,835
Meals		60,661
Merchant account fees		82,489
Office expenses		57,040
Other taxes		5,320
Payroll taxes		243,454
POS system fee		17,823
Rent		516,987
Repair and maintenance		59,879
Retirement plan		444,462
Salaries and wages		3,307,612
Supplies		3,450
Telephone		25,329
Travel		34,746
Utilities		95,114
Total selling, general and administrative expenses	$	7,085,960

See independent auditors' report on the supplementary information

Boba Time, Inc.

Financial Statements and
Independent Auditors' Report
December 31, 2022

JNK Accountancy Group
Certified Public Accountants
9465 Garden Grove Blvd. #200, Garden Grove, CA 92844 T. 714.636.9980 F. 714.636.9983

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Boba Time, Inc.
Los Angeles, California

Opinion

We have audited the accompanying financial statements of Boba Time, Inc. which comprise the balance sheet as of December 31, 2022, and the related statements of income, changes in shareholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boba Time, Inc. 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.

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 Boba Time, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to prove a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Boba Time, Inc.'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 Boba Time, Inc.'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.

JNK Accountancy Group, LLP
Garden Grove, California
April 5, 2023

Boba Time, Inc.
Balance Sheet
December 31, 2022

Assets		
Current assets		
Cash and cash equivalents	$	649,510
Accounts receivable		393,800
Receivable from related party		290,000
Debt securities available-for-sale		405,119
Equity investments with readily determinable fair value		756,948
Prepaid expenses and other receviable		341,933
Total current assets		2,837,310
Noncurrent assets		
Property and equipment, net		1,405,795
Intangible assets, net		399,042
Right-of-use assets		1,631,801
Deposits		49,982
Total noncurrent assets		3,486,620
Total assets	$	6,323,930
Liabilities and shareholder's equity		
Current liabilities		
Accounts payable	$	88,553
Accrued expenses and others		316,959
Deferred franchise fee income		167,000
Retirement plan payable		507,393
Loans payable		287,482
Lease liabilities		411,391
Total current liabilities		1,778,778
Noncurrent liabilities		
Loans payable (net of current portion)		1,273,110
Lease liabilities (net of current portion)		1,239,692
Deferred franchise fee income (net of current portion)		1,456,917
Total noncurrent liabilities		3,802,719
Total liabilities		5,581,497
Shareholder's equity		
Common stock; 10,000,000 shares authorized and 100,000 shares issued and outstanding		100,000
Accumulated other comprehensive income		(78,709)
Retained earnings		721,142
Total shareholder's equity		742,433
Total liabilities and shareholder's equity	$	6,323,930

See independent auditors' report and notes to the financial statements

Boba Time, Inc.
Statement of Income
For the Year Ended December 31, 2022

Revenue	$	11,568,750
Cost of goods sold		1,573,380
Gross profit		9,995,370
Selling, general and administrative expenses		7,543,399
Income from operations		2,451,971
Other income (expense), net		
Legal settlement		(947,284)
Gain on sale of assets		507,722
Loss on equity investments with RDFV		(145,784)
Unrealized loss on equity investments with RDFV		(485,747)
Dividend income		17,914
Interest expenses (net of interest income $36)		(126,386)
Other income		251,661
Total other expenses, net		(927,904)
Income before state income tax provision		1,524,067
State income tax		25,569
State passthrough entity elective tax (PEET)		369,510
Total state income tax provision		395,079
Net income	$	1,128,988

See independent auditors' report and notes to the financial statements

Boba Time, Inc.
Statement of Changes in Shareholder's Equity
For the Year Ended December 31, 2022

	Common Stock	Accumulated Other Comprehensive Income	Retained Earnings	Total Shareholder's Equity
Balance at beginning of the year	$ 100,000	$ 7,773	$ 871,857	$ 979,630
Unrealized loss		(86,482)		(86,482)
Distributions to shareholder			(1,279,703)	(1,279,703)
Net income			1,128,988	1,128,988
Balance at end of the year	$ 100,000	$ (78,709)	$ 721,142	$ 742,433

See independent auditors' report and notes to the financial statements

Boba Time, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2022

Cash flows from operating activities		
Net income	$	1,128,988
Adjustments to reconcile net income to cash provided by operating activities:		
Amortization		29,840
Depreciation		178,965
Gain on sale of assets		(507,722)
Loss on equity investments with RDFV		145,784
Unrealized loss on equity investment with RDFV		485,747
Non-cash operating lease expense		19,282
Changes in operating assets and liabilities:		
Accounts receivable		(214,082)
Receivable from related party		321,626
Prepaid expenses and other receviable		(324,555)
Deposits		(16,719)
Accounts payable		88,553
Accrued expenses and others		90,464
Deferred franchise fee income		615,167
Legal settlement payable		(1,320,288)
Retirement plan payable		86,170
Net cash provided by operating activities		807,220
Cash flows from investing activities		
Purchases of property and equipment		(605,531)
Proceeds from sale of property and equipment		689,874
Acquisition of intangible assets		(182,595)
Proceeds from sale of intangible assets		151,249
Proceeds from sale of equity investments with RDFV		684,570
Purchases of equity investments with RDFV		(1,120,131)
Proceeds from sales of debt securities available-for-sale		176,332
Net cash (used in) investing activities		(206,232)
Cash flows from financing activities		
Proceeds from bank loans		369,712
Repayments of bank loans		(680,913)
Proceeds from SBA loan - EIDL		(149,269)
Distributions to stockholder		(1,279,703)
Net cash (used in) financing activities		(1,740,173)
Net decrease in cash and cash equivalents		(1,139,185)

See independent auditors' report and notes to the financial statements

Boba Time, Inc.
Statement of Cash Flows (Continued)
For the Year Ended December 31, 2022

Cash and cash equivalents at beginning of the year		1,788,695
Cash and cash equivalents at end of the year	$	649,510
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$	126,422
Cash paid during the year for state income taxes	$	22,773
Cash paid during the year for passthrough entity elective tax (PEET)	$	462,773
Cash paid during the year for operating lease	$	363,414

See independent auditors' report and notes to the financial statements

NOTE 1- Reporting Entity

Boba Time, Inc. (the "Company") was organized in the State of California on September 15, 2011 and is owned by one individual.

The Company principally engages in the developing and franchising of "It's Boba Time", cafes that serve juice, freshly prepared fruit-based beverages, snacks, and other food items through carry-out, delivery, and on-premises dining services. As of December 31, 2022, there were 105 executed franchise agreements, 63 franchised locations, and six locations owned by the Company. As of December 31, 2022, all the operating locations are in California.

NOTE 2- Basis of Preparation

The accompanying financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP").

NOTE 3- Summary of Significant Accounting Policies

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents are carried at cost and represent cash on hand, demand deposits placed with banks or other financial institutions, and all highly liquid investments with an original maturity of three months or less of the purchase date of such investments.

The Company maintains its cash and cash equivalents accounts with several financial institutions. Accounts in each financial institution are insured by FDIC up to the federally insured limit of $250,000. The amounts held in these accounts exceeded the limit at various time during the year. The Company has not experienced any losses in said accounts.

Accounts Receivable and Allowance for Doubtful Account

Accounts receivable consists primarily of amounts due to the Company from its franchisees for initial franchise fees, area development fees, royalty fees, marketing fees and other receivables generated by services rendered. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in existing accounts receivable. As of December 31, 2022, no allowance for bad debt was considered necessary.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis over the following expected useful lives from the date on which they become fully operational and after taking into account their estimated residual values. The estimated useful lives used for financial statements purposes are:

Software	3 years
Equipment	5 years
Furniture and fixtures	7 years
Leasehold improvement	15 years

Maintenance and repairs are charged to expense when incurred, while capital expenditures that enhance the value or materially extend the useful life of the related assets are capitalized and reflected as additions to property and equipment. When assets have been retired or sold, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the other income (expense) section of the statement of operations.

Goodwill and Intangible Assets

The Company elected to amortize goodwill and other intangible assets from the acquisition of business assets over 15 years and use a simpler one-step impairment test under ASU 2014-02, "*Intangible – Goodwill and Other*." The Company is required to test for impairment when a triggering even occurs which indicates the fair value or the entity or reporting unit may be below its carrying amount. Upon the occurrence of a triggering event, the simpler one-step impairment test will be performed. As of December 31, 2022, the Company determined that there was no triggering event that would otherwise require the impairment test.

Fair Value Measurements of Assets and Liabilities

The Company measures its financial and non-financial assets and liabilities, as well as makes related disclosures, in accordance with FASB ASC No. 820, Fair Value Measurements, which provides guidance with respect to valuation techniques to be utilized in the determination of fair value of assets and liabilities.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three tier hierarchy of inputs is summarized in the three broad levels below:

- Level 1 – inputs are unadjusted quoted market prices in active independent markets for identical assets and liabilities;

- Level 2 – inputs are directly or indirectly observable estimates from quotes for similar but not identical assets and liabilities, market trades for identical assets not actively traded, or other external independent means;
- Level 3 – inputs are unobservable and reflect assumptions on the part of the reporting entity.

The following table sets forth information about the level within the fair value hierarchy at which the Company's financial instrument is measured, on a recurring basis, on December 31, 2022:

	Adjusted Cost	Unrealized Gain (Loss)	Fair Value	Short-term	Long-term
Level 1:					
Cash equivalents	$ 649,510	$ -	$ 649,510	$ 649,510	$ -
Equity investment w/ RDFV	1,242,695	(485,747)	756,948	756,948	-
Debt securities AFS	483,828	(78,709)	405,119	405,119	-
Level 2:					
N/A	-	-	-	-	-
Level 3:					
Receivable	683,800	-	683,800	683,800	-
Deposits	49,982	-	49,982	-	49,982
Accounts payable	(88,553)		(88,553)	(88,553)	
Accrued expenses and others	(316,959)		(316,959)	(316,959	
Loans payable	(1,560,592)	-	(1,560,592)	(287,482)	(1,273,110)
Total	$ 1,143,711	$ (564,456)	$ 579,255	$ 1,802,383	$ (1,223,128)

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued expenses approximated their fair values due to their short-term nature.

Revenue Recognition

The Company recognizes revenue under FASB, ASC 606 "Revenue from Contracts with Customers.

The Company applies a five-step approach in determining the amount and timing of revenue to be recognized: (1) identifying the contract with a customer, (2) identifying the performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations in the contract and (5) recognizing revenue when the performance obligation is satisfied. Substantially all of the Company and its Subsidiaries' revenue is recognized at the time control of the products transfers to the customer.

The Company generates revenue by establishing franchises and collecting related franchise fees, such as initial franchise fees, royalties, marketing and other miscellaneous fees. The Company recognizes revenue once the underlying performance obligations have been satisfied.

Initial franchise fees received from a franchisee to establish a new franchise are recognized as deferred revenue on the Company's balance sheet. The initial franchise fees are amortized and recognized as revenue based on the franchise agreement term. Initial franchise fees are also non-refundable.

Continuing royalties, which are a 5% of gross sales of franchisees, are recorded as revenue when the franchisees' sales occur.

Continuing marketing fees, which are computed at 2% of gross sales of franchisees, are recognized as marketing revenue when the marketing fund is under-spent during the period as compared to the marketing revenue received. Conversely, when the marketing fund is over-spent as compared to the marketing fee revenue received, the brand and system development fund fee expense will be recognized.

Proceeds from the sale of gift cards are recorded as deferred revenue and recognized as revenue when the gift card is redeemed by the customers.

Other fees are recognized as revenue for the various performance obligations completed.

Impairment of Long-Lived Assets

Long-lived assets, other than goodwill and acquisition-related intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or any other significant adverse change that would indicate that the carrying amount of an asset may not be recoverable. For long-lived assets used in operations, impairment losses are only recorded if the asset's carrying amount is not recoverable through its undiscounted probability-weighted future cash flows. Measurement of the impairment

losses is based on the difference between the carrying amount and estimated fair value. No impairment loss on long-lived assets was recognized during the year ended December 31, 2022.

Investments

The Company classifies its investments into two categories: debt securities as available for sale and equity investment with readily determinable fair value. The Company's investments are held by the national investment advisor firm and collateralized.

Investments classified as debt securities available for sale are carried in the financial statements at fair value. Realized gains or losses are included in earnings; unrealized holding gains and losses are reported in accumulated other comprehensive income (AOCI).

Investments classified as equity investments with readily available fair value are carried in the financial statements at fair value. Both realized and unrealized gains and losses are included in earnings for the current period.

Income Taxes

The Company, with the consent of its shareholder, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company's taxable income.

The Company follows provisions of ASC 740-10, Income Taxes, which prescribes detailed guidance for financial statements recognition, de-recognition, measurement, and disclosure of uncertain tax positions recognized in any entity's financial statements. The Company recognizes interest and penalties related to unrecognized tax liabilities, if any, as component of income tax expenses.

Operating Lease Right-of-Use Asset

Beginning January 1, 2022, the Company adopted a new lease standard under ASU 2016-02, "Leases (Topic 842)." Under this new standard, operating leases are presented in operating lease right-of-use (ROU) assets, short-term operating lease liabilities and long-term operating lease liabilities on the Company's balance sheets. ROU assets represent the Company's right to control the use of an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of future lease payments. The Company determines its incremental borrowing rate based on information available at a lease commencement date to calculate the present value of future lease payments. Lease expenses are recognized on a straight-line basis over the lease term.

Brand and system development fund fee

The Company expenses brand and marketing development fund costs as they are incurred. Brand and marketing development fund fee expenses for the year ended December 31, 2022, was $979,037.

Recent Accounting Standards

In June 2016, the FASB issued ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments", which modifies the measurement of expected credit losses of certain financial instruments in Topic 326. The updated standard adopts a current expected credit loss (CECL) model that requires financial institutions to immediately record the full amount of expected credit losses in their loan portfolios, instead of waiting until the losses qualify as "probable." The FASB expects the shift to the CECL model to produce more timely and relevant information. The ASU is effective for nonpublic companies for fiscal years beginning after December 15, 2022. The Company is evaluation the potential effect of the guidance on its financial statements.

Other pronouncements issued by the FASB or other authoritative accounting standards groups with future effective dates are either not applicable or are not expected to be significant to the Company's financial statements.

NOTE 4- Prepaid expenses and other receivable

Prepaid expenses and other receivable at December 31,2022 consist of the following:

Prepaid insurance	$	101,484
Prepaid payroll expenses		9,754
Prepaid state income taxes		115,505
Sales proceed receivable from CDTFA and escrow		115,190
Total prepaid expenses and other receivable	$	341,933

NOTE 5- Property, Equipment and Intangible, Net

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

Furniture and fixtures	$	511,654
Equipment		206,055
Vehicle		163,134
Leasehold improvement		1,226,718
Software		2,000
(less) accumulated depreciation		(703,766)
Total property and equipment, net	$	1,405,795

Intangible assets, net at December 31,2022 consists of the following:

Trademark	$	3,400
Loan fee		12,820
Good will		185,210
Covenant not to compete		240,000
(less) accumulated amortization		(42,388)
Total intangible, net	$	399,042

Depreciation and amortization expenses for the year ended December 31, 2022 were $ 178,965 and $29,840, respectively.

NOTE 6- Lease

The Company applied the new standards in FASB ASU 2016-02 Leases (Topic 842) in recognizing lease assets and lease liabilities on the Company's balance sheet using a modified retrospective approach from the year beginning on January 1, 2022.

The Company entered into a new 36-month lease agreement for the Company's headquarter at Los Angeles, California, commencing on April 1, 2022. The lease expires on March 31, 2025. Security deposit for the lease was $8,328 as of December 31, 2022.

The Company entered into a 67-month sublease agreement for its retail store at Pico Rivera, California, commencing on November 14, 2022. The sublease expires on June 30, 2028. Security deposit for the retail store sublease was $5,000 as of December 31, 2022.

For leases with a term of 12 months or longer, the Company has recorded ROU assets and lease liabilities representing the fixed component of the lease payments. ROU assets and lease liabilities consist of the followings:

Year ended December 31, 2022 :		
Right-of-use assets	$	1,631,801
Lease liabilities	$	1,651,083
(Less) Current portion		(411,391)
Long-term portion	$	1,239,692

Minimum lease payments for the next five years and thereafter are as follows:

Year ended December 31,		
2023	$	459,550
2024		473,423
2025		410,514
2026		282,590
2027 and thereafter		139,699
Total	$	1,765,776

Total rent expense for the year ended December 31, 2022, amounted to $ 599,672.

NOTE 7- Accrued Expenses and Others

Accrued expenses and others consist of the following:

Credit card payable	$	23,190
Accrued wages and salaries		37,910
Payroll taxes payable		29,812
Sales tax payable		99 ,545
Gift card advance		124,126
Uniform payable		2,376
Total accrued expenses and others	$	316,959

NOTE 8- Receivable from Related Parties

The Company occasionally lends funds to it related parties. During the year ended December 31, 2022, the Company received repayments in the amount of $200,000 from its related party, B2B Time, Inc.("B2B"). As of December 31, 2022, the total outstanding receivable from B2B was $290,000.

NOTE 9- Loans Payable

The Company had four loan agreements as of December 31, 2022. The Company entered into the first loan agreement with Bank of Hope in September of 2019, for the amount of $850,000. The First Loan matures in September of 2026 and carries a variable interest rate starting at 0.75% margin over Wall Street Journal (WSJ) Prime rate, which was 7.5% per annum as of December 31, 2022. The First Loan's outstanding principal balance as of December 31, 2022 was $515,205.

The Company entered into the second loan agreement with Bank of Hope in October of 2020, for the amount of $530,000. This loan matures in October of 2027 and carries a variable interest rate

starting at 0.75% margin over WSJ Prime rate, which was 7.5% per annum as of December 31, 2022. This loan's outstanding principal balance as of December 31, 2022 was $384,104.

The Company entered into the third loan agreement with Bank of Hope in October of 2021, for the amount of $757,000. This loan matures in October of 2028 and carries a variable interest rate starting at 0.75% margin over WSJ Prime rate, which was 7.5%per annum as of December 31, 2022. This loan's outstanding principal balance as of December 31, 2022 was $649,517.

On October 3, 2019, the Company entered into the fourth loan agreement with Wells Fargo to purchase the vehicle. This loan matures on October 18, 2024 and bears a variable interest rate of 3.74% per annum. The outstanding principal balance as of December 31, 2022 was $11,766.

Loans payable maturities during the next five years and thereafter are as follows:

Year ended December 31,		
2023	$	287,482
2024		310,719
2025		331,423
2026		318,106
2027		202,655
Thereafter		110,207
Total	$	1,560,592

NOTE 10- Revenue

The Company primarily generates revenue through two channels: 1) by establishing franchisees and collecting related franchise incomes, such as royalties, administrative income, and initial franchise fee, and 2) by selling foods and beverages through its own retail establishments. Other fees are recognized as revenue for various general and administrative services provided to its franchisees.

Revenue by category consists of the following for the year ended December 31, 2022:

Royalty	$	3,167,080
Administrative income		871,049
Initial franchise fee		139,833
Store sales		5,836,978
Marketing income		1,249,846
Others		303,964
Total revenue	$	11,568,750

NOTE 11- Retirement Plan

The Company sponsors a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code. The plan provides tax-deferred salary contribution for eligible employees. The eligible employees may defer up to 100% of their compensation on a pre-tax basis up to the maximum threshold for elective deferral each year. Federal law limits the amount that may be deferred under the plan per year up to $20,500 ($27,000 for an employee who is at age 50 or over) for the year 2022. The Company may make a voluntary matching contribution to the employees at its own discretion. The Company's matching contributions are vested over a six-year period. The company's total matching contributions to the plan was approximately $49,302 for the year ended December 31, 2022.

The Company also has a defined benefit combo plan that includes cash balance plan and profit-sharing plan. The Company's total contribution into the defined benefit plan amounted to $507,393 for the year ended December 31, 2022.

NOTE 12- Contingencies

The Company follows subtopic 450-20 of the FASB Accounting Standards Codification to report accounting for contingencies. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

The Company has been defending a lawsuit filed by a franchisee alleging a certain breach of contract. On November 29, 2021, the Superior Court of California, County of Los Angeles announced its decision that the plaintiff is entitled to judgement in his favor in the sum of $1,320,288, plus interest from the date of judgement as well as costs and fees. The final judgement was issued on June 1, 2022 in the amount of $2,267,572, and the Company paid an additional $947,284 in this settlement for interest, costs, and attorney fees up to the date of the final judgement.

NOTE 13- Related Party Transactions

The Company follows FASB ASC NO. 850-10 for the identification of related parties and disclosure of related party transactions.

As part of the normal course of business, the Company purchases restaurant supplies and ingredients from its related parties, B2B Time, Inc and J & U Corporation. As of December 31, 2022, and for the year then ended, the Company's related party transactions are summarized as follows:

Purchase from B2B Time, Inc.	$	62,565
Loan receivable from B2B Times, Inc.	$	290,000
Management fee income from J&U Corporation	$	150,000

NOTE 14- Income Taxes

The Company has elected to be taxed as a S-corporation under the provision of the Internal Revenue Code (and comparable California statues) and to have its net taxable income or loss (except for certain capital gain transactions) reported by its shareholder. Had the Company not made such an election, the provisions for income taxes would have increased by approximately $312,000 for the year ended December 31, 2022.

Under ASC 740-10, to recognize a tax benefit resulting from a tax position, an entity must determine whether it is more-likely-than-not that such position will be sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position. The Company performed an evaluation of its uncertain tax positions as of December 31, 2022, and determined that due to reporting of the Company's net taxable income or loss, except for certain capital gain transactions, by its shareholder (S-corporation status), there are no material matters, at the entity level, that would require recognition or de-recognition in the financial statements for the year ended December 31, 2022.

NOTE 15- Subsequent Events

In accordance with ASC Topic 855-10, the Company has evaluated its operations subsequent to December 31, 2022 to the date the financial statements were issued.

On March 30, 2023, the Company sold one of its direct owned stores, located in Torrance, California, for $1.6 million.

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INDEPENDENT AUDITORS' REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors
Boba Time, Inc.
Los Angeles, California

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

JNK Accountancy Group, LLP
Garden Grove, California
April 5, 2023

Boba Time, Inc.
Schedule of Selling, General and Administrative Expenses
For the Year Ended December 31, 2022

Selling, general and administrative expenses		
Auto	$	57,774
Amortization expenses		29,840
Bank charge		6,084
Brand and system development fund fee		979,037
Commission		197,147
Depreciation		178,965
Insurance		89,308
Legal and professional		403,383
Licenses and permits		13,250
Meals and entertainment		49,151
Merchant account fees		125,648
Office expenses		68,988
Other taxes		103,503
Payroll taxes		281,887
POS system fee		36,353
Research and development		7,235
Rent		599,672
Repair and maintenance		75,816
Retirement plan		523,348
Salaries and wages		3,511,720
Supplies		1,007
Telephone		17,318
Travel		48,091
Utilities		138,874
Total selling, general and administrative expenses	$	7,543,399

See independent auditors' report on the supplementary information

Boba Time, Inc.

Financial Statements and
Independent Auditors' Report
December 31, 2021

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JNK Accountancy Group
Certified Public Accountants
9465 Garden Grove Blvd. #200, Garden Grove, CA 92844 T. 714.636.9980 F. 714.636.9983

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Boba Time, Inc.
Los Angeles, California

Opinion

We have audited the accompanying financial statements of Boba Time, Inc. which comprise the balance sheet as of December 31, 2021, and the related statements of income, changes in shareholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boba Time, Inc. as of December 31, 2021, 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.

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 Boba Time, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to prove a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

JNK Accountancy Group
Certified Public Accountants
9465 Garden Grove Blvd. #200, Garden Grove, CA 92844 T. 714.636.9980 F. 714.636.9983

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Boba Time, Inc.'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 Boba Time, Inc.'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.

JNK Accountancy Group, LLP
Garden Grove, California
March 7, 2022

Boba Time, Inc.
Balance Sheet
December 31, 2021

Assets		
Current assets		
Cash and cash equivalents	$	1,788,695
Accounts receivable		179,718
Receivable from related parties		611,626
Debt securities available-for-sale		667,933
Equity investments with readily determinable fair value		952,918
Prepaid		17,379
Total current assets		4,218,269
Noncurrent assets		
Property and equipment, net		1,181,548
Intangible assets, net		377,368
Other assets		33,263
Total noncurrent assets		1,592,179
Total assets	$	5,810,448
Liabilities and shareholder's equity		
Current liabilities		
Accrued expenses and others	$	226,495
Deferred franchise fee income		841,750
Legal settlement payable		1,320,288
Retirement plan payable		421,223
Loans payable		319,808
Total current liabilities		3,129,564
Noncurrent liabilities		
Loans payable (net of current portion)		1,701,254
Total liabilities		4,830,818
Shareholder's equity		
Common stock; 10,000,000 shares authorized and 100,000 shares issued and outstanding		100,000
Accumulated other comprehensive income		7,773
Retained earnings		871,857
Total shareholder's equity		979,630
Total liabilities and shareholder's equity	$	5,810,448

See independent auditors' report and notes to the financial statements

Boba Time, Inc.
Statement of Income
For the Year Ended December 31, 2021

Revenue	$	10,020,568
Cost of goods sold		1,414,301
Gross profit		8,606,267
Selling, general and administrative expenses		6,548,890
Income from operations		2,057,377
Other income (expense), net		
Forgiveness of paycheck protection program		261,800
Sick and family leave credit		11,517
Custom print rebate		26,054
Loss on disposal of assets		(107,687)
Loss contingency - legal settlement		(1,320,288)
Realized gain on equity investments with RDFV		10,513
Dividend income		29,136
Interest expenses (net of interest income $61)		(81,038)
Total other expenses, net		(1,169,993)
Income before income tax provision		887,384
Income tax provision		9,524
Net income	$	877,860

See independent auditors' report and notes to the financial statements

Boba Time, Inc.
Statement of Changes in Shareholder's Equity
For the Year Ended December 31, 2021

	Common Stock	Accumulated Other Comprehensive Income	Retained Earnings*	Total Shareholder's Equity
Balance at beginning of the year	$ 100,000	$ -	$ 891,310	$ 991,310
Unrealized gain		7,773		7,773
Distributions to shareholder			(897,313)	(897,313)
Net income			877,860	877,860
Balance at end of the year	$ 100,000	$ 7,773	$ 871,857	$ 979,630

See independent auditors' report and notes to the financial statements

Boba Time, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2021

Cash flows from operating activities		
Net income	$	877,860
Adjustments to reconcile net income to cash provided by operating activities:		
Amortization		27,522
Depreciation		165,833
PPP loan forgiven		(261,800)
Loss on disposal of fixed assets		107,688
Unrealized gain on equity investment with RDFV		(12,708)
Changes in operating assets and liabilities:		
Accounts receivable		(153,676)
Receivable from related parties		(103,296)
Prepaid		597
Other assets		616
Accrued expenses and others		2,135
Deferred franchise fee income		461,583
Legal settlement payable		1,320,288
Retirement plan payable		420,931
Net cash provided by operating activities		2,853,573
Cash flows from investing activities		
Purchases of property and equipment		(130,899)
Acquisition of intangible assets		(8,316)
Proceeds from sale of equity investments with RDFV		180,611
Purchases of equity investments with RDFV		(1,051,750)
Purchases of debt securities available-for-sale		(457,163)
Net cash (used in) investing activities		(1,467,517)
Cash flows from financing activities		
Proceeds from bank loans		757,000
Repayments of bank loans		(959,135)
Distributions to shareholder		(897,313)
Net cash provided by financing activities		(1,099,448)
Net increase in cash and cash equivalents		286,608
Cash and cash equivalents at beginning of the year		1,502,087
Cash and cash equivalents at end of the year	$	1,788,695
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$	81,099
Cash paid during the year for income taxes	$	26,700

See independent auditors' report and notes to the financial statements

NOTE 1- Reporting Entity

Boba Time, Inc. (the "Company") was organized in the State of California on September 15, 2011 and is owned by one individual.

The Company principally engages in the developing and franchising of "It's Boba Time", cafes that serve juice, freshly prepared fruit-based beverages, snacks, and other food items through carry-out, delivery, and on-premises dining services. As of December 31, 2021, there were 84 executed franchise agreements, 47 franchised locations, and six locations owned by the Company. As of December 31, 2021, all the operating locations are in California.

NOTE 2- Basis of Preparation

The accompanying financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP").

NOTE 3- Summary of Significant Accounting Policies

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents are carried at cost and represent cash on hand, demand deposits placed with banks or other financial institutions, and all highly liquid investments with an original maturity of three months or less of the purchase date of such investments.

The Company maintains its cash and cash equivalents accounts with several financial institutions. Each account is insured by FDIC up to the federally insured limit of $250,000. The amounts held in these accounts exceeded the limit at various time during the year. The Company has not experienced any losses in said accounts.

Accounts Receivable and Allowance for Doubtful Account

Accounts receivable consists primarily of amounts due to the Company from its franchisees for initial franchise fees, area development fees, royalty fees, marketing fees and other receivables generated by services rendered. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in existing accounts receivable. As of December 31, 2021, no allowance for bad debt was considered necessary.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis over the following expected useful lives from the date on which they become fully operational and after taking into account their estimated residual values. The estimated useful lives used for financial statements purposes are:

Software	3 years
Equipment	5 years
Furniture and fixtures	7 years
Leasehold improvement	15 years

Maintenance and repairs are charged to expense when incurred, while capital expenditures that enhance the value or materially extend the useful life of the related assets are capitalized and reflected as additions to property and equipment. When assets have been retired or sold, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the other income (expense) section of the statement of operations.

Goodwill and Intangible Assets

The Company elected to amortize goodwill and other intangible assets from the acquisition of business assets over 15 years and use a simpler one-step impairment test under ASU 2014-02, "*Intangible – Goodwill and Other*." The Company is required to test for impairment when a triggering even occurs which indicates the fair value or the entity or reporting unit may be below its carrying amount. Upon the occurrence of a triggering event, the simpler one-step impairment test will be performed. As of December 31, 2021, the Company determined that there was no triggering event that would otherwise require the impairment test.

Fair Value Measurements of Assets and Liabilities

The Company measures its financial and non-financial assets and liabilities, as well as makes related disclosures, in accordance with FASB ASC No. 820, Fair Value Measurements, which provides guidance with respect to valuation techniques to be utilized in the determination of fair value of assets and liabilities.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three tier hierarchy of inputs is summarized in the three broad levels below:

- Level 1 – inputs are unadjusted quoted market prices in active independent markets for identical assets and liabilities;

- Level 2 – inputs are directly or indirectly observable estimates from quotes for similar but not identical assets and liabilities, market trades for identical assets not actively traded, or other external independent means;
- Level 3 – inputs are unobservable and reflect assumptions on the part of the reporting entity.

The following table sets forth information about the level within the fair value hierarchy at which the Company's financial instrument is measured, on a recurring basis, on December 31, 2021:

	Adjusted Cost	Unrealized Gain (Loss)	Fair Value	Short-term	Long-term
Level 1:					
Cash equivalents	$ 1,788,694	$ -	$ 1,788,694	$ 1,788,694	$ -
Equity investment w/ RDFV	940,186	12,732	952,918	952,918	-
Debt securities AFS	660,160	7,773	667,933	667,933	-
Level 2:					
N/A					
Level 3:					
Receivable	791,344	-	791,344	791,344	-
Loans payable	(2,021,062)	-	(2,021,062)	(319,808)	(1,701,254)
Total	$ 2,159,322	$ 20,505	$ 2,179,827	$ 3,881,081	$ (1,701,254)

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, security deposits, accounts payable and accrued expenses approximated their fair values due to their short-term nature.

Revenue Recognition

The Company recognizes revenue under FASB, ASC 606 "Revenue from Contracts with Customers.

The Company applies a five-step approach in determining the amount and timing of revenue to be recognized: (1) identifying the contract with a customer, (2) identifying the performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations in the contract and (5) recognizing revenue when the performance obligation is satisfied. Substantially all of the Company and its Subsidiaries' revenue is recognized at the time control of the products transfers to the customer.

The Company generates revenue by establishing franchises and collecting related franchise fees, such as initial franchise fees, royalties, marketing and other miscellaneous fees. The Company recognizes revenue once the underlying performance obligations have been satisfied.

Initial franchise fees received from a franchisee to establish a new franchise are recognized as deferred revenue on the Company's balance sheet. The initial franchise fees are amortized and recognized as revenue based on the franchise agreement term. Initial franchise fees are also non-refundable.

Continuing royalties, which are a percentage of net sales of franchisees, are recorded as revenue when the franchisees' sales occur.

Continuing marketing fees, which are a percentage of net sales of franchisees, had been recorded as revenue when the subsequent marketing activities and related expenses occurs. This resulted in no recognition of any marketing income and expense on the statement of income as the Company had been presenting marketing income and expenses on a net basis. Starting in 2021, the Company adopted, using the modified retrospective method, Subtopic 952-606, "Franchisor – Revenue from Contracts with Customers" which requires the Company to recognize marketing revenue when the marketing fund is under-spent during the year as compared to the marketing revenue received. Conversely, when the marketing fund is over-spent as compared to the marketing revenue received, the marketing expense will be recognized. The unused portion of the marketing fund carried as a liability as of December 31, 2020, of $249,335 is treated as a recognized income in the prior year and recorded under the beginning retained earnings.

The impacts to the financial statements from adopting Subtopic 952-606 for the year ending December 31, 2021, are outlined below:

Statement of income	As adopted	Under legacy GAAP	Impact
Revenue:			
Marketing fund income	$ 1,089,620	$ 799,524	$ 290,096
Expense:			
Brand and marketing development	799,524	799,524	-
Net income impact	$ 290,096	$ -	$ 290,096
Shareholder's equity			
Common stock	$ 100,000	$ 100,000	$ -
Accumulated other comprehensive income	7,773	7,773	-
Retained earnings, beginning	891,310	641,975	249,335
Distribution to shareholder	(897,313)	(897,313)	-
Net income	877,860	587,764	290,096
Total shareholder's equity	$ 979,630	$ 440,199	$ 539,431

Proceeds from the sale of gift cards are recorded as deferred revenue and recognized as revenue when the gift card is redeemed by the customers.

Other fees are recognized as revenue for the various performance obligations completed.

Impairment of Long-Lived Assets

Long-lived assets, other than goodwill and acquisition-related intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or any other significant adverse change that would indicate that the carrying amount of an asset may not be recoverable. For long-lived assets used in operations, impairment losses are only recorded if the asset's carrying amount is not recoverable through its undiscounted probability-weighted future cash flows. Measurement of the impairment losses is based on the difference between the carrying amount and estimated fair value. No impairment loss on long-lived assets was recognized during the year ended December 31, 2021.

Investments

The Company classifies its investments into two categories: debt securities as available for sale and equity investment with readily determinable fair value. The Company's investments are held by the national investment advisor firm and collateralized.

Investments classified as debt securities available for sale are carried in the financial statements at fair value. Realized gains or losses are included in earnings; unrealized holding gains and losses are reported in accumulated other comprehensive income (AOCI).

Investments classified as equity investments with readily available fair value are carried in the financial statements at fair value. Both realized and unrealized gains and losses are included in earnings for the current period.

Income Taxes

The Company, with the consent of its shareholder, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company's taxable income.

The Company follows provisions of ASC 740-10, Income Taxes, which prescribes detailed guidance for financial statements recognition, de-recognition, measurement, and disclosure of uncertain tax positions recognized in any entity's financial statements. The Company recognizes interest and penalties related to unrecognized tax liabilities, if any, as component of income tax expenses.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expenses for the year ended December 31, 2021, was $10,358.

Recent Accounting Standards

In June 2016, the FASB issued ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments", which modifies the measurement of expected credit losses of certain financial instruments in Topic 326. The updated standard adopts a current expected credit loss (CECL) model that requires financial institutions to immediately record the full amount of expected credit losses in their loan portfolios, instead of waiting until the losses qualify as "probable." The FASB expects the shift to the CECL model to produce more timely and relevant information. The ASU is effective for nonpublic companies for fiscal years beginning after December 15, 2022. The Company is evaluation the potential effect of the guidance on its financial statements.

In January 2017, the FASB issued ASU 2017-04, "*Intangible – Goodwill and Other (Topic 350),*" to simplify the accounting for goodwill impairment. The update removes Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. Prior to ASU 2017-04, goodwill impairment testing requires two-step assessment. The first step requires an entity to compare each reporting unit's carrying value, including goodwill, and its fair value. If the carrying value exceeds the fair value, then the entity must perform the second step, which is to compare the implied fair value of goodwill to its carrying value, and record an impairment charge for any excess of carrying value over implied fair value. An entity also has the option to perform a qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. This ASU does not eliminate the private company accounting alternative provided in ASU 2014-02 which allows private companies to elect to amortize goodwill and perform a simpler one-step impairment test. The Company has elected to adopt ASU 2014-02 beginning January 1, 2020, and, therefore, will not adopt this new ASU. Otherwise, the standard would have been effective in fiscal years beginning after December 15, 2020.

In February 2016, the FASB issued ASU 2016-02, "Leases" which, for operating leases, requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its balance sheet. The standard also requires a lessee to recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, on a generally straight-line basis. The ASU is effective for nonpublic companies for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. The Company is continuing to assess this amendment's impact and intend to adopt ASU 2016-02 no later than the accounting period beginning on January 1, 2022.

Other pronouncements issued by the FASB or other authoritative accounting standards groups with future effective dates are either not applicable or are not expected to be significant to the Company's financial statements.

NOTE 4- Property, Equipment and Intangible, Net

Property and equipment, net consists of the following:

Furniture and fixtures	$	503,795
Equipment		182,963
Vehicle		44,555
Leasehold improvement		1,015,228
Software		2,000
(less) accumulated depreciation		(566,993)
Total property and equipment, net	$	1,181,548

Intangible assets, net consists of the following:

Trademark	$	3,400
Loan fee		12,820
Good will		153,864
Covenant not to compete		240,000
(less) accumulated amortization		(32,716)
Total intangible, net	$	377,368

Depreciation and amortization expenses for the year ended December 31, 2021 were $ 165,833 and $ 27,522, respectively.

NOTE 5- Lease and Commitment

The Company leases office space for their headquarters in Los Angeles California and also leases spaces for retail stores through 2027. Most of the leases are subject to 3% annual increases with various options to extend the leases.

The lease agreement for the headquarter location in Los Angeles is scheduled to be terminated on March 31, 2022 due to a condominium conversion plan of the current landlord. The Company signed a new lease agreement on January 28, 2022 for the other office space owned by the same landlord. The new lease is for 36 months starting on April 1, 2022.

Minimum lease payments for the next five years and thereafter are as follows:

Year ended December 31,		
2022	$	510,047
2023		533,606
2024		476,900
2025		365,148
2026 and thereafter		228,108
Total	$	2,113,809

Total rent expense for the year ended December 31, 2021, amounted to $ 562,275.

NOTE 6- Accrued Expense and Others

Accrued expense and others consist of the following:

Credit card payable	$	8,558
Accrued expenses		80,659
Accrued wages and salaries		29,071
Payroll taxes payable		20,516
Gift card advance		85,127
Uniform payable		2,446
Sales tax payable		118
Total accrued expenses and others	$	226,495

NOTE 7- PPP Loan

On April 22, 2020, The Company received loan proceeds from the Small Business Administration (SBA) in the amount of $261,800, pursuant to the Paycheck Protection Program ("PPP") established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The PPP loan and accrued interest were forgivable after twenty-four weeks, as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness would have been reduced if the borrower terminated employees or reduced salaries during twenty-four-week period. On May 14, 2021, the entire balance of PPP loan was forgiven by SBA and recognized as income for the year ended December 31, 2021.

NOTE 8- Loans Payable

The Company had five loan agreements as of December 31, 2021. The Company entered into the first loan agreement with Bank of Hope on September 2019, for the amount of $850,000. The First

Loan matures in September of 2026 and carries a variable interest rate starting at 0.75% margin over Wall Street Journal (WSJ) Prime rate, which was 3.25% per annum as of December 31, 2021. The First Loan's outstanding principal balance as of December 31, 2021 was $633,343.

The Company entered into the second loan agreement with Bank of Hope on October 2020, for the amount of $530,000. This loan matures in October of 2027 and carries a variable interest rate starting at 0.75% margin over WSJ Prime rate, which was 3.25% per annum as of December 31, 2021. This loan's outstanding principal balance as of December 31, 2021 was $451,680.

The Company entered into the third loan agreement with Bank of Hope on October 2021, for the amount of $757,000. This loan matures in October of 2028 and carries a variable interest rate starting at 0.75% margin over WSJ Prime rate, which was 3.25% per annum as of December 31, 2021. This loan's outstanding principal balance as of December 31, 2021 was $740,865.

On May 22, 2020, the Company entered into a SBA (7a) loan agreement in the amount of $150,000 under Economic Injury Disaster Loan (EIDL) program, the fourth loan. The loan bears interest at a fixed 3.75% per annum for 30-year term. Monthly installment payments of $731 will begin after 24 months from the date of the promissory note. The outstanding principal balance as of December 31, 2021 was $149,269.

On October 3, 2019, the Company entered into the fifth loan agreement with Wells Fargo to purchase the vehicle. This loan matures on October 18, 2024 and bears a variable interest rate of 3.74% per annum. The outstanding principal balance as of December 31, 2021 was $17,855.

Loans payable maturities during the next five years and thereafter are as follows:

Year ended December 31,		
2022	$	291,758
2023		304,902
2024		316,211
2025		323,399
2026		301,769
Thereafter		454,973
Total	$	1,993,012

NOTE 9- Line of Credit

The Company has obtained a bank credit facility which permits for borrowing of up to $1,000,000 from Bank of Hope. Borrowings under the line of credit bear interest at a variable rate based on WSJ Prime rate. The interest rate on the line of credit was at 0.75% margin over WSJ Prime rate. This credit facility expires in September 2022 and renews annually. The Company classifies the borrowing as a current liability. Total borrowing against the line was $28,050 as of December 31, 2021.

NOTE 10- Receivable from Related Parties

The Company occasionally lends funds to it related parties. During the year ended December 31, 2021, the Company lent a fund of $465,000 to its related party, B2B Time, Inc.("B2B"), and received repayments in the amount of $370,000. As of December 31, 2021, the total outstanding receivable from B2B was $490,000. The Company has another receivable from its other related party, J&U Corporation, in the amount of $113,330 as of December 31, 2021.

NOTE 11- Revenue

The Company primarily generates revenue through two channels: 1) by establishing franchisees and collecting related franchise incomes, such as royalties, administrative income, and initial franchise fee, and 2) by selling foods and beverages through its own retail establishments. Other fees are recognized as revenue for various general and administrative services provided to its franchisees.

Revenue by category consists of the following for the year ended December 31, 2021:

Royalty	$	2,627,281
Administrative income		323,986
Initial franchise fee		50,917
Store sales		5,574,925
Marketing income		1,089,620
Others		353,839
Total revenue	$	10,020,568

NOTE 12- Retirement Plan

The Company sponsors a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code. The plan provides tax-deferred salary contribution for eligible employees. The eligible employees may defer up to 100% of their compensation on a pre-tax basis up to the maximum threshold for elective deferral each year. Federal law limits the amount that may be deferred under the plan per year up to $19,500 ($26,000 for an employee who is at age 50 or over)

for the year 2021. This benefit is only available for the employees at headquarter. The Company may make a voluntary matching contribution to the employees at its own discretion. The Company's matching contributions are vested over a six-year period. The company's total matching contributions to the plan was approximately $45,512 for the year ended December 31, 2021.

The Company also has a defined benefit combo plan that includes cash balance plan and profit-sharing plan. The Company's total contribution into the defined benefit plan amounted to $421,223 for the year ended December 31, 2021.

NOTE 13- Contingencies

The Company follows subtopic 450-20 of the FASB Accounting Standards Codification to report accounting for contingencies. Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

The Company has been defending a lawsuit filed by a franchisee alleging a certain breach of contract. On November 29, 2021, the Superior Court of California, County of Los Angeles announced its decision that the plaintiff is entitled to judgement in his favor in the sum of $1,320,288, plus interest from the date of judgement as well as costs and fees, which are to be claimed by separate motion within the statutory time limit. The Company plans on filing a notice of appeal. Although the outcome of the appeal cannot be reasonably estimated at this time, the contingency loss and payable of $1,320,288 were recorded on the financial statements according to the legal judgement.

NOTE 14- Related Party Transactions

The Company follows FASB ASC NO. 850-10 for the identification of related parties and disclosure of related party transactions.

As part of the normal course of business, the Company purchases restaurant supplies and ingredients from its related parties, B2B Time, Inc and J & U Corporation. As of December 31, 2021, and for the year then ended, the Company's related party transactions are summarized as follows:

Purchase from B2B Time, Inc.	$	95,380
Loan receivable from B2B Times, Inc.	$	490,000
Purchase from J & U Corporation	$	480
Loan receivable from J & U Corporation	$	113,330

NOTE 15- Income Taxes

The Company has elected to be taxed as a S-Corporation under the provision of the Internal Revenue Code (and comparable California statues) and to have its net taxable income or loss (except for certain capital gain transactions) reported by its shareholder. Had the Company not made such an election, the provisions for income taxes would have increased by approximately $416,000 for the year ended December 31, 2021.

Under ASC 740-10, to recognize a tax benefit resulting from a tax position, an entity must determine whether it is more-likely-than-not that such position will be sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position. The Company performed an evaluation of its uncertain tax positions as of December 31, 2021, and determined that due to reporting of the Company's net taxable income or loss, except for certain capital gain transactions, by its shareholder (S-Corporation status), there are no material matters, at the entity level, that would require recognition or de-recognition in the financial statements for the year ended December 31, 2021.

NOTE 16- Subsequent Events

In accordance with ASC Topic 855-10, the Company has evaluated its operations subsequent to December 31, 2021 to the date the financial statements were issued. The Company does not have any material subsequent events to disclose in these financial statements.

JNK Accountancy Group
Certified Public Accountants
9465 Garden Grove Blvd. #200, Garden Grove, CA 92844 T. 714.636.9980 F. 714.636.9983

INDEPENDENT AUDITORS' REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors
Boba Time, Inc.
Los Angeles, California

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

JNK Accountancy Group, LLP
Garden Grove, California
March 7, 2022

Boba Time, Inc.
Schedule of Selling, General and Administrative Expenses
For the Year Ended December 31, 2021

Selling, general and administrative expenses		
Advertising	$	10,358
Auto		56,726
Amortization expenses		27,522
Bank charge		5,920
Brand and marketing development		799,524
Commission		290,998
Depreciation		165,833
Dues and subscriptions		2,103
Employee benefit		190
Insurance		121,092
Legal and professional		350,700
Licenses and permits		8,360
Meals and entertainment		45,135
Office expenses		42,585
Other taxes		8,142
Payroll taxes		269,103
POS system fee		20,913
Research and development		3,934
Rent		562,275
Repairs and maintenance		53,854
Retirement plan		466,734
Salaries and wages		3,061,608
Supplies		2,116
Telephone		19,756
Travel		32,866
Utilities		120,543
Total selling, general and administrative expenses	$	6,548,890

See independent auditors' report on the supplementary information

EXHIBIT "H"

TO DISCLOSURE DOCUMENT

OTHER AGREEMENTS

EXHIBIT "H"-1

STATE ADDENDA

[See Attached]

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS,

AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR

Boba Time, Inc.

BACKGROUND AND PURPOSE

The following modifications are made to the It's Boba Time Franchise Disclosure Document ("FDD" or "Disclosure Document") issued by Boba Time, Inc. ("we" or "us" or "franchisor") to franchisee ("you" or "franchisee") and may supersede, to the extent required by applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 202__ (the "Franchise Agreement"). When the term "Supplemental Agreements" is used, it means any area development agreement, area representative agreement, master franchise agreement, or similar agreement entered into between us and you, if applicable.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement, Supplemental Agreements and other documents related to the sale of a franchise. This State-Specific Addendum ("State Addendum") will modify these agreements to comply with the applicable state's laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum (but only the State Addendum for the applicable State) will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements. If you sign this State Addendum, only the terms applicable to the state or states whose franchise laws apply to your transaction will govern. If you sign this State Addendum, but none of the state franchise laws listed above applies because their jurisdictional requirements have not been met, then this State Addendum will be void and inapplicable to you.

CALIFORNIA

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the Disclosure Document.

2. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

3. Neither the franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

4. The Franchise Agreement and Area Development Agreement require binding arbitration. The arbitration will occur in Los Angeles County, California with the costs initially being borne by the party filing the arbitration.

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

6. The Franchise Agreement and Area Development Agreement provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

7. The Franchise Agreement and Area Development Agreement contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

8. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Area Development Agreement may not be enforceable.

9. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Area Development Agreement contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

10. You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

11. The Franchise Agreement and Area Development Agreement contain provisions shortening the statute of limitations to bring claims and requiring you to waive your right to punitive or exemplary damages against the franchisor, limiting your recovery to actual damages for any claims related to your franchise. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

12. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT https://dfpi.ca.gov/.

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

14. Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

[Signature Page Follows]

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states ("**Addenda**") is checked as an "Applicable Addenda" below, then that Applicable Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreements (if applicable) and any other specified agreement(s) entered into by us and the undersigned franchisee. To the extent any terms of an applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreement (if applicable) and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

☐ California	☐ Michigan	☐ South Dakota
☐ Hawaii	☐ Minnesota	☐ Virginia
☐ Illinois	☐ New York	☐ Washington
☐ Indiana	☐ North Dakota	☐ Wisconsin
☐ Maryland	☐ Rhode Island	

Dated: _____, 202____

FRANCHISOR:

Boba Time, Inc.

By: _____

Title: _____

FRANCHISEE:

_____

By: _____

Title: _____

EXHIBIT "H"-2

GENERAL RELEASE

[See Attached]

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (this "Agreement") is made as of _____, 202__ (the "Effective Date") by _____, a(n) _____ ("you") and each individual holding a direct or indirect ownership interest in you (collectively "Owner") in favor of Boba Time, Inc., a California corporation ("us," and together with you and Owner, the "Parties").

Background

A. We signed a Franchise Agreement with you, dated _____, 202____ (the "Franchise Agreement") pursuant to which we granted you the right to own and operate an It's Boba Time store;

B. You have notified us of your desire to transfer the Franchise Agreement and all rights related thereto, or an ownership interest in the franchisee entity, to a transferee, **[enter into a successor franchise agreement]** and we have consented to such transfer **[agreed to enter into a successor franchise agreement]**; and

C. As a condition to our consent to the transfer **[your ability to enter into a successor franchise agreement]**, you and Owner have agreed to execute this Agreement upon the terms and conditions stated below.

D. In consideration of our consent to the transfer **[our entering into a successor franchise agreement]**, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, you and Owner hereby agree as set forth below.

Agreement

1. Release. Owner, you, and each of your officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them (the "Franchisee Parties"), hereby release, acquit and forever discharge us, any and all of our past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals (collectively, the "Franchisor Parties"), from any and all claims, liabilities, damages, expenses, actions or causes of action which any of the Franchisee Parties may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, directly or indirectly arising out of or relating to the execution and performance (or lack thereof) of the Franchise Agreement or the offer, sale or acceptance of the franchise related thereto (including, but not limited to any disclosures and representations made in connection therewith). The foregoing release shall not be construed to apply with respect to any obligations contained within this Agreement.

2. California Law. You and Owner hereby express your intention to release all existing claims, whether known or unknown, against the Franchisor Parties. Accordingly, you and Owner hereby waive Section 1542 of the California Civil Code, which provides the following:

   > "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

   [Section 2 only applies for California franchisees; otherwise it is omitted]

3. Nondisparagement. Each of the Franchisee Parties expressly covenant and agree not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Franchisor Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Franchisor Parties, the business conducted by any of the Franchisor Parties or the reputation of any of the Franchisor Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications, including the making of statements or representations through direct verbal or written communication as well as the making of statements or representations on the Internet, through social media sites or through any other

verbal, digital or electronic method of communication. The obligations in this Section also prohibit the Franchisee Parties from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by a Franchisee Party.

4. Representations and Warranties. You and Owner each represent and warrant that: (a) [Insert franchisee entity name] is duly authorized to execute this Agreement and perform its obligations hereunder; (b) neither you nor Owner has assigned, transferred or conveyed, either voluntarily or by operation of law, any of their rights or claims against any of the Franchisor Parties or any of the rights, claims or obligations being terminated or released hereunder; (c) you and Owner have not and shall not (a) institute or cause to be instituted against any of the Franchisor Parties any legal proceeding of any kind, including the filing of any claim or complaint with any state or federal court or regulatory agency, alleging any violation of common law, statute, regulation or public policy premised upon any legal theory or claim whatsoever relating to the matters released in this Agreement or (b) make any verbal, written or other communication that could reasonably be expected to damage or adversely impact any Franchisor Party's reputation or goodwill; and (d) the individuals identified as Owners on the signature pages hereto together hold 100% of the legal and beneficial ownership interests in [Insert franchisee entity name].

5. Miscellaneous.

   (a) The Parties agree that each has read and fully understands this Agreement and that the opportunity has been afforded to each Party to discuss the terms and contents of said Agreement with legal counsel and/or that such a discussion with legal counsel has occurred.

   (b) This Agreement shall be construed and governed by the laws of the State of California.

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

   (d) All of the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective current and future directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns.

   (e) This Agreement contains the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes and is in lieu of all prior and contemporaneous agreements, understandings, inducements and conditions, expressed or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified except in a writing signed by each of the Parties.

   (f) If one or more of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

   (g) The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the transactions contemplated hereby.

   (h) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one document.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

FRANCHISEE:

_____

By: _____
Name: _____
Its: _____

FRANCHISE OWNERS:

_____
Name: _____

_____
Name: _____

_____
Name: _____

EXHIBIT "I"

TO DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

State Effective Dates

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

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

State	Effective Date
California	~~May 31, 2023~~
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT "J"

TO DISCLOSURE DOCUMENT

RECEIPTS

[See Attached]

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 Boba Time, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If Boba Time, Inc. does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

____ Eunice Unmi Pak; 3255 Wilshire Blvd., Ste. 1420, Los Angeles, California 90010; (213) 251-0001

____ Taehoon Richard Jun; 3255 Wilshire Blvd., Ste. 1420, Los Angeles, California 90010; (213) 251-0001

____ Daniel S. Heo; 3255 Wilshire Blvd., Ste. 1420, Los Angeles, California 90010; (213) 251-0001

____ _____

Issuance Date: ~~April 6, 2023 (amended May 18, 2023)~~March 26, 2024

Boba Time, Inc.'s agent to receive service of process is listed in EXHIBIT "B" to this Disclosure Document.

I received a Franchise Disclosure Document that included the following Exhibits:

EXHIBIT "A"	State Agencies and Administrators
EXHIBIT "B"	Agent for Service of Process
EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Area Development Agreement
EXHIBIT "E"	Table of Contents of the confidential Brand Standards Manual
EXHIBIT "F"	List of Franchisees
EXHIBIT "G"	Financial Statements of Boba Time, Inc.
EXHIBIT "H"	Other Agreements
EXHIBIT "H"-1	State Addenda
EXHIBIT "H"-2	General Release
EXHIBIT "I"	State Effective Dates
EXHIBIT "J"	Receipts

_____
Print Name

_____ _____
Date (Signature) Prospective Franchise Owner

_____

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to Boba Time, Inc.)

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 Boba Time, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If Boba Time, Inc. does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

____ Eunice Unmi Pak; 3255 Wilshire Blvd., Ste. 1420, Los Angeles, California 90010; (213) 251-0001

____ Taehoon Richard Jun; 3255 Wilshire Blvd., Ste. 1420, Los Angeles, California 90010; (213) 251-0001

____ Daniel S. Heo; 3255 Wilshire Blvd., Ste. 1420, Los Angeles, California 90010; (213) 251-0001

____ _____

Issuance Date: ~~April 6, 2023 (amended May 18, 2023)~~March 26, 2024

Boba Time, Inc.'s agent to receive service of process is listed in EXHIBIT "B" to this Disclosure Document.

I received a Franchise Disclosure Document that included the following Exhibits:

EXHIBIT "A"	State Agencies and Administrators
EXHIBIT "B"	Agent for Service of Process
EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Area Development Agreement
EXHIBIT "E"	Table of Contents of the confidential Brand Standards Manual
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EXHIBIT "H"	Other Agreements
EXHIBIT "H"-1	State Addenda
EXHIBIT "H"-2	General Release
EXHIBIT "I"	State Effective Dates
EXHIBIT "J"	Receipts

_____
Print Name

_____ _____
Date (Signature) Prospective Franchise Owner

_____

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to Boba Time, Inc.)